

बीमा ज्योत के रक्षक  
Keeping the flame alive



दि न्यू इंडिया एश्योरन्स कं. लि.

विश्वास इन्डिया का

THE NEW INDIA ASSURANCE CO. LTD.

Assurance of the Leader



अगली पंक्ति - आर.बेरी, ए.सी.मुखर्जी, एम.रामदास ( वर्तमान अ.प्र.नि. ) तथा बी.चक्रवर्ती  
पिछली पंक्ति - आर.एल.बक्शी, एस.के.कंवर, वी.सी.वैद्य, बी.डी.शाह और ए.पी.प्रधान

CMDs - The past & the present

Front row: R. Beri, A.C. Mukherjee, M. Ramadoss(current CMD) & B. Chakrabarti

Back row: R.L. Baxi, S.K. Kanwar, V.C. Vaidya, B.D. Shah & A.P. Pradhan

# CONTENTS

Directors and Management .....	3
Annual General Meeting Notice .....	6
Report of the Board of Directors .....	7
Addendum to Directors' Report.....	43
Corporate Governance Certificate .....	45
Management Report .....	46
Auditors' Report .....	48
Comments of CAG .....	51
Certificate as required by Schedule 'C' of IRDA Regulations 2002 .....	52
Revenue Accounts .....	53
Profit & Loss Account .....	56
Balance Sheet .....	57
Schedules .....	58
Receipts and Payments Account (Cash Flow Statement) .....	71
Segment Reporting Schedules .....	72
Shareholders' & Policyholders' Funds .....	83
Significant Accounting Policies, Notes and Disclosures .....	84
Balance Sheet Abstract .....	110
Statement of Interest in Subsidiary Companies .....	111
New India Offices .....	174
<b>ANNUAL REPORTS OF SUBSIDIATIES</b>	
The New India Assurance Co. (Trinidad & Tobago) Limited .....	113
The New India Assurance Co. (Sierra Leone) Limited .....	142
Prestige Assurance Plc (Nigeria) .....	148



माननीय केन्द्रीय वित्त मंत्री प्रणव मुखर्जी से तारीख 26 अक्टूबर, 2009 को  
गैर जीवन बीमा श्रेणी के लिए एन.डी.टी.वी.प्रॉफिट बिजनेस लीडरशिप अवार्ड - 2009  
स्वीकार करते हुए महाप्रबंधक - निदेशक ए.आर.शेखर.

A.R. Sekar, Director & General Manager receiving the  
'NDTV Profit Business Leadership Award 2009'  
for Non-Life Insurance Category from Hon. Union Minister of  
Finance Pranab Mukherjee on 26th October, 2009

## Directors and Management



**M. Ramadoss**  
Chairman-cum-Managing Director



**R. Gopalan**  
Director



**M.D. Mallya**  
Director



**M. Razzack**  
Director



**Sanjay Gupta**  
Director



**Sarat Pattanayak**  
Director



**A.R. Sekar**  
Director & General Manager



**I.S. Phukela**  
Director & General Manager



**S. Gopalakrishnan**  
General Manager



**S.B.L. Gour**  
General Manager



**Asha Nair**  
General Manager



**R.K. Deka**  
General Manager



**Vasanth Krishna**  
General Manager



**A.R. Prabhu**  
Appointed Actuary



## BOARD OF DIRECTORS

### CHAIRMAN-CUM-MANAGING DIRECTOR

**M. RAMADOSS**  
(Appointed - 30.12.2009)

**B. CHAKRABARTI**  
(Ceased - 30.09.2009)

### DIRECTORS

**R. GOPALAN, I.A.S.**  
(Appointed - 16.02.2010)  
**TARUN BAJAJ, I.A.S.**  
(Ceased - 16.02.2010)  
**M.D. MALLYA**  
**M. RAZZACK**

**SANJAY GUPTA**  
**SARAT PATTANAYAK**  
**N.S.R. CHANDRAPRASAD**  
(Ceased - 04.06.2009)  
**A.R. SEKAR**  
**I.S. PHUKELA**  
(Appointed - 20.01.2010)

#### Audit Committee

**M. RAZZACK (Chairman)**  
**TARUN BAJAJ, IAS**  
**(Chairman)**  
(Ceased - 16.02.2010)  
**M.D. MALLYA**  
**SANJAY GUPTA**  
(Appointed - 30.03.2010)  
**N.S.R. CHANDRAPRASAD**  
(Ceased - 04.06.2009)  
**A.R. SEKAR**  
(Appointed - 17.08.2009)

#### Investment Committee

**M. RAMADOSS (Chairman)**  
(Appointed - 04.02.2010)  
**B. CHAKRABARTI**  
**(Chairman)**  
(ceased - 30.09.2009)  
**TARUN BAJAJ, IAS**  
(Ceased - 16.02.2010)  
**M.D. MALLYA**  
**SANJAY GUPTA**  
**A.R. SEKAR**  
**A.R. PRABHU**

#### Remuneration Committee

**R. GOPALAN, I.A.S.**  
**(Chairman)**  
(Appointed - 30.03.2010)  
**TARUN BAJAJ, I.A.S.**  
**(Chairman)**  
(Ceased - 16.02.2010)  
**M.D. MALLYA**  
**M. RAZZACK**

#### Risk Management Committee

**M. RAMADOSS (Chairman)**  
**SANJAY GUPTA**  
**A.R. SEKAR**  
**I.S. PHUKELA**

#### Policyholders' Protection Committee

**M. RAMADOSS (Chairman)**  
**M. RAZZACK**  
**SARAT PATTANAYAK**  
**A.R. SEKAR**  
**I.S. PHUKELA**

#### Financial Advisor

**A.R. SEKAR**

#### Chief Vigilance Officer

**GOPA RAY**  
(upto 19.04.2010)  
**N. TOBDAN**  
(19.04.2010 to 30.06.2010)  
**A.R. SEKAR**  
(from 01.07.2010)

#### Appointed Actuary

**A.R. PRABHU**

#### Company Secretary

**A.R. SEKAR**  
(upto 13.08.2010)  
**V.C. JAIN**  
(from 13.08.2010)

## GENERAL MANAGERS

A. R. SEKAR

S. GOPALAKRISHNAN

ASHA NAIR

I. S. PHUKELA

S. B. L. GOUR

R. K. DEKA

VASANTH KRISHNA \*

## DEPUTY GENERAL MANAGERS

P. MANOKARAN

A.P. MITTAL \*

ASWATHA NARAYANA \*

NARINDER KUMAR

C.J. PHILIP

V. HARI SRINIVAS

ANIL KUMAR

G.C. SHARMA

N. TOPPO \*

SUDIP SINHA \*

K.L.R. BABU

J.P. SHEOKAND

P. DUTTA

AHMED RAFI

S. SIVARAMAN

A.N. JHA

P. SENTHIL KUMAR

P.G. JOSHI \*

S. BANARJI

RAKESH KUMAR

S.SEGAR

K. SURYA RAO

M.M. HUSSAIN

K.V. KRISHNA

\*On deputation to other companies / foreign offices

## AUDITORS

**CHATURVEDI & SHAH**  
Chartered Accountants

**KARNAVAT & CO.**  
Chartered Accountants

**FORD, RHODES, PARKS  
& CO.**  
Chartered Accountants

## REGISTERED & HEAD OFFICE

NEW INDIA ASSURANCE BUILDING,  
87, M. G. ROAD, FORT, MUMBAI 400 001  
[www.newindia.co.in](http://www.newindia.co.in)

MANAGEMENT



## NOTICE OF THE 91<sup>st</sup> ANNUAL GENERAL MEETING

To,

**ALL SHARE HOLDERS / DIRECTORS / STATUTORY AUDITORS**

**NOTICE** is hereby given that the **91<sup>st</sup> Annual General Meeting of the members of The New India Assurance Company Limited will be held on Monday, the 16<sup>th</sup> day of August, 2010 at 11.30 a.m. at the Registered Office of the company at New India Assurance Building, 87, Mahatma Gandhi Road, Fort, Mumbai – 400 001** to transact the following business :-

1. To receive, consider and adopt the Balance Sheet of the company as at 31<sup>st</sup> March 2010, Profit and Loss Account for the year ended 31<sup>st</sup> March 2010, the reports of the Board of Directors for the period covered by the accounts and the Auditors' report on the Balance Sheet and Accounts.
2. To declare a dividend for the year 2009-10.
3. To seek approval for grant of remuneration as required under Section 224(8) (aa) of Companies (Amendment) Act, 2000, for Central Joint Statutory Auditors at HO and Regional Office / Divisional Office / Hub Auditors for the financial year 2010-11 to be appointed by CAG under Section 619(2) of the Companies Act, 1956 and in addition payment of out of pocket expenses and travelling expenses to the auditors, wherever necessary.

**By Order of the Board**

**(A. R. SEKAR)**

**DIRECTOR & COMPANY SECRETARY**

Place : Mumbai

Date : 3<sup>rd</sup> August 2010

**Note :**

A Member entitled to attend and vote is entitled to appoint a Proxy and attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be lodged with the Company at least 48 hours before the commencement of the Meeting.

**AGM NOTICE**

## DIRECTORS' REPORT 2009-10

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 91<sup>th</sup> Annual Report together with the audited statement of accounts and balance sheet of the company for the year ended 31<sup>st</sup> March 2010.

### I. CLASS-WISE PERFORMANCE SUMMARY:

(Rupees in crore)

			Fire	Marine	Misc	Total
<b>Gross Direct Premium Income</b>	<b>India</b>	<b>CY</b>	<b>923.78</b>	<b>474.30</b>	<b>4644.43</b>	<b>6042.51</b>
		<i>PY</i>	<i>773.33</i>	<i>446.10</i>	<i>4289.40</i>	<i>5508.82</i>
		<b>(% Growth)</b>	<b>19.46</b>	<b>6.32</b>	<b>8.28</b>	<b>9.69</b>
		<i>PY</i>	<i>4.02</i>	<i>2.02</i>	<i>4.72</i>	<i>4.39</i>
<b>Outside India</b>		<b>CY</b>	<b>288.14</b>	<b>50.37</b>	<b>718.12</b>	<b>1056.63</b>
		<i>PY</i>	<i>225.05</i>	<i>65.49</i>	<i>656.42</i>	<i>946.96</i>
		<b>(% Growth)</b>	<b>28.03</b>	<b>-23.09</b>	<b>9.40</b>	<b>11.58</b>
		<i>PY</i>	<i>-5.43</i>	<i>13.80</i>	<i>13.36</i>	<i>8.28</i>
<b>Global</b>		<b>CY</b>	<b>1211.92</b>	<b>524.67</b>	<b>5362.55</b>	<b>7099.14</b>
		<i>PY</i>	<i>998.38</i>	<i>511.59</i>	<i>4945.82</i>	<i>6455.78</i>
		<b>(% Growth)</b>	<b>21.39</b>	<b>2.56</b>	<b>8.43</b>	<b>9.97</b>
		<i>PY</i>	<i>1.73</i>	<i>3.39</i>	<i>5.79</i>	<i>4.95</i>
<b>Reinsurance Premium Accepted</b>	<b>India</b>	<b>CY</b>	<b>68.66</b>	<b>5.40</b>	<b>635.85</b>	<b>709.91</b>
		<i>PY</i>	<i>59.33</i>	<i>7.44</i>	<i>579.69</i>	<i>646.46</i>
<b>Outside India</b>		<b>CY</b>	<b>420.09</b>	<b>15.78</b>	<b>100.37</b>	<b>536.24</b>
		<i>PY</i>	<i>450.72</i>	<i>14.32</i>	<i>46.64</i>	<i>511.68</i>
<b>Global</b>		<b>CY</b>	<b>488.75</b>	<b>21.18</b>	<b>736.22</b>	<b>1246.15</b>
		<i>PY</i>	<i>510.05</i>	<i>21.76</i>	<i>626.33</i>	<i>1158.14</i>
<b>Reinsurance Premium Ceded</b>	<b>India</b>	<b>CY</b>	<b>411.83</b>	<b>306.95</b>	<b>1346.57</b>	<b>2065.35</b>
		<i>PY</i>	<i>312.85</i>	<i>285.26</i>	<i>1296.65</i>	<i>1894.76</i>
<b>Outside India</b>		<b>CY</b>	<b>191.83</b>	<b>9.92</b>	<b>75.53</b>	<b>277.28</b>
		<i>PY</i>	<i>157.43</i>	<i>10.43</i>	<i>50.99</i>	<i>218.85</i>
<b>Global</b>		<b>CY</b>	<b>603.66</b>	<b>316.87</b>	<b>1422.10</b>	<b>2342.63</b>
		<i>PY</i>	<i>470.28</i>	<i>295.69</i>	<i>1347.64</i>	<i>2113.61</i>
<b>Net Premium</b>	<b>India</b>	<b>CY</b>	<b>580.61</b>	<b>172.75</b>	<b>3933.71</b>	<b>4687.07</b>
		<i>PY</i>	<i>519.81</i>	<i>168.28</i>	<i>3572.44</i>	<i>4260.52</i>
		<b>(% Growth)</b>	<b>11.70</b>	<b>2.66</b>	<b>10.11</b>	<b>10.01</b>
		<i>PY</i>	<i>4.98</i>	<i>-5.87</i>	<i>10.13</i>	<i>8.75</i>
		<b>(% to Gross Premium)</b>	<b>62.85</b>	<b>36.42</b>	<b>84.70</b>	<b>77.57</b>



	<i>PY</i>	67.22	37.72	83.29	77.34
<b>Outside India</b>	<b>CY</b>	<b>516.40</b>	<b>56.23</b>	<b>742.96</b>	<b>1315.59</b>
	<i>PY</i>	518.34	69.38	652.07	1239.79
(% Growth)	<b>CY</b>	<b>-0.37</b>	<b>-18.95</b>	<b>13.94</b>	<b>6.11</b>
	<i>PY</i>	32.04	30.91	18.33	24.40
(% to Gross Premium)	<b>CY</b>	<b>179.22</b>	<b>111.63</b>	<b>103.46</b>	<b>124.51</b>
	<i>PY</i>	230.32	105.94	99.34	130.92
<b>Global Net Premium</b>	<b>CY</b>	<b>1097.01</b>	<b>228.98</b>	<b>4676.67</b>	<b>6002.66</b>
	<i>PY</i>	1038.15	237.66	4224.51	5500.31
(% Growth)	<b>CY</b>	<b>5.67</b>	<b>-3.65</b>	<b>10.70</b>	<b>9.13</b>
	<i>PY</i>	16.95	2.54	11.32	11.93
(% to Gross Premium)	<b>CY</b>	<b>90.52</b>	<b>43.64</b>	<b>87.21</b>	<b>84.55</b>
	<i>PY</i>	103.98	46.45	85.42	85.20
<b>Addition / Reduction in Un-expired Risks Reserves</b>	<b>CY</b>	<b>29.44</b>	<b>-8.67</b>	<b>271.03</b>	<b>291.80</b>
	<i>PY</i>	75.22	5.89	169.90	251.01
(% to Net Premium)	<b>CY</b>	<b>2.68</b>	<b>-3.78</b>	<b>5.80</b>	<b>4.86</b>
	<i>PY</i>	7.25	2.48	4.02	4.56
<b>Earned Premium</b>	<b>CY</b>	<b>1067.58</b>	<b>237.65</b>	<b>4405.64</b>	<b>5710.86</b>
	<i>PY</i>	962.92	231.77	4054.61	5249.30
<b>Incurred Claims Net</b>	<b>CY</b>	<b>1068.78</b>	<b>190.75</b>	<b>3872.92</b>	<b>5132.45</b>
	<i>PY</i>	606.68	277.11	3788.07	4671.86
(% to Earned Premium)	<b>CY</b>	<b>100.11</b>	<b>80.27</b>	<b>87.91</b>	<b>89.87</b>
	<i>PY</i>	63.00	119.56	93.43	89.00
<b>Commission Net</b>	<b>CY</b>	<b>128.27</b>	<b>19.07</b>	<b>414.02</b>	<b>561.36</b>
	<i>PY</i>	137.05	14.55	409.23	560.83
(% to Earned Premium)	<b>CY</b>	<b>12.02</b>	<b>8.02</b>	<b>9.40</b>	<b>9.83</b>
	<i>PY</i>	14.23	6.28	10.09	10.68
<b>Operating Expenses</b>	<b>CY</b>	<b>359.69</b>	<b>86.59</b>	<b>1290.51</b>	<b>1736.79</b>
	<i>PY</i>	293.41	77.82	1085.22	1456.45
(% to Earned Premium)	<b>CY</b>	<b>33.69</b>	<b>36.44</b>	<b>29.29</b>	<b>30.41</b>
	<i>PY</i>	30.47	33.58	26.77	27.75
<b>U/W Results</b>	<b>CY</b>	<b>-489.16</b>	<b>-58.76</b>	<b>-1171.81</b>	<b>-1719.74</b>
	<i>PY</i>	-74.22	-137.71	-1227.91	-1439.84
(% to Earned Premium)	<b>CY</b>	<b>-45.82</b>	<b>-24.73</b>	<b>-26.60</b>	<b>-30.11</b>
	<i>PY</i>	-7.71	-59.42	-30.28	-27.43
<b>Investment Income - Policyholders</b>	<b>CY</b>	<b>183.44</b>	<b>70.64</b>	<b>962.09</b>	<b>1216.17</b>
	<i>PY</i>	133.76	47.61	755.60	936.97
<b>Revenue Account Surplus - Policyholders</b>	<b>CY</b>	<b>-305.72</b>	<b>11.88</b>	<b>-209.72</b>	<b>-503.57</b>
	<i>PY</i>	59.54	-90.10	-472.31	-502.87

<b>Investment Income - Shareholders</b>	<b>CY</b>	<b>923.52</b>
	<i>PY</i>	749.85
<b>Other Income less Outgo</b>	<b>CY</b>	<b>-60.66</b>
	<i>PY</i>	50.26
<b>Profit before Tax</b>	<b>CY</b>	<b>359.29</b>
	<i>PY</i>	297.24
<b>Provision for Tax</b>	<b>CY</b>	<b>-45.40</b>
	<i>PY</i>	73.08
<b>Profit after Tax</b>	<b>CY</b>	<b>404.69</b>
	<i>PY</i>	224.16
<b>Dividend (Proposed)</b>	<b>CY</b>	<b>85.00</b>
	<i>PY</i>	45.00
<b>Dividend Tax</b>	<b>CY</b>	<b>14.45</b>
	<i>PY</i>	7.65
<b>Transfer to Reserves</b>	<b>CY</b>	<b>305.24</b>
	<i>PY</i>	171.51

## II PERFORMANCE REVIEW (GLOBAL)

(Rupees in crore)

	2009-10	2008-09
<b>A GROSS DIRECT PREMIUM (INDIA):</b>	<b>6042.51</b>	5508.83
Percentage change over previous year:	<b>9.69</b>	4.39
<b>GROSS DIRECT PREMIUM (FOREIGN):</b>	<b>1056.63</b>	946.95
Percentage change over previous year:	<b>11.58</b>	8.28

Gross direct premium (GDP) in India has increased from Rs. 5508.83 crore. in 2008-09 to Rs. 6042.51 crore. in 09-10 recording a good growth of 9.69% as against 4.39% growth registered during 2008-09.

The growth has more than doubled and is observed in all geographical as well as business class segments (except for a minor fall in aviation), thus indicating over all recovery in the company's performance.

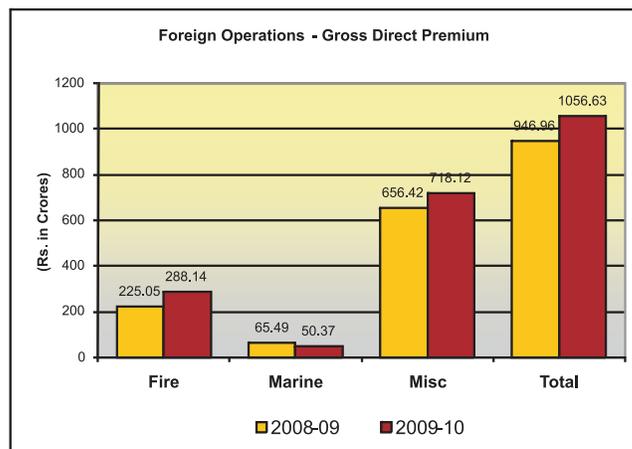
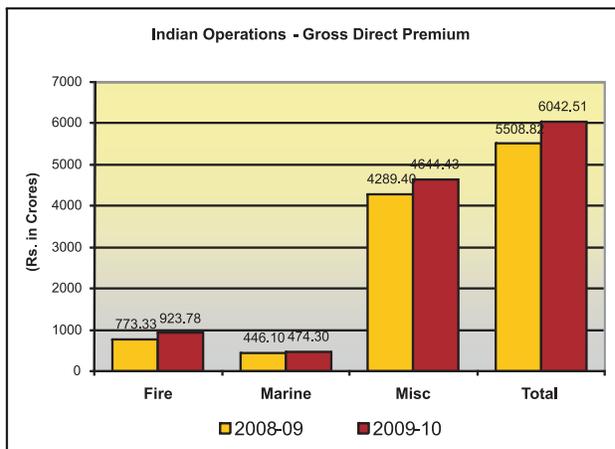
Health continues to be the major growth driver followed by motor. However, aviation segment recorded a minor fall in business during the year.

Foreign (Direct) operations also bettered their growth rate from 8.28% to 11.58% despite the slow recovery of the world economy and despite fall in marine premium. Direct foreign business increased from Rs 946.95 crore to Rs 1056.63 crore, a growth of Rs 109.68 crore.

During 2009-10 company continued to be the market leader in India. With global premium having crossed Rs. 7099.14 crore. the company has crossed yet another milestone during 2009-10.



Estbd. 1919



**B NET PREMIUM**

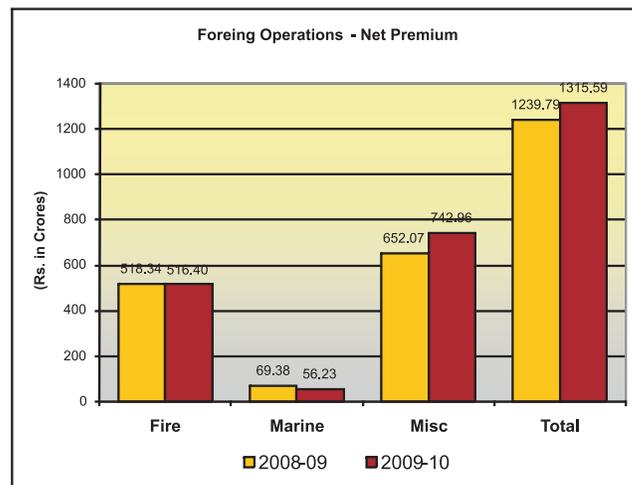
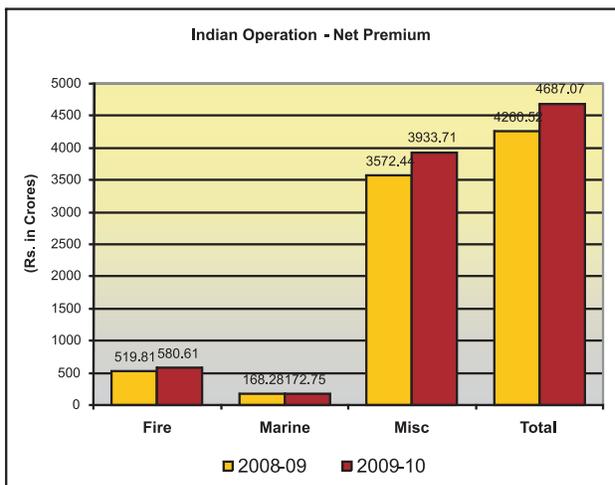
**6002.66**      5500.31

Percentage change over previous year:

**9.13**      11.93

The net premium income of the company grew by Rs Rs.502.35 crore from Rs.5500.31 crore to Rs. 6002.66 crore, with a retention ratio of 84.55 % in the current year, against previous year's ratio of 85.20 %.

DIRECTORS' REPORT



**C ADDITIONAL UNEXPIRED RISK RESERVES :**

**291.80**      251.01

Percentage to net premium:

**4.86**      4.56

Unexpired Risk Reserves have increased from Rs. 2824.03 crore as at 31.03.2009 to Rs.3115.83 crore as at 31.03.2010. Thus the additional reserve strain during the year was Rs 291.80 crore. There was a reserve release of Rs. 8.67 crore in marine segment and reserve strain of Rs. 300.47 crore in other segments.

**D INCURRED CLAIMS ( NET ) :**

**5132.45**      4671.86

Percentage to earned premium:

**89.87**      89.00

Global net incurred claims have shown an absolute increase of Rs.460.59 crore. The 0.87% increase in claims ratio was mainly on account of reclassification of TPA fees as claims expenses

and increase in the claims ratio of foreign operations. The increase in claim ratio of health and motor segments has been arrested though both the segments still continue to have a claims ratio above 100%..

<b>E COMMISSION (NET):</b>	<b>561.36</b>	560.83
Percentage to earned premium:	<b>9.83</b>	10.68

Net acquisition cost of business has gone up by a marginal amount of Rs.0.53 crore. However, the acquisition cost as % has come down from 10.68% to 9.35%. Thus the increase in the acquisition cost observed in preceding years stands arrested.

<b>F OPERATING EXPENSES :</b>	<b>1736.79</b>	1456.45
Percentage to earned premium:	<b>30.41</b>	27.75

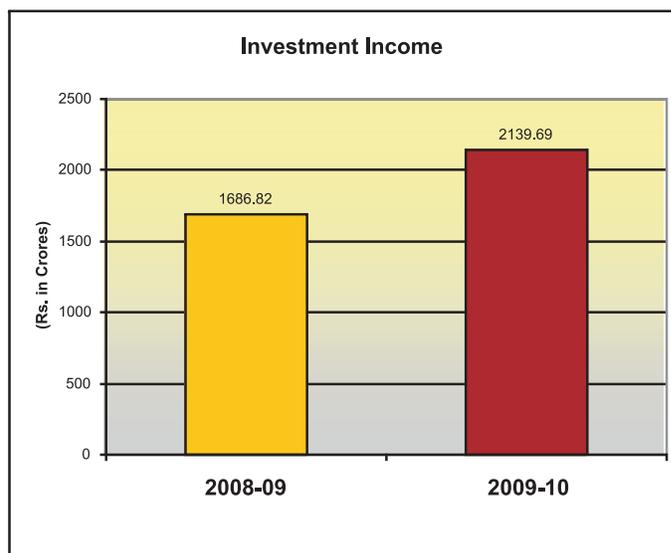
Operating expenses have increased by Rs 280.34 crore, mainly due additional provision required for arrears of wages, increased expenditure on advertisement and publicity and increased amortisation cost as well as operating costs of the new software. Operating expenses constitute 30.41% of earned premium during 2009-10 as against 27.75 % during 2008-09.

<b>G UNDERWRITING RESULTS:</b>	<b>-1719.74</b>	-1439.84
Percentage to earned premium:	<b>-30.11</b>	-27.43

During 2009-10, the underwriting deficit has gone up by Rs.279.90 crore, mainly due to increased operating expenses, as the claim ratio and acquisition costs have remained more or less at the previous year's level.

<b>H INVESTMENT INCOME (LESS PROVISION)</b>		
Apportioned to policyholders	<b>1216.17</b>	936.97
Apportioned to shareholders	<b>923.52</b>	749.85
Total	<b>2139.69</b>	1686.82

Continued good investment performance enabled the company to earn an investment income of Rs. 2139.69 crore in the current year against Rs.1686.82 crore in the previous year.





<b>I REVENUE ACCOUNT RESULTS :</b>	<b>-503.57</b>	<b>-502.87</b>
Percentage to earned premium	<b>-8.82</b>	<b>-9.58</b>

The policyholders' account showed a net deficit of Rs.503.57 crore in the current year against Rs.502.87 crore in the previous year. In percentage terms, the deficit was lesser at 8.82% against 9.58% of previous year

<b>J OTHER INCOME / OUTGO</b>	<b>-60.66</b>	<b>50.24</b>
<b>K PROFIT BEFORE TAX</b>	<b>359.29</b>	<b>297.22</b>
<b>L PROFIT AFTER TAX</b>	<b>404.69</b>	<b>224.14</b>
<b>M PROPOSED FINAL DIVIDEND</b>	<b>85.00</b>	<b>45.00</b>
<b>N DIVIDEND TAX</b>	<b>14.45</b>	<b>7.65</b>
<b>O PAID-UP CAPITAL</b>	<b>200.00</b>	<b>200.00</b>
<b>P RESERVES AND SURPLUS</b>	<b>7203.95</b>	<b>6898.72</b>
<b>Q TOTAL ASSETS</b>	<b>36832.91</b>	<b>26931.58</b>
<b>R INVESTMENTS (AT COST)</b>	<b>11851.03</b>	<b>10771.71</b>
<b>S SOLVENCY MARGIN</b>		
Required solvency margin under IRDA regulations (Global)	<b>1644.51</b>	<b>1491.65</b>
Available solvency margin (Global)	<b>5833.72</b>	<b>5083.48</b>
Required solvency margin under IRDA regulations (Indian)	<b>1429.33</b>	<b>1268.15</b>
Available solvency margin (Indian)	<b>6621.70</b>	<b>5569.09</b>

**The company's solvency ratio has further strengthened from 3.41 to 3.55.**

<b>T COMPLIANCE WITH SECTION 40C</b>		
Percentage of expenses prescribed under the act	<b>19.61</b>	<b>19.60</b>
Company's actual percentage of expenses	<b>26.04</b>	<b>23.82</b>
Percentage of expenses including commission prescribed under the act	<b>27.15</b>	<b>27.47</b>
Company's actual percentage of expenses including commission	<b>33.93</b>	<b>31.99</b>

Provisions for wage arrears and provisions for terminal benefits have continued to affect the compliance with the provisions of section 40 C.

### III. OVERVIEW OF COMPANY'S OPERATIONS

#### A. Indian

Gross direct premium in India has increased from Rs.5508.83 crore in 2008-09 to Rs.6042.51 crore in 2009-10 recording an impressive growth of 9.69% as against 4.39% registered during 2008-09. The growth has more than doubled and is observed in all geographical segments as well as all classes of business. Health continues to be the major driver for growth followed by Motor. Thus during 2009-10 the company has crossed yet another milestone of Rs.6000 crore and continued to be the market leader in India with a premium of Rs.6042.51 crore.

The net premium income of the company grew by Rs.426.55 crore i.e. from Rs.4260.52 crore of 2008-09 to Rs.4687.07 crore in 2009-10 recording growth of 10.01% (PY 8.75%) in its operations.

Company disbursed claims of Rs.4627.61 crore during 2009-10 against Rs.4303.15 crore in the previous year. The gross direct incurred claim ratio during the year under review was 83.93% against previous year's 87.01%. The reduction in gross claims ratio is a significant development of 2009-10. The increase in claim ratio of health and motor segments has been arrested though both the segments still continue to have a claim ratio above 100%.

However, this reduction in gross claim ratio was neutralized by adjustments pertaining to previous year. Net incurred claim ratio marginally decreased from 98.95% in 2008-09 to 98.03% in 2009-10 on net earned premium. But for the said adjustments, the reduction would have been much higher.

Operating expenses have increased by Rs.280.15 crore, from Rs.1359.43 crore in 2008-09 to Rs.1639.58 crore in 2009-10 mainly due to additional provision required for wage arrears and increased amortization and operating cost for implementation of the new software.

During 2009-10 the underwriting deficit has gone-up by Rs.255.72 crore from Rs.1564.64 crore in 2008-09 to Rs.1820.36 crore in 2009-10 mainly due to increased operating expenses and adjustments of previous year.

The investment operations of the company contributed additional Rs.450.95 crore to the Income. The continued good investment performance enabled the company to earn an investment income of Rs.2021.70 crore in the year 2009-10 against Rs.1570.75 crores in the year 2008-09 and contributed to the increase in the net profit of the company. The investment yield for the year 2009-10 was 16.70% as against 13.38% of the previous year.

The Investment portfolio has gone-up significantly from Rs.10771.71 crore to Rs.11851.03 crore. The market value of investments has also gone-up significantly to Rs.27,400.72 crore in the year 2009-10 against Rs. 18,160.87 crore of previous year showing an increase of 50.88%.

The company received the business leadership award for the year 2009 from "NDTV Profit" TV channel.

**INDIAN OPERATIONAL RESULTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.**

(Rs. in crore)

Sr. No	PARTICULARS	2009-10		2008-09	
		Rs.	%	Rs.	%
1	Gross Premium	6042.51	9.69	5508.82	4.39
2	Net Premium	4844.59	11.73	4260.53	8.75
3	URR Additional	301.74	6.64	166.19	3.99
4	Net Earned Premium	4542.85	-	4169.83	-
5	Commission	270.23	5.95	249.00	5.97
6	Incurred claims	4453.40	98.03	4126.04	98.95
7	Management Expenses	1639.58	36.09	1359.43	32.60
8	U/W (Loss)	(1820.36)	40.07	-1564.64	37.52
9	Investment Income	2021.70	44.50	1570.75	37.67
10	Other Income	-60.66	1.34	53.00	1.27
11	Profit before Tax (PBT)	140.68	3.10	59.11	1.42



**Note :** Percentage shown in sr. no. 1 & 2 indicates the growth over previous year and the percentage shown in sr. no. 3 to 11 is percentage to 'Earned Premium.'

**B. FOREIGN OPERATIONS :**

The gross premium is Rs. 1427.79 crore in 2009-10 as against Rs. 1376.89 crore in 2008-09 showing an accretion of 3.7%. The net premium is Rs. 1158.07 crore as against Rs. 1164.28 crore in 2008-09 showing a marginal fall of 0.5%. The fall is attributed to (a) closure of our operations in Saudi Arabia as an agency (b) fall in exchange rate of pound vis –a-vis rupee (c) negative accretion in UK due to the company's decision not to underwrite business from the Caribbean and Central American territories during the current year.

The foreign operations showed underwriting profit of Rs. 100.63 crore in 2009-10 as against underwriting profit of Rs. 78.08 crore in 2008-09. The operations showed net profit of Rs. 218.61 crores in 2009-10 as against Rs. 194.16 crore in 2008-09. The incurred claims cost is high during the year due to increase in claims in Japan, typhoon Ondoy claims in Manila and reinsurance recoveries accounted in Muscat and Dubai in 2008-09.

The foreign exchange earning during the year 2009-10 amounted to Rs. 24.23 crore towards dividend received from our associate and subsidiary companies (Rs. 8.36 crore) and remittance received from foreign offices out of profits (Rs. 15.87 crore).

**OVERSEAS OPERATIONAL RESULTS  
FOR THE YEAR ENDED 31ST MARCH 2010.**

(Rs. in crore)

Sr. No	PARTICULARS	2009-10		2008-09	
		Rs.	%	Rs.	%
1	Gross Premium (Gross Direct plus Accepted)	1427.79	3.7	1376.90	20.4
2	Net Premium	1158.07	-0.5	1164.28	24.9
3	Incurred Claims	679.04	58.6	545.83	46.9
4	Commission	291.14	25.1	311.82	26.8
5	Expenses of Management	93.32	8.1	104.84	9.0
6	Exchange Gain/ Loss Other Income / Outgo	-3.38	-0.3	-2.54	-0.2
7	Underwriting Profit / Loss before Reserve Strain	91.19	7.9	199.25	17.1
8	Reserve Strain / Release	-9.44	0.8	121.17	10.4
9	Underwriting Profit / Loss after Reserve Strain	100.63	8.7	78.08	6.7
10	Investment Income	117.98	10.2	116.08	10.0
11	Net Profit / Loss	218.61	18.9	194.16	16.7

- i) Percentage shown in sr. no. 1 & 2 indicates the growth over previous year and the percentage shown in sr. no. 3 to 11 is percentage to 'Net Premium.'
- ii) Country-wise details are appended as "Annexure-I".

**IV. PLAN for 2010-11 :**

**Domestic**

“New India” has achieved another milestone by surpassing gross direct premium income (GDPI) of Rs.6000 crore. for the year 2009-10 and proved its undisputed leadership in general insurance industry.

Premium completion	:	2009-10	Rs. 6042.52 crore
Premium completion	:	2008-09	Rs. 5508.83 crore
Growth rate	:	2009-10	Rs. 9.69%
Premium target	:	2010-11	Rs. 6960 crore
Targeted growth rate	:	2010-11	15.18%

The year ahead will be of consolidation. Premium rates have started stabilizing and an agreement has been reached at General Insurance Council level to have uniform deductibles in the industry for other than large risks.

“New India” being largest company has lot of in-built strength and capacity to underwrite big businesses. Main growth areas identified are :

- Our leadership position in large risks will be our strong point and we will consolidate it. We will focus on mega power projects, infra projects, energy risk as well as aviation and marine hull insurance.
- Infrastructure projects have taken front seat in development across the country including major power projects, express highways, metro rail, networking, port development, airports of international standards, shopping malls etc. The projects are private – public funded and lot of global investment is pouring in. Naturally, insurance covers of international standards are in demand. This has given boost to MEGA project tailor made insurance policies. New India leads in tapping this new and challenging market.
- Manufacturing sector also has accelerated its growth. On this front also variety of risk coverages are in demand, both in size and complexity. New India leads in this sector also by offering appropriate MEGA or IAR policies.
- With estimated growth of gross direct premium of 8.5%, disposable income in the hands of individual will increase, which will give boost to growth of health and other personal line of Insurance.
- Auto industry growth has surpassed all the expectations and is growing at a very fast pace this year also. This is likely to give incremental growth together with our focus on existing renewals.
- Under agents performance enhancement programme (APEP), an initiative under Project New Energy, new reward scheme has been launched to encourage company’s direct agents to market personal lines of insurance and this has yielded good results.
- Channel partners like brokers and bancassurance would continue to contribute to company’s growth. Steps have been taken to have more and more strategic partners.

**Foreign**

The premium target for 2010-11 is Rs. 1631.20 crore (gross) against completion of Rs. 1427.79 crore in 2009-10 and Rs. 1376.47 crore (net) against completion of Rs. 1158.07 crore in 2009-10.



## V. ORGANISATION STRUCTURE

### Domestic

The company has entered a phase of consolidation and restructuring of offices. The company has converted 59 offices as specialized offices to take care of bancassurance, brokers and auto tie-ups.

As on 31.03.2010, the company has a network of 26 Regional Offices, 395 Divisional Offices, 591 Branch Offices, 27 Direct Agent Branches and 23 Extension Counters, totaling 1062 offices.

### Foreign

The company operates through a network of 9 branches, 7 agencies, 4 associate companies and 3 subsidiary companies (including 1 fully owned subsidiary) in 23 countries.

## VI. PROJECT NEW ENERGY – BUSINESS TRANSFORMATION EXERCISE

The business process re-engineering exercise, which was initiated in New India in September 2007, to reorient the company to meet the challenges of competition and customer expectations, has reached the stabilisation stage as of March 2010. The initiatives are showing good results, and our organisation has steadily crossed the milestone of Rs.6000 crore. (Indian business only) in spite of massive rate reduction after de-tariffing and severe competition in all fronts.

For the re-engineering exercise, a prioritized roadmap was developed by the New Energy (BPR) team, consisting of initiatives in three waves, with a tight monitoring programme. A brief account of the targets and results achieved under each initiative is given hereunder.

### Strategic initiatives :

- Large Corporate Regional Offices were launched in Mumbai & Delhi in order to provide dedicated service and organizational focus to corporate clients and government accounts.
- Auto tie-up specialised offices were launched for capturing greater share of motor through original manufacturers as well as to establish dealer relationships. Focus is also on innovative product design and pricing.
- Specialised offices were carved for brokers and bancassurance specialized channels.
- Processes & IT have been redesigned and refined in order to improve speed and efficiency of underwriting and claims processes through consolidation.
- Claim hubs have been created for centralized claim processing in all Regional Office centres.
- Agents performance enhancement program (APEP) has been implemented to re-energize agents channel through better development, support and aligned incentives
- Health and third party administrator (TPA) management is an initiative to improve health profitability through hospital relationships and improved TPA performance
- In the realm of human resources management (HRM), the new performance management system (PMS) has been introduced. Overall structure of PMS and incentives has been charted, with targets and action plan.

- Motor third party (TP) claims management process has been redesigned for reducing payouts and decreasing backlog of TP claims. TP Cells have been created for focused and speedy settlement of claims. Simultaneously, expeditious settlement of TP claims is being taken up through DICC/ RICC and Lok Adalats, thereby improving the TP claim settlement ratio.
- Cash management system (CMS) and investments process too, have been improved for driving higher returns, reduction in float, streamlined process and better vendor negotiation/ management

These new energy initiatives have redefined the company's approach to business performance. Their implementation is producing positive impact, vis-à-vis customer servicing, premium accretion and profitability. Simultaneously, implementation of the redesigned performance management system with incentive structure is expected to translate into highly motivated work force, with improved productivity.

## VII. FIRE & ENGINEERING BUSINESS

### Fire Department

In fire insurance the company has succeeded in increasing its premium by 19.41% (4% for the previous year) during the current financial year despite the challenges posed by the liberalised market. This was achieved through a disciplined approach of effective service resulting in greater customer satisfaction.

The current incurred claims ratio of 61.65% - as against 89.5% in the previous year was possible mainly due to initiatives taken at the underwriting level, better claims management by inspection of major losses by company officials and periodic review of pending claims.

The company has responded proactively to two major catastrophic losses – 'Southern floods' in the month of Sept / Oct. 2009 in the states of Andhra Pradesh, Karnataka, Goa and Maharashtra and a large fire/explosion loss in the month of Oct./ Nov. 2009 of IOCL at Jaipur and settled majority of claims to the satisfaction of the insured / clients.

The company has set a target of Rs.1060 crores as against completed premium of Rs.923 crore with a growth of 16% which we are confident of achieving through better supervision and control.

### Engineering Department

Company's engineering department has shown commendable growth of 20% over the previous year in the face of cut-throat competition prevailing in the Indian market. This has been possible because the company has been proactive in its support to the infra-structure development of the country. At the same time through prudent underwriting and loss control measures, company has been able to contain loss ratio at 40%. Company will strive to ensure that the trend further improves in the future.

## VIII. RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES

The New India Assurance is a pioneer non-life insurance company insuring all types of assets, belongings and lives of rural and social sector in the country.



Insurance covers provided by the company are need-based/tailor-made for the benefit of rural and social sectors. During this financial year, company has covered wider rural and social sector and procured about 580 crore premium from these sectors.

The details of rural/social sector covers specially designed during the year are detailed herewith.

- **Insurance of fishermen in Orissa:** It is a comprehensive group JPA policy given to fishermen under FISHCOPFED covering 8,00,000 persons procuring a premium of Rs.2.24 crore.
- **Plantation insurance :** The company has designed a new innovative cover for tissue culture date palm and many other plantations in the rural sector. The premium procured under these schemes is Rs.2.24 crore.
- **Special insurance schemes for high yielding cattle:** This scheme is implemented under centrally sponsored special livestock development project in various states of the country. Company has procured Rs.5 crore under this scheme in Uttar Pradesh, Haryana, Himachal Pradesh, Tamilnadu & Andhra Pradesh.
- **Insurance of Drip Irrigation- Multi-periled lift irrigation policy:** The drip irrigation utilities of farmers in drought prone areas around Baroda & Gujarat are covered under special package policies through Gujarat Green Revolution, a subsidiary of Gujarat State Fertilizer Co. Ltd. During this year, 50,000 farmers are covered for a premium of Rs.3.98 crore.
- **Emu bird insurance :** Emu a relative bird of Ostrich family, is reared by farmers in various places of India for breeding purposes. Company has devised a special policy for covering these birds and procured premium in states of Maharashtra, Andhra Pradesh and Kerala.
- **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 50 lakh farmers under this scheme and procured premium of Rs.3.80 crore.
- **Elephant insurance :** Company has devised a special package cover under elephant insurance covering religious and commercial purpose elephants against accidents, diseases, cremation expenses, tranquilization expenses, along with third party personal injury and thirty party property damage due to the acts of elephants. Also, personal accident, treatment expenses, medical expenses for their Mahouts are covered.
- **Farmers' Package Insurance :** This is a composite package policy covering farmer's house, assets, cattle, livestock, agricultural implements, tractors and personal accident benefits. Company has covered about 31,200 farmers with premium of 12.55 crore.

Apart from the above the company during this year has extended Rural Group Janata Personal Accident coverage benefits as a welfare measure to the beneficiaries/ members of the following institutions/banks during 2009-10:

Sr. No.	Name of Institutions/Banks	Premium (Rs.in Lakh)
1	Malegaon Merchant Co.op.Bank	3.22
2	Guntur Dist.Co.op.Bank	35.10
3	Hasti Co.op.Bank, Dondaicha	5.30
4	Government & Semi-Govt. Admn. Employees' Assn., Nagpur	10.44
5	Jalgaon Muncipal Corpn., Tax Payees	26.00
6	Babasaheb Ambedkar Sahakari Sakhar Karkhana, Aurangabad	2.50
7	Nandurbar Co.op.Society	0.70
8	Vidhyut Mandal Kamgar Sah.Pat Sanstha, Aurangabad	2.81
9	Shree Agrasen Co.op.Bank, Aurangabad	0.81
10	JPA to Sugarcane Cutters to Beed, Nasik, Ahmednagar Dist.	15.00
11	The Buldhana Dist.Central Co.Op.Bank, Buldhana	91.35
12	The Mula Pravara Electric Co.Op.Soc.Ltd.	3.14
13	Zilla Parishad Sahakari Pat Sanstha	0.96
14	GJPA for Fishermen of Odisha State, FISHCOPFED	224.00

Performance of major products of rural sector, social sector and special schemes for the past five years is appended hereto as Annexure II to directors' report.

#### IX. TECHNO MARKETING

New India has a techno marketing department, which plays a proactive role in devising innovative insurance solutions for the large corporate in the Indian market. The process involves identification of mega risks in India through various sources, constant liaison and vigorous follow-up to convert opportunities into premium income for the company.

New India continues to dominate the Indian mega risk U/W market. Total premium of Rs.380.12 crore. was written during 2009-10. Out of the total about 150 mega risks existing in the country (operational as well as projects), New India retains the dominant position by writing 77 risks as leaders and 57 risks as co insurer.

In case of operational policies, the Company procured premium of Rs.276 crore. (with a leadership share of Rs.177 crore. i.e. 64.13%)

In case of project policies, the company procured premium of Rs.83.40 crore. (with a leadership share of Rs.79.55 crore. i.e. 95.38%). More and more infrastructure projects are coming-up in the country including large power plants with capacities more than 2000-2500 MW and New India dominate the scene in this sector also.

Many mega risks availed terrorism cover from international market. By efficiently sourcing the terrorism capacity, New India earned a premium income of Rs.20.72 crore. (with a leadership share of Rs.15.34 crore i.e. 74.03%).

In the backdrop of entry of more and more players and the stiff competition in mega risks insurance market, the premium earned is quite sizable.

The company will continue to maintain the lead position by writing more and more mega risks, especially new projects, on the strength of underwriting capacity, competence and experience.



#### X. BANCASSURANCE AND BROKERS' DISTRIBUTION CHANNEL

The company has bancassurance (corporate agency) tie-ups with State Bank of India, Union Bank of India, Corporation Bank, Central Bank of India and Catholic Syrian Bank and referral arrangements with 28 Co-operative banks /RRBs. Through bancassurance channel premium of Rs.327.04 crore has been generated in FY 2009-10 registering growth @ 9% over previous year. The bancassurance distribution channel has been quite cost effective as well as profitable. There are 23 bancassurance specialized offices to service banks exclusively under tie-ups. Premium of Rs.82.79 crore has been procured in the current FY through specialized offices registering 33% growth.

Through the broker's channel premium of Rs.525.28 crore has been generated in the FY 2009-10 registering growth @ 43%. There are 13 broker's specialized offices to cater to brokers exclusively. Premium of Rs.223.50 crore has been procured in the current FY through specialized offices registering 36% growth.

#### XI. MOTOR LOSS CONTROL MEASURES

With a view to accomplish management's directive to arrest the high number and amount of outstanding motor accident claims, special focus areas were determined and plan chalked out to reduce the motor combined incurred claim ratio (ICR) and in particular the third party (TP) claim ICR. During the year, review of motor TP claim files helped elimination of multiple provisions for same claims in different offices, closing claims in the computer system which were omitted to be done earlier etc. resulted in better house keeping and provisioning. While higher awards of MACT courts continued to be a drain, suggestions mooted for an overhaul of the Motor Vehicles Act and accepted by the government could be seen to be taking shape through a new bill introduced in the Rajya Sabha in the earlier year. This was subsequently referred to a select committee for a complete relook. Hopefully, this new Act would address most of the concerns of the insurers as well as the insuring public in the larger interest of all.

The web enabled system introduced last year to issue online motor policies in line with the expectations of the retail market has covered most of the offices across the country. Barring a couple of offices all other offices had become operational in respect of motor policies.

##### **Motor Own Damage (OD)**

Initiatives for centralized settlement of claims through setting up of claim hubs specifically for motor OD claims (already set up at 25 centers covering over 300 operating offices) started to bring about improved customer satisfaction. We also expect marked improvement in quality of assessment and settlement of claims through these hubs.

Motor OD premium has had a reasonable accretion of 8% even as competition and discounts seemed to counter increase in fresh business. The business is expected to increase further once the favorable response to claim hubs gathers momentum. (Surveyors' panel reviewed in 17 ROs).

##### **Motor Third Party (TP)**

An increased focus on motor TP claims were initiated:

Target of reducing the outstanding claims in 2010-11 set at 10,000 as compared to the previous year.

Special drive launched to reduce and eliminate orphan claims outstanding for over a year.

Regional in-house conciliatory committee (RICC) & divisional in-house conciliatory committees (DICC) formed with target of settling a minimum number of TP cases per month for each handling office in RICC/DICC, besides drive to settle maximum cases in Lok Adalat.

A concerted effort initiated to ensure that physical verification of pending files was done of all TP claims by all operating offices and inter-office reconciliation done regularly.

Communicated management's directive down the line and ensure focus on TP claims by visiting ROs and reviewing their performance on one to one basis with DO in-charges.

Meetings with advocates / investigators at many centers held.

Special workshops held in Aurangabad (for Southern & Western zone regions) & at Amritsar (for Eastern & Northern zone regions) where detailed deliberations were held with top executives of ROs on the endeavors & plans on motor TP and steps were chalked out for each RO.

Thanks to this focus on motor TP claims, outstanding number of TP claims was reduced by over 20,000 claims and TP claims outstanding amount at year end reduced by Rs. 456 crores compared to previous year. The orphan claims have substantially been reduced and increased settlements through conciliatory settlements have reduced outgo lower than the provisions. Lok Adalat manual was released immediately after the end of the year under review.

This exercise of loss reduction is being pursued with renewed vigor and target of reduction in claims kept at 33% of the new and existing claims for 2010-11. New TP claim hubs at about 15 new centres are also planned for this year. Strengthening of the department by allotting new officers has also been done.

## XII. CLAIMS SETTLEMENT AND AGEWISE ANALYSIS

The company had taken target of 90% claims settlement in respect of non-suit claims. The actual ratio in respect of non-suit claims in 2009-10 is 90.30%.

However, the overall claims settlement ratio including suit claims (comprising mainly of motor TP claims) is 75.74% in 2009-10.

Number of claims outstanding as on 01.04.2009	374130
Number of claims intimated during 2009-10	1165968
Number of claims settled during 2009-10	1166501
Number of claims outstanding as on 31.03.2010	373597

Age-wise classifications of outstanding claims as on 31.03.2010 is given below :

Claims outstanding for less than three months	61648
Claims outstanding for more than three months but less than one year	84101
Claims outstanding for more than one year	227848
<b>Total</b>	<b>373597</b>

Out of a total 373597 pending claims as on 31<sup>st</sup> March 2010, 261781 claims are motor TP claims which are pending at various MACTs across the country.

## XIII. REINSURANCE

Due to climate changes, global meltdown and credit squeeze there were apprehensions that the reinsurance rates would firm up. Indications after the 1<sup>st</sup> January 2009 renewals the world over was that the rates in Asian sub-continent would be more or less stable and there would be no reduction in capacity.



Proportional treaty capacity was under strain due to de-tariffing and reducing treaty balances for re-insurers. However, for the year 2009-10 New India was in a comfortable position with all its non-proportional and proportional treaties placed with top rated securities.

Most of our proportional and non-proportional reinsurers are continuing participation in our treaties over a period of time and it has been our endeavour to maintain long standing relationships with them.

During the year under review through two catastrophic losses and two risk losses were reported, the impact on the treaties is expected to be only marginal.

#### XIV. INFORMATION TECHNOLOGY

The company had embarked on establishing a centralized web based insurance systems solution (CWISS) focusing on providing value added 24x7 services to the customer using multiple-channels with a single view for the customer.

The project included rolling out the core insurance applications for the insurance lines of business and Oracle Financials for the complete accounting and financial package and also encompassed the peripheral applications including CRM with a Grievance module and Call Center, various portals, Dealers Portal, Customers Portal, Brokers and Agents' Portal, Employee Portal, Business Intelligence, Bilingual/ Multilingual policies, Document Management Systems and various modules of a integrated HRMS package with People Soft Payroll etc.

The year gone by had the motor line of business rolled-out in 996 offices and two more lines viz aviation and credit shield fully rolled-out which covers nearly 35 % of the premium income and 70% of documentation. The engineering line of business has been rolled-out in three pilot offices. The Core Insurance Solution will be integrated with multiple communication channels like Internet, e-mail, mobile and Interactive voice and Call Center.

All the remaining lines of business will be completed in the ensuing year. The portals are in the final stages of testing and will be put into production shortly enabling customers to get their policies online. The Grievance module is in operation across all offices which has definitely improved the redressal mechanism and ensured better monitoring of grievance redressal. The Customer Relationship Module when fully deployed will go a long way in customer retention and building customer loyalty and help in cross-selling and up-selling. The integrated HRMS module has various modules which will go a long way in better deployment and management of human resources and also enable employees to view status of various applications made by them.

The company plans to replace outdated hardware with a proper buy back and e-waste management policy. Laptops have been provided to all Divisional Managers and Scale V and above officers. Initiatives are being taken to save energy, cost and to go green in IT procurement.

The company is also involved in imparting regular training to employees to ensure that employees are abreast with new systems and are able to better handle the new software and CWISS applications.

## XV. HUMAN RESOURCE DEVELOPMENT

### Particulars of Employees and Recruitment

The number of employees recruited during the year and the employee strength as on 31<sup>st</sup> March 2010 are shown below :

Category	Number of Recruitment	Total Number of Employees
Class I	272	5941
Class II (Marketing)	NIL	1947
Class II (Administration)	NIL	600
Class III	NIL	9032
Class IV (Excluding Part Time Sweepers)	NIL	2049
Part Time Sweepers	NIL	389
<b>Total</b>	<b>272</b>	<b>19958</b>

### Training :

The company's training set-up is as under:-

- One 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 operating throughout the country for training of agents.

The company endeavors constantly to upgrade the knowledge and improve skills of its employees through regular training programmes conducted at our above training centers.

The company also nominates its employees for training at National Insurance Academy at Pune, co-promoted by the company along with its public sector counterparts and LIC. It imparts insurance training of a high degree to the Insurance professionals. The Academy also offers research facilities in the field of insurance.

Apart from training facilities offered at its own training centers and National Insurance Academy, Pune, the company nominates its employees to various technical and personality development programmes, policy awareness and updation programmes organized by external institutes like College of Insurance, ASSOCHAM, CBI Academy, Gaziabad, Institute of Public Administration, Bombay Chambers of Commerce & Industry, Institute of Actuaries of India, FICCI, Academy of Resource Management, BSE etc.

Executives and officers also attended international seminar, conference, trainings conducted by IMIA, Istanbul, Avon Insurance, London, M/s Richards Hogg & Lindley London, Rendez-Vous De Septembre etc.



The details of training programmes attended by the employees for the period from 01/04/2009 to 31/03/2010 are given in the table below:-

CENTRES	TOTAL NO.OF PROGRAMMES	TOTAL NO.OF PARTICIPANTS
NIA, PUNE	92	381
COLLEGE OF INSURANCE	1	02
EXTERNAL INSTITUTES	15	25
TRAINING ABROAD	09	12
CTC	59	1036
TOTAL	176	1456

● **TRAINING ACTIVITIES AT CORPORATE TRAINING COLLEGE DURING 2009-10.**

Company has its own Corporate Training College at Andheri, Mumbai, which caters to training needs of officials mainly in scale I, II and III. Apart from conducting refresher courses in various branches of non-life insurance, the college also conducts programmes on management subjects. Management development programmes (2 modules) are targeted at officers promoted from within class III. Having regard to changing training requirements, college has introduced training programmes on several new topics viz. Marketing Strategies, Risk Management, Communication Skills & Customer Service, programme for legal officers etc. college also conducted programmes specifically targeted for women officers/employees and for retiring officials.

During 2009-10, Corporate Training College conducted 59 programmes covering 1036 officials. Of these, 224 officials were from schedule caste category, 86 from schedule tribe, 70 from other backward classes and remaining 656 from general category. On behalf of I.T. department Head Office, college also facilitated conduct of 43 CWISS related programmes covering 1071 officers/employees. Thus, during the year, 102 programmes were conducted at college covering 2107 officers/employees.

During 2010-11, Corporate Training College plans to conduct 75 programmes covering over 1500 employees. Programmes to be conducted on behalf of I.T. department will be over and above these projections.

**Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Class (OBC), People with Disabilities (PwD) and Ex-servicemen**

The representation of SC/ST in various cadres as on 31.03.2010 is as under :-

Category/ Level	Total Nos.	Number of		Percentage of	
		SC	ST	SC	ST
Group A (Officers)	5941	1224	337	20.6	5.67
Group B (Development Officers Marketing and Administration)	2547	252	72	9.89	2.82
Group C (Clerical)	9032	2018	704	22.34	7.79
Group D (Sub staff)	2049	827	161	40.36	7.85
Part Time Sweepers	389	256	32	65.8	8.22
<b>Total</b>	<b>19958</b>	<b>4577</b>	<b>1306</b>	<b>22.93</b>	<b>6.54</b>

The company strictly follows the government guidelines regarding reservations, concessions and safeguards to employees belonging to SC/ST/OBC/PWD and Ex-servicemen.

SC/ST & OBC Cells are actively functioning at the Head Office and all Regional Offices. Liaison Officer under the charge of Chief Liaison Officer assist this cell at Head Office, whereas Assistant Liaison Officer heads the Cells at various Regional Offices.

Once in a year, the Liaison Officer from the Head Office inspects the rosters pertaining to recruitment and promotions at all Regional Offices. The inspection reports, with the observations to 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.

Pre-promotional training programmes were imparted to all eligible SC/ST employees for promotion to various cadres.

Similarly, within Class III and Class III to I, pre-promotional training is extended to SC/ST/OBC employees under Dr. B.R. Ambedkar Welfare Trust. Regular training Programmes are conducted on personality development, stress management, motivation etc for SC/ST employees of various cadres. Various benefits under Dr. B. R. Ambedkar Welfare Trust has been given to SC/ST/OBC employees. SC/ST/ OBC Liaison Officers two days workshop has been conducted during the year. SC/ST employees have been nominated for NIA training programme Pune on regular basis.

We are providing financial support on behalf of Dr. B. R. Ambedkar Welfare Trust, to SC/ST Welfare Groups for distribution of Free JPA policy to the people of downtrodden community on the eve of Mahaparinirvan day i.e. 6<sup>th</sup> December of Dr. Babasaheb Ambedkar at Chaitya Bhomi, Dadar, every year.

#### **Staff Welfare Schemes**

Many welfare schemes for employees and their families viz. Group Savings Linked Insurance Scheme, Group Term Insurance Scheme, Group Mediclaim Policy covering hospitalization expenses, Lump sum Domiciliary payments, Group Personal Accident Policy (having 24 hours accident cover), Baggage Policy, Special leave and medical expenses reimbursement under 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 and also housing loan at subsidized rate of interest, have been continued.

The company has introduced online access for the said benefits to the employees as also imparted training on the same to them. This will facilitate transparency and immediate information to the employees.

#### ● **Gender Issues and Empowerment of Women**

The company has a strong women force equipped with adequate opportunities for self and career development. The details of Significant Posts held by Women Officers are as follows:

GM	1
CRM	1



DM/ SDM	14
BM/ SBM	18
Foreign Postings	4

- ◆ On recommendations of the Head Office Women's Committee, sexual harassment at workplace has been incorporated as misconduct in our CDA Rules after approval from the Board of Directors.
- ◆ Efforts are made to educate the women employees on legal provisions and facilities within the organisation, towards safe and healthy work atmosphere. These programmes are conducted at CTC and are aimed towards harmonious inter-personal relations and understanding.
- ◆ Company's representatives participate in various programmes such as the National Meet of Women in Public Sector, programme on '**Managing High Profile Portfolio In Corporate Sector.**' and similar events conducted throughout the year.

#### ● Industrial Relations

Industrial relations in the company during the financial year continued to remain pleasant, co-operative and efficient. Through deliberations and discussions across the table, issues were sorted out amicably. In order to protect the interest of the women employees in the company and to provide proper, safe and secured working conditions, Conduct, Discipline and Appeal rules have been amended. In tune with the guidelines prescribed by the

Hon'ble Supreme Court of India in the case of *Vishaka v. State of Rajasthan*, we have incorporated one specific clause in CDA rules, with a provision to prevent sexual harassment at workplace and to treat sexual harassment as 'misconduct'. In addition, the CDA rules have been displayed in the intranet of the company which is accessible to all the employees.

#### ● Sports Activities

- ◆ For the first time in the history of New India, sports club organized All india singing competition titled as "Voice of New India". The event received overwhelming response across the country.
- ◆ In **Kabaddi**, company's team participated and won "A" division. Shivaneri Raja Ram Gold Trophy and runners up in Mumbai dist. Kabaddi Association tournament our player Nilesh Tawade (contract player) has been honoured in both the tournaments.
- ◆ In **cricket** as host company have successfully organized All India Public Sector Sports promotion Board's, T-20 cricket tournament in Mumbai. The company's team were runner up in Corporation Shield Cricket Tournament, Mumbai.
- ◆ In **Table Tennis** company's team have participated and became runner up in the officer's tournament and also participated in All India public sector tournament, Coimbatore and district level championship at Mumbai.
- ◆ Also participated in All India public sector Carom tournament at Chennai.

#### XVI. OFFICIAL LANGUAGE IMPLEMENTATION

##### ● Hindi Training

Five days training programmes for all classes of employees not possessing working knowledge of hindi were organised at Bengaluru, Chennai, Coimbatore, Kolkata,

Bhubneshwer, Guwahati and Vizag. 137 employees were imparted working knowledge of Hindi. Cash prizes amounting Rs. 1,37,000/- were distributed to the successful participant employees.

- **Conference**

All India Hindi Officers' Conference was held at Aurangabad (Maharashtra) on 21-22 November 2009. Integration of language policy with main stream and growth of insurance, expansion of company's market share with help of hindi and Indian languages, Micro finance and rural and social sector were subjects discussed during the event. Compilation of deliberations (on micro insurance) was published by Hindi department.

- **Incentive Scheme for Writing Technical Books in Hindi**

Consolation prizes to (1) Davendra Mishra Rs.15000/-, (2) Amrish Sinha Rs. 11000/- and (3) V.B.Tiwari Rs. 7000/- were awarded. Amount of Rs. 33,000/- was disbursed under the scheme.

The scheme introduced in the year 2007 was amended for addition of three more prizes (Rs. 15000/-, Rs. 11000/- & Rs. 7000/-). First prize of Rs. 2,00,000/- now shall be considered for lifetime contribution in technical literature in Hindi.

- **Incentive Scheme for Work done in Hindi**

The scheme revised in 2007 is implemented and popular in region 'B' & 'C' .

- **Publication of House Magazine 'Arjan'**

Two issues consisting 80 pages each were published.

- **Inspection**

Inspection of progressive use of Hindi was carried out at 65 offices.

- **Inspection by the Parliamentary Committee on Official Language**

Third sub-committee of Parliamentary Committee on Official Language reviewed position and progress of Hindi in the company and Chattarpur Branch in particular. Madam Alka Kshtriya, Convener and other Honorable members of the committee are satisfied with Company's achievements and efforts taken for promotion of use of Hindi and other Indian languages in the company.

- **Promotion of Hindi & other Indian Languages**

The company has decided to translate all documents pertaining to ten policies in languages specified in the 8<sup>th</sup> schedule of the Constitution. The policies are : Janata Personal Accident Policy, Personal Accident Policy, Cattle Insurance Policy, Farmer Package Policy, Householder Insurance Policy, Shopkeeper Insurance Policy, Micro Insurance, Universal Health Insurance Policy, Mediclaim 2007, Rajrajeshwari Mahila Kalyan Policy.

- This is a step towards inclusive growth and expansion of NEW INDIA's market share as well as insurance propagation among masses which provide wider customer base.

- **Translation of Manuals**

All new health policies (i.e all 6 documents) as well as Reservation policy manual have been translated in Hindi and Marathi. Similarly Personnel manual including CDA rules



(7 Parts), liability, aviation, engineering manuals have been translated in Hindi and vetting is in progress.

- **Workshop**

90 Hindi workshops were organised at different stations. 1413 employees benefited.

## **XVII. PUBLICITY ACTIVITIES**

Publicity and marketing play a vital role of promoting the corporate image and popularizing the company's products among urban, semi-urban and rural masses. No matter what market share a brand enjoys one has to market one's products to keep in pace with the ever-changing scenario of globalisation and stiff competition. Publicity can generate great sales through great advertisements. For this, careful planning is a must and that's what exactly the company has done to reach out to the target customers through the various advertising medias.

Electronic media, outdoor media and print media were utilized for publicity purpose. 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, baggage trolleys and barricades. Banner display at local events help the company in brand-building in rural areas.

The company participates in fairs, exhibitions, road shows and also sponsor various social gatherings, sports and cultural events. It organizes customer seminars, customer awareness camps to educate the customers about the various insurance policies and the procedures/requirements for speedy settlement of claims.

This year the company ventured into television and radio activities and the next biggest event was sponsored the Mumbai Indian Team of IPL3, T20 along with the franchise, Reliance Industries Ltd., which has given a tremendous visibility to the customers of all ages and various groups not only nationwide but global-wise also.

The company has a strong conviction that the publicity is a tool to reach real masses and educate them about their insurance requirement.

## **XVIII. VIGILANCE ACTIVITIES**

The Vigilance department comprises of the CVO (GM), the Chief Manager and vigilance officers at Head Office and vigilance officers posted in all 26 Regional Offices.

The focus of vigilance is prevention of frauds by preventive and proactive actions and punitive action in matter of frauds detected and system lapses.

The vigilance administration comprises of surprise inspections. During 2009-10 the vigilance officers conducted 307 surprise inspections. This is an effective tool for detecting irregularities /system lapses committed at operational levels and particularly helpful for the BM s / DM s for understanding the importance of control and supervision and identify the weak areas.

Training programmes are held at Corporate Training College to include preventive vigilance in various training modules and awareness programmes are conducted at Regional Offices and Divisional Offices levels. This helps the participants in understanding the facet of vigilance and the importance of adhering to rules and regulations of the company.

49 awareness programmes were conducted at RO and DO levels to create better understanding of vigilance. newly recruited vigilance officers have attended training at the

CBI academy - Ghaziabad for better understanding of procedures of disciplinary proceedings and investigation.

Thus the sole purpose of vigilance department is to make employees focus on and accept 'Vigilance' as an organisational objective, to create an atmosphere conducive to "Zero –corruption " functioning with role clarity and clear sense of direction.

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

Keeping in tune with the last two years practice that has yielded good results, the internal audit department has continued its' thrust in detecting and rectifying systems and procedural lapses, enhancing the performance of audit compliance cells at the various operating offices for faster resolution of pending audit queries – both internal and C.A.G. The pending employee recovery cases are now gradually brought to the minimum and this year such cases have nearly become negligible as these are sorted-out during the course of audit.

As directed by the Board of Directors – each and every Board and CMD level queries were examined age-wise, nature-wise and feed back was obtained and submitted to the board. Resolution of old pending queries was the major thrust.

With the help of H.O., internal audit officials and executives from H.O. – 25 audit workshops were conducted during the year, which has substantially helped in resolving the pending queries and in the process, the number has come-down to a great extent. In co-ordination with C.A.G., two zonal workshops were conducted at MRO-I and Chennai, for compliance of queries and confirmation of status. The result was extremely encouraging.

In order to streamline the audit department and to enhance its effectiveness the time gap between the conduct of audit and subsequent submission of report has been directed to be reduced to maximum two weeks. The Regional Office audit teams have been instructed to include "system audit" in their audit methodology, so that procedures and methods are further improved.

Audit committee has been closely monitoring the functioning of internal audit department and in a path breaking and unconventional initiative have gone to the micro level and interacted with Regional in-charges and Regional audit in-charges in order to guide and mentor them to perform even better. This hands-on ground level approach of the directors have immensely benefited the internal audit department in discharging their duties in a improved manner. The results are evident in audit compliance for this year.

Various attempts were made to switch-over from traditional audit interventions to risk based audit. This year also, during the all India audit conference at Khajjiar, it was once again emphasized that we should concentrate more on risk based audit. It was decided to put forth suggestions by all Audit in-charges for implementation of risk based audit.

#### **XX. CITIZENS' CHARTER**

The company's commitment to customers in terms of delivering performance vis-à-vis laid down parameters is embodied in the Citizens' Charter. The same is displayed at prominent places, in Head Office, Regional Offices and Divisional Offices in affirmation of the same and in the spirit of good governance.

#### **XXI. 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.



The 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. Company has also launched a Call Centre on 19<sup>th</sup> June 2010 at Pune which is available to customers 24 x 7 for inquiries of various products, tracking motor claims and grievances both in Hindi & English.

In order to ensure better and efficient customer service, the company has decided to launch a toll-free no. on all India basis, catering to the needs of the existing as well as prospective clients. In fact, this is a business approach that tries to integrate the company's employees, the process and technology to improve the relationship with the customers – both the existing and prospective, as well as internal and external.

## **XXII. GRIEVANCE REDRESSAL**

The company has a well established grievance cell at Head Office and all Regional Offices. The grievance cell is headed by Chief Manager and is supervised by Dy. General Manager and General Manager at Head Office. At Regional Offices it is headed by Regional Managers/Managers.

In tune with company's philosophy to constantly endeavor to improve its service delivery standards and capabilities in order to meet the increasing legitimate expectations of customers for better, faster and more effective service, the company's Board had approved a grievance redressal policy for the company, which inter-alia specifies its objectives, lays down structure for grievance redressal mechanism and sets time bound parameters for grievance redressal.

The company has made operational, grievance module for online assigning, tracking and resolution of grievances by all offices.

To implement the grievance redressal policy in its true spirit and to harness the enabling features of online grievance module, training was imparted to officials from all the R.O.'s so as to disseminate awareness amongst our employees about obligations to our customers.

The grievance redressal status for the year is given below :-

	<b>O/s. as on 1.4.2009</b>	<b>Registered</b>	<b>Resolved/ Complied</b>	<b>O/s. as on 31.03.2010</b>
DPG & OTHERS	10	78	83	5
I.R.D.A.	145	337	399	83
HODT	303	849	879	273
RODT	846	2322	2855	313
<b>TOTAL</b>	<b>1304</b>	<b>3586</b>	<b>4216</b>	<b>674</b>

## **XXIII. CORPORATE LEGAL MATTERS**

The corporate legal dept. was re-instituted in the year 2006. The first step taken by the department was to obtain a database of all legal cases pending in various tribunals, consumer forum, Civil Courts, High Courts, Ombudsman and Supreme Court.

This has been followed by review of actual files in operational offices under various Regional Offices by the team from Head Office and the findings submitted to the management from time to time. Remedial actions as suggested and approved have been communicated to the respective Regional offices for compliance, so as to reduce the litigations as well as liability.

It is proposed to buttress it further by holding work-Shops/review meetings to achieve the target of reduction in litigations and liabilities, in particular, the motor third party cases.

#### XXIV. RIGHT TO INFORMATION ACT, 2005

In keeping with the letter and spirit of the Right to Information Act 2005, and in conformity to the ideals of transparency and accountability in the functioning of public authorities, Central Public Information Cell, at Head Office has been consistently creating awareness amongst its employees and in-charges of different offices to respond promptly and precisely within the provisions of the Act, to the various information seekers.

A 2 days training-cum-awareness programme conducted by Institute of Public Administration had been arranged for the CPIOs/ FAAs of all Regional Offices at Bangaluru on 27<sup>th</sup> and 28<sup>th</sup> March,2010.

This campaign of awareness in a sustained manner has also been followed up with circulars/ In-house discussion and regular up dation of official website of the company. The disposal details are as under: -

##### Progress in 2009-10:-

Particulars	Requests	First Appeals
Opening balance as on 01.04.2009*	4	3
Received during the year including cases transferred to other public authority	1470	304
No. of cases transferred to other public authorities	36	0
Decision where requests/appeals rejected	191	79
Decisions where requests/appeals accepted	1224	228
Closing balance as on 31.03.2010	23	0

\* These were cases reported before 31.03.2009 which were disposed off in the month of April i.e within time stipulated under the Act and, thus, not shown as o/s as on 31.3.2009.

#### XXV. CERTAIN EXPENSES OF MANAGEMENT

Expenses of management of the company include:

- Entertainment (Indian & foreign): Rs. 1.00 crore (previous year – Rs.1.08 crore)
- Foreign tours undertaken by the executives: Rs. 1.75 crore (previous year -Rs.0.82 crore).
- Publicity and advertisement: Rs. 28.34 crore (previous year – Rs.22.53 crore)

#### XXVI. FOREIGN EXCHANGE EARNINGS & OUTGO

The company's foreign exchange earning for the year 2009-10 is Rs.259.50 crore (previous year – Rs.156.97 crore) whereas the outgo in foreign currency has been Rs. 452.90 crore (previous year – Rs.415.92 crore).

## XXVII. FINANCIAL RATING

AM BEST company, a premier financial rating agency has re-affirmed its rating A- (Excellent) for the company which indicates company's financial strength and ability to meet its ongoing obligations to policyholders. The rating reflects New India is leading business profile in the Indian general insurance market and reliance on investment return to generate profit.

## XXVIII. CORPORATE GOVERNANCE

New India's philosophy on Corporate Governance is embedded in ethical governance practices. The company strives to operate under the highest standards of Corporate Governance and best practices are assimilated and incorporated in the processes followed by the company.

It has been the endeavor of the board of the company and its executive management to demonstrate and practice business integrity, high ethical values and professionalism and adhere to a set of strong Corporate Governance practices in its activities. Company believes that good Corporate Governance is essential to achieve long term corporate goals and for meeting the needs and aspirations of its policyholders and other stakeholders.

The Insurance Regulatory and Development Authority (IRDA) has issued detailed guidelines on Corporate Governance for insurance sector including formation of various sub-committees of the board vide circulars ref. no. IRDA/ F&A/CIR/ 025/2009-10 dated 5<sup>th</sup> August 2009 and ref. no. IRDA/ F&A/014 /01/2010 dated 29<sup>th</sup> January 2010. The company seeks to comply-with all applicable legal, regulatory and license requirements and strives to work constructively with regulatory bodies.

### 1. Board of Directors:

New India's Board consists of a perfect blend of experts from the fields of insurance, banking and finance. The composition and profile of the Board of directors of the company as on 31<sup>st</sup> March, 2010 is as under:

Sl. No.	Name and Designation of Directors	Qualification	Category of Directorship
1.	M. Ramadoss Chairman-cum-Managing Director	B.Com.,ACA,FIII,ACII.	Chairman-cum- Managing Director
2.	R. Gopalan, I.A.S. Secretary (Dept. of Financial Services), Ministry of Finance, Govt. of India	B.Sc. Chemistry, M.A. Eco. (Boston University),M.P.A. (Harvard University)	Non-executive Director
3	M.D. Mallya Chairman & Managing Director, Bank of Baroda	B.E, P.G. Diploma in Management	Ex-officio Director
4	M. Razzack Chartered Accountant	B.Com, FCA.	Part-time non- official Director
5	Sanjay Gupta Chartered Accountant	B.Sc, FCA,ISA(ICAI)	Part-time non- official Director
6	Sarat Pattanayak Social Worker	B.A, L.L.B.	Part-time non- official Director
7	A R Sekar, General Manager, Financial Advisor & Company Secretary	FCS, MBA, FIII, CAIIB, BGL, B.Com.	Whole-time Director
8	I. S. Phukela,General Manager	B.Sc, Mech.Engg. (Hons.), AllI.	Whole-time Director

The Board underwent the following changes in its composition since the date of last directors' report, i.e., 4<sup>th</sup> August, 2009:

- a) B. Chakrabarti, CMD ceased to be director on attaining superannuation from the services of the company on 30.09.2009 and A. R. Sekar, Senior most functional director was appointed as CMD (Current-in-charge) vide Govt. of India order No. F. No. A-11011/19/2008- Ins. IV dated 30<sup>th</sup> September, 2009 issued by the Ministry of Finance, Government of India.
- b) M. Ramadoss was appointed as CMD vide Govt. of India order No. F. No. 11011/ 19/2008-Ins. IV dated 29<sup>th</sup> December 2009 and he assumed office on 30<sup>th</sup> December 2009.
- c) N.S.R.C. Prasad, Director and General Manager, ceased to be a director with effect from 4<sup>th</sup> June 2009 consequent upon his appointment as Chairman-cum-Managing Director of National Insurance Company Limited, Kolkata, vide Govt. of India order No. F No A 11011/19/2008 – Ins.IV dated 1<sup>st</sup> June, 2009.
- d) I. S. Phukela, General Manager was appointed as functional director vide Govt. of India order No. F. No.11011/10/2008Ins.IV dated 20<sup>th</sup> January 2010.
- e) R. Gopalan, IAS, Secretary, dept. of Financial Services was appointed as director vide Govt of India order No.F.No.11011/3/2010-Ins.II dated 16th February, 2010 in place of Tarun Bajaj. IAS. Joint Secretary (Insurance and Pension).
- f) A.R. Sekar, General Manager had completed his tenure of office as functional director on 5<sup>th</sup> March 2010. His tenure as functional director was extended until further order vide Govt. of India order No. F.No.14 /4 / 2005-Ins. IV. Dated 26<sup>th</sup> February 2010.

Seven board meetings took place during the year. The attendance of directors during the meetings is given below:

Attendance during meetings							
Name of the Director	18.04.2009	25.06.2009	17.08.2009	29.09.2009	08.12.2009	04.02.2010	30.03.2010
Mr. B. Chakrabarti	✓	✓	✓	✓	NA	NA	NA
B. Chakrabarti	✓	✓	✓	✓	NA	NA	NA
M. Ramadoss	NA	NA	NA	NA	NA	✓	✓
R. Gopalan	NA	NA	NA	NA	NA	NA	✓
Tarun Bajaj	✓	✓	✓	✓	✓	Leave of absence	NA
M.D. Mallya	Leave of absence	✓					
M.Razzack	✓	✓	✓	✓	✓	✓	✓
Sanjay Gupta	✓	✓	✓	✓	✓	✓	✓
Sarat Pattanayak	✓	✓	✓	✓	✓	✓	✓
N S R Chandra Prasad	✓	NA	NA	NA	NA	NA	NA
A R Sekar	✓	✓	✓	✓	✓	✓	✓
I. S. Phukela	NA	NA	NA	NA	NA	✓	✓

Note : ✓ – Attended the meeting  
NA – Not applicable



The Board places on record its sincere gratitude for the valuable contributions made by B.Chakrabarti, as CMD , Tarun Bajaj as Director & as Chairman of the audit committee & remuneration committee & as member of investment committee and Mr. NSRC Prasad as Director & member of the audit committee.

**Sub-Committees of the Board :**

**(i) Audit Committee:**

- The company has constituted Audit Committee as per section 292A of the Companies Act, 1956.

The composition of the audit committee as on 31<sup>st</sup> March 2010 is as under :

i) M. Razzack (Chairman)

ii) M. D. Mallya

iii) Sanjay Gupta

iv) A. R. Sekar

- Appointments/cessation of members during the year :

i) A.R.Sekar Director and General Manager was appointed as member of the committee w.e.f. 17<sup>th</sup> August 2009.

ii) Sanjay Gupta Director was appointed as member of the committee w.e.f. 30<sup>th</sup> March 2010.

iii) M. Razzack, present member was elevated as Chairman of the committee w.e.f. 30<sup>th</sup> March 2010.

iv) Tarun Bajaj ceased to be member of the committee w.e.f. 16.02.2010 vide Govt. of India letter ref. F/No.11011/014-INS-II dated 16.02.2010.

During the financial year 2009-10, the committee held five meetings. The attendance of members during the meetings is given below :

Attendance during meetings					
Name of the member	25.06.2009	27.07.2009	29.09.2009	08.12.2009	30.03.2010
Tarun Bajaj	✓	✓	✓	✓	NA
M. Razzack	✓	✓	✓	✓	✓
A. R. Sekar	NA	NA	✓	✓	✓
M.D. Mallya	Leave of absence	Leave of absence	Leave of absence	Leave of absence	✓
Sanjay Gupta	NA	NA	NA	NA	✓

Note : ✓ – Attended the meeting  
NA – Not applicable

**(ii) Investment Committee:**

Consequent-upon appointment of M. Ramadoss as CMD in place of B.Chakrabarti, the Investment Committee was reconstituted by nominating M. Ramadoss as Chairman at the board meeting held on 4<sup>th</sup> February 2010.

- i) M. Ramadoss (Chairman)
- ii) M. D. Mallya
- iii) Sanjay Gupta
- iv) A. R. Sekar
- v) A. R. Prabhu.

During the financial year 2009-10, the committee held five meetings. The attendance of members during the meetings is given below:

Name of the member	Attendance during Meetings				
	25.06.2009	17.08.2009	08.12.2009	04.02.2010	30.03.2010
B. Chakrabarti	✓	✓	NA	NA	NA
M. Ramadoss	NA	NA	NA	✓	✓
Tarun Bajaj	✓	✓	✓	Leave of absence	NA
Sanjay Gupta	✓	✓	✓	✓	✓
M.D. Mallya	Leave of absence	Leave of absence	Leave of absence	Leave of absence	✓
A R Sekar	✓	✓	✓	✓	✓
A R Prabhu	✓	✓	✓	✓	✓

Note : ✓ – Attended the meeting  
NA – Not applicable

- Tarun Bajaj ceased to be member of the committee w.e.f. 16.02.2010 vide Govt. of India letter ref. F/No.11011/014-INS-II dated 16.02.2010.

**(iii) Remuneration Committee:**

Remuneration Committee of the company is constituted in compliance with the Government directives. Consequent-upon the appointment of R. Gopalan as Director in place of Tarun Bajaj, the remuneration committee was reconstituted with R. Gopalan as a Chairman at the board meeting held on 30<sup>th</sup> March 2010. The committee consists-of the following members as on 31.03.2010 :

- i. R.Gopalan (Chairman)
- ii. M.D.Mallya
- iii. M. Razzack

No remuneration committee meeting was held during the year.

**iv) Risk Management Committee**

Risk Management Committee was formed during the year in the board meeting held on 4<sup>th</sup> February, 2010. Composition of the committee is as under:

- i M. Ramadoss (Chairman)
- ii. Sanjay Gupta
- iii. A.R. Sekar
- iv. I.S. Phukela



A.R. Prabhu, Appointed Actuary and General Manager/s of technical departments shall be invitees.

Since the committee was constituted in February, 2010, no meeting of the risk management committee was held during the year 2009-10.

**v) Policyholder Protection Committee**

Policyholder Protection Committee was formed during the year in the board meeting held on 4<sup>th</sup> February, 2010. Composition of the committee is as under:

- i. M. Ramadoss ( Chairman)
- ii. M. Razzack
- iii. Sarat Pattanayak
- iv. A.R. Sekar
- v. I.S. Phukela

A.R. Prabhu, Appointed Actuary and General Manager (Grievance Department) shall be invitees.

Since the committee was constituted in February 2010, no meeting of Policyholder Protection Committee was held during the Year 2009-10.

**2. Independent Directors' remuneration and disclosures :**

**(A) Remuneration to directors :**

Company has three independent directors on the board and its sub-committees. The remuneration paid to independent directors during the Year 2009-10 is as under.

i. M. Razzack	Rs.50,500/-
ii. Sanjay Gupta	Rs.49,000/-
iii. Sarat Pattanayak	Rs.32,000/-

The remuneration includes sitting fees only for attending board meetings and sub-committee meetings of the company. No sitting fees is payable to whole time directors and director representing Govt. of India.

**(B) Disclosures :**

- During the year, there are no pecuniary relationships or transactions with the non- executive directors.
- Financial statements accurately and fairly represent the financial condition of the company.
- There has not been any significant changes in the accounting policies of the company during the year.
- The company has Business Risk Management process which is periodically reviewed by the Board of Directors for determining its effectiveness.
- The Board of Directors and the Audit Committee periodically reviewed the status of compliances in respect of applicable laws and report thereon by the Internal Audit team.
- Whistle Blower Policy – Being a Government company, the CVC guidelines are applicable to the company. Hence no separate whistle blower mechanism has been formulated.
- Solvency Margin of the company for the year 2009-10 is 3.55 (previous year 3.41).

**XXIX. PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANY ACT, 1956**

The particulars of employees drawing remuneration of Rs.24 lakh and above for the year ended 31<sup>st</sup> March 2010 as required under Section 217 (2A) read with the companies (particulars of employees) Rules, 1975, are enclosed as per annexure III to the directors' report.

### XXX. AUDITORS

Under Section 619 of the Companies Act, 1956, the Comptroller and Auditor General of India, appointed M/s. Chaturvedi & Shah, M/s. Ford, Rhodes, Park & Co. and M/s. Karnavat & Co. as the Central Statutory Auditors of the company for the year 2009-10. 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 company has 3 subsidiary companies. The names and details of New India shareholding are as under:

Sr. No.	Name of the subsidiary	Total Paid Up Capital (no. of shares)	New India's shareholding (no. of shares)	% Holding of New India Assurance
1.	The New India Assurance Company (Trinidad & Tobago) Limited	17,418,946	146,12,444	83.89%
2.	The New India Assurance Company (Sierra Leone) Limited	250,000	250,000	100%
3.	Prestige Assurance Plc., Nigeria	2,149,985,000	1,096,555,085	51.00%

The performance of subsidiaries for the year ended 31<sup>st</sup> December 2009 is summarized below:

(Figures in '000)

Name of the subsidiary	Currency	U/w Profit/Loss		Investment Income		Other Income (before tax)		Net Income		Dividend	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
NIA (T&T) Ltd.	\$	9391	5543	5892	5668	1299	-534	16582	10677	1741	1741
NIA (S..Leone)Ltd.	Le	-15327	-13114	20245	35563	NIL	NIL	4918	22449	NIL	NIL
Prestige Assurance	N	(88959)	74685	936498	911466	18143	3869	864682	990020	429997	343998

- All the subsidiary companies follow the calendar year for finalisation of accounts. Therefore, performance has been given for the year ended 31<sup>st</sup> December 2009.
- The New India Assurance Company (Sierra Leone) Limited 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 2009-10.
- In compliance with the provisions of the section 212 of the Companies Act 1956, the report and audited accounts of the subsidiary companies are appended hereto.

### XXXII. ADOPTION OF ACCOUNTS BY SHAREHOLDERS

The company's annual accounts for the year 2008-09 were adopted by the shareholders at the Annual General Meeting held on 17<sup>th</sup> August 2009.

### XXXIII. SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

The Ministry of Finance, Department of Financial Services, (Insurance Division) has confirmed that



the annual report of the company for the financial year 2008-09 along with the directors' report was placed before Rajya Sabha on 1<sup>st</sup> December 2009 and Lok Sabha on 4<sup>th</sup> December 2009 as per the requirement of section 619A read with section 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 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 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 31<sup>st</sup> March, 2010 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**

Your directors place on record their appreciation of the valuable contribution made by all the employees and their hard work and commitment for achieving the corporate goals.

Directors are grateful to the Ministry of Finance, Department of Financial Services (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.

Directors would also like to take this opportunity to thank the customers, individuals and corporate agents, surveyors, re-insurance brokers, bankers and all others associated with company for their continuous support and co-operation.

**For and on behalf of the Board**

**M. RAMADOSS**  
**CHAIRMAN-CUM-MANAGING DIRECTOR**

**Place : Mumbai**

**Dated : 13 August 2010**

ANNEXURE I TO DIRECTORS' REPORTS  
RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES

The details of various major products under this sector in short is as below for the past five years:

(RS. IN CRORE)

COUNTRY		Exch Rate Avg	GROSS PREMIUM	NET PREMIUM	CLAIMS		COMMISSION		MGT. EXP. COST		HO R/ XL		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.	12.89	52.30	44.44	25.39	57.1	13.09	29.5	0.81	1.8			0.20	0.5	0	0.0	4.95	11.1	2.67	6.0	7.62	17.1
	P.Y.	12.46	50.10	43.21	21.46	49.7	11.49	26.6	0.49	1.1	0	0.0	4.78	11.1	0	0.0	4.99	11.5	1.59	3.7	6.58	15.2
DUBAI	C.Y.	12.89	142.34	115.84	59.11	51.0	34.87	30.1	5.61	4.8			2.91	2.5	0.11	0.1	13.45	11.6	4.71	4.1	18.16	15.7
	P.Y.	12.46	128.49	110.15	18.87	17.1	32.24	29.3	0.99	0.9	0	0.0	18.00	16.3	0.02	0.0	40.07	36.4	2.79	2.5	42.86	38.9
BAHRAIN	C.Y.	125.59	49.94	39.69	21.21	53.4	10.50	26.5	1.27	3.2			0.41	1.0	0.03	0.1	6.33	15.9	0.96	2.4	7.29	18.4
	P.Y.	121.43	46.74	39.00	26.43	67.8	9.71	24.9	1.22	3.1	0	0.0	5.34	13.7	0	0.0	-3.70	-9.5	1.42	3.6	-2.28	-5.8
KUWAIT	C.Y.	164.73	50.04	46.14	22.01	47.7	15.64	33.9	1.10	2.4			0.41	0.9	-0.15	-0.3	6.83	14.8	1.20	2.6	8.03	17.4
	P.Y.	167.41	47.24	44.41	23.84	53.7	14.71	33.1	1.59	3.6	0	0.0	5.74	12.9	-0.12	-0.3	-1.59	-3.6	1.81	4.1	0.22	0.5
MUSCAT	C.Y.	122.99	214.33	171.24	92.29	53.9	41.00	23.9	1.51	0.9			8.94	5.2	0.01	0.0	27.51	16.1	13.41	7.8	40.92	23.9
	P.Y.	118.92	161.74	145.78	11.77	8.1	33.91	23.3	1.69	1.2	0	0.0	34.13	23.4	0.04	0.0	64.32	44.1	7.82	5.4	72.14	49.5
SAUDI ARABIA	C.Y.	12.62	-0.30	-1.45	-5.68	391.7	-0.06	4.1	0.09	-6.2			-5.26	362.8	0	0.0	9.46	-652.4	0.00	0.0	9.46	-652.4
	P.Y.	12.20	11.01	8.09	20.22	249.9	2.85	35.2	0.78	9.6	0	0.0	-6.82	-84.3	-0.34	-4.2	-9.28	-114.7	0.02	0.2	-9.26	-114.5
ARUBA	C.Y.	26.60	43.46	38.77	15.97	41.2	13.13	33.9	1.45	3.7			0.14	0.4	0.19	0.5	8.27	21.3	4.24	10.9	12.51	32.3
	P.Y.	25.71	41.69	38.52	25.41	66.0	14.01	36.4	1.31	3.4	0	0.0	3.14	8.2	0.19	0.5	-5.16	-13.4	3.06	7.9	-2.10	-5.5
CURACAO	C.Y.	26.99	18.75	16.57	2.49	15.0	4.90	29.6	0.66	4.0			0.45	2.7	-0.03	-0.2	8.04	48.5	0.74	4.5	8.78	53.0
	P.Y.	25.74	17.11	15.59	3.45	22.1	4.46	28.6	0.80	5.1	0	0.0	1.57	10.1	-0.05	-0.3	5.26	33.7	0.94	6.0	6.20	39.8
TOTAL FOR AGENCIES	C.Y.		570.86	471.24	232.79	49.4	133.07	28.2	12.50	2.7	0.00	0.00	8.20	1.7	0.16	0.0	84.84	18.0	27.93	5.9	112.77	23.9
	P.Y.		504.12	444.75	151.45	34.1	123.38	27.7	8.87	2.0	0.00	0.00	65.88	14.8	-0.26	-0.1	94.91	21.3	19.45	4.4	114.36	25.7
MAURITIUS	C.Y.	1.54	52.71	43.19	22.39	51.8	6.63	15.4	4.58	10.6			2.91	6.7	0.12	0.3	6.80	15.7	8.49	19.7	15.29	35.4
	P.Y.	1.56	44.15	37.41	21.88	58.5	5.60	15.0	1.56	4.2	0	0.0	5.39	14.4	0.04	0.1	3.02	8.1	8.08	21.6	11.10	29.7
HONGKONG	C.Y.	6.11	40.29	39.57	13.58	34.3	15.83	40.0	2.83	7.2			5.65	14.3	0.00	0.0	1.68	4.2	0.77	1.9	2.45	6.2
	P.Y.	5.89	27.31	26.78	13.73	51.3	10.56	39.4	2.61	9.7	0	0.0	5.29	19.8	0.00	0.0	-5.41	-20.2	1.16	4.3	-4.25	-15.9
PHILIPPINES	C.Y.	1.01	19.68	12.97	9.75	75.2	3.02	23.3	1.20	9.3			1.92	14.8	0.12	0.9	-2.80	-21.6	3.54	27.3	0.74	5.7
	P.Y.	0.99	15.30	9.34	7.39	79.1	1.90	20.3	1.31	14.0	0	0.0	2.78	29.8	0.03	0.3	-4.01	-42.9	3.54	37.9	-0.47	-5.0
THAILAND	C.Y.	1.41	7.18	5.05	3.69	73.1	1.35	26.7	2.15	42.6			-0.74	-14.7	0.65	12.9	-0.75	-14.9	0.54	10.7	-0.21	-4.2
	P.Y.	1.32	9.51	6.73	4.25	63.2	1.69	25.1	1.62	24.1	0	0.0	0.18	2.7	0.01	0.1	-1.00	-14.9	1.19	17.7	0.19	2.8
AUSTRALIA	C.Y.	40.24	63.65	34.25	25.01	73.0	7.30	21.3	2.79	8.1			6.10	17.8	-0.36	-1.1	-7.31	-21.3	5.51	16.1	-1.80	-5.3
	P.Y.	35.89	36.45	22.22	7.67	34.5	4.31	19.4	2.87	12.9	0	0.0	6.93	31.2	-1.53	-6.9	-1.09	-4.9	7.51	33.8	6.42	28.9
FIJI	C.Y.	24.63	61.26	52.85	38.54	72.9	5.42	10.3	3.69	7.0			-3.14	-5.9	-2.87	-5.4	5.47	10.4	5.04	9.5	10.51	19.9
	P.Y.	26.55	66.05	58.79	27.42	46.6	5.95	10.1	3.63	6.2	0	0.0	2.06	3.5	0.09	0.2	19.82	33.7	3.83	6.5	23.65	40.2
AUCKLAND	C.Y.	32.07	16.87	13.02	7.44	57.1	1.60	12.3	2.25	17.3			1.58	12.1	0.03	0.2	0.18	1.4	0.53	4.1	0.71	5.5
	P.Y.	29.54	11.94	9.85	4.40	44.7	1.08	11.0	1.82	18.5			1.79	18.2	0.09	0.9	0.85	8.6	0.47	4.8	1.32	13.4
JAPAN	C.Y.	0.51	205.33	167.13	89.22	53.4	33.73	20.2	58.21	34.8			8.46	5.1	-0.04	0.0	-22.53	-13.5	2.18	1.3	-20.35	-12.2
	P.Y.	0.46	180.94	148.85	80.09	53.8	28.01	18.8	51.88	34.9	0	0.0	15.95	10.7	0.22	0.1	-26.86	-18.0	2.17	1.5	-24.69	-16.6
UNITED KINGDOM	C.Y.	75.59	389.96	318.80	236.19	74.1	83.19	26.1	26.28	8.2			-40.38	-12.7	-0.98	-0.3	12.54	3.9	63.24	19.8	75.78	23.8
	P.Y.	78.02	481.11	399.56	227.57	57.0	104.38	26.1	28.46	7.1	0	0.0	14.92	3.7	-0.57	-0.1	23.66	5.9	68.38	17.1	92.04	23.0
TOTAL FOR BRANCHES	C.Y.		856.93	686.83	445.81	64.9	158.07	23.0	103.98	15.1	0.00	0.00	-17.64	-2.6	-3.33	-0.5	-6.72	-1.0	89.84	13.1	83.12	12.1
	P.Y.		872.77	719.53	394.40	54.8	163.48	22.7	95.76	13.3	0.00	0.00	55.29	7.7	-1.62	-0.2	8.98	1.2	96.33	13.4	105.31	14.6
RUN-OFF & OTHERS	C.Y.		-	-	0.44	-	-	-	-23.16	-	-	-	-	-	-0.21	-	22.51	-	0.21	-	22.72	-
	P.Y.		0.00	0.00	-0.02		24.96		0.21		0		0.00		-0.66	-0.7	-25.81		0.30		-25.51	
TOTAL (RS).	C.Y.		1427.79	1158.07	679.04	58.6	291.14	25.1	93.32	8.1	0.00	0.00	-9.44	-0.8	-3.38	-0.3	100.63	8.7	117.98	10.2	218.61	18.9
	P.Y.		1376.89	1164.28	545.83	46.9	311.82	26.8	104.84	9.0	0.00	0.00	121.17	10.4	-2.54	-0.2	78.08	6.7	116.08	10.0	194.16	16.7



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## ANNEXURE II TO DIRECTORS' REPORTS

## RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES

The details of various major products under this sector in short is as below for the past five years:

Policy Details	Year	No. of Policies Sold	No. of Persons Covered	Amount of Premium (Rs.In Lacs)	No. of Claims Reported	No. of Claims Settled	Amount of Claim Settled (Rs.In Lacs)	Claims Ratio (%)
Cattle Insurance	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
	2008-09	223287	753223	4519.34	23319	23478	2705.29	59.86
	2009-10	237431	880935	4805.61	14816	15497	2906.84	60.49
Livestock Insurance	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
	2008-09	94313	386456	1082.11	12035	11987	684.75	63.28
	2009-10	110999	454828	1273.56	13259	15756	916.96	71.99
Agricultural Pumpset	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
	2008-09	15917	109616	65.77	1628	1598	28.07	42.68
	2009-10	12062	83066	49.84	510	508	8.79	17.64
Janata Personal Accident	2005-06	682025	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
	2008-09	781527	7647701	1317.89	1701	1698	1805.60	137.01
	2009-10	846569	8284173	1427.57	4790	2131	1357.21	95.07
Gramin Personal Accident	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
	2008-09	18341	1045261	51.10	243	212	65.60	128.38
	2009-10	21683	1235698	60.41	182	159	49.23	81.49
Universal Health Insurance Scheme	2005-06	2150	4884	5.07	150	88	4.16	82.05
	2006-07	5291	23098	38.14	851	476	32.79	85.97
	2007-08	6936	32170	46.96	508	460	32.14	64.33
	2008-09	4212	51903	60.05	1064	912	31.71	52.81
	2009-10	5791	493968	575.86	10553	10477	361.74	62.81
Medicclaim	2005-06	1221880	5711438	590.83.40	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
	2008-09	1437947	5982784	133767.00	671877	610973	127189.00	99.10
	2009-10	2040720	6095223	152695.80	743754	734492	149597.25	97.97
Jan Arogya Bima Policy	2005-06	20061	83631	62.56	3461	47132	88.85	142.02
	2006-07	17669	105393	96.14	2796	2332	91.15	94.81
	2007-08	8230	20637	21.27	1022	1072	36.39	171.09
	2008-09	9689	16152	16.26	1089	804	20.31	121.50
	2009-10	14049	25258	30.09	1069	945	31.26	103.88

ANNEXURE III TO DIRECTORS' REPORT  
**INFORMATION REGARDING EMPLOYEES DRAWING A REMUNERATION OF RS.24,00,000  
AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2010**  
(INFORMATION U/s 217(2A) of COMPANIES ACT 1956)

NAME OF THE EMPLOYEES	SERVICE IN YEARS	DESIGNATION	REMUNERATION	QUALIFICATION	DATE OF JOINING	AGE HELD	LAST EMPLOYMENT PRESENT	PLACE OF POSTING
AISHIBASHI	2	ASST.SBM	2,552,255	-----	17/7/2007	48	NA	HIROSHIMA
ABE M.	31	MANAGER	5,135,628	B.COM.	13/2/79	54	N.A.	TOKYO
AGRAWAL R.	23	MANAGER	2,605,184	M.COM, F.III, PGDMM	1987	46	STATE BANK OF INDIA	LONDON
AOKI T.	5	ASST. MANAGER	3,440,687	B.COMO	1/2/2005	39	GENERALI	NAGOYA
ARORA K.G.	36	C.E.O.	3,376,844	M.Com, CIP,F.III,ACI, FBMS, MBIM,CPCU	1974	54	GOVT. OF INDIA	LONDON
ASAKA H.	9	MANAGER	3,265,004	-----	9/1/2001	55	N.A.	TOKYO
BABU K.L.R.	29	CEO	3,997,835	MA, F.III	1/1/1981	55	-----	TOKYO
BORGOHAIN A.C.	25	MANAGER	3,283,630	MVSC, A.III	30/4/85	54	-----	TOKYO
BUAM L.	22	DIVL.MANAGER	2,544,426	M.A., A.III	18/9/1988	45	-----	LONDON
CHAKRABORTY R.	21	MANAGER	2,977,384	I.T. DIPLOMA	27/11/89	47	-----	OSAKA
DOI H.	4	MANAGER	3,428,583	-----	1/5/2005	46	TAIYO F & M	TOKYO
EBISUDA M.	2	ASST.MANAGER	2,597,917	-----	1/6/2007	41	NA	HIROSHIMA
ENDO S.	4	SUB. BM	2,560,563	-----	1/4/2005	63	NA	HIROSHIMA
FUKUZUMI M.	2	SUB. BM.	2,551,520	-----	1/9/2007	44	-----	GIFU
HAMAOKA Y.	11	SR. CLERK	2,689,318	-----	1/5/1998	44	N.A.	HIROSHIMA
HIRAOKA K.	14	SUB B.M.	3,077,338	-----	17/8/95	45	N.A.	HIROSHIMA
ICHINOHE Y.	8	MANAGER	3,113,562	-----	1/1/2002	48	N.A.	TOKYO
ITO K.	6	DY.BM	3,786,650	B.COM	16/4/2003	56	SAISON	NAGOYA
IWATANI K.	10	B.M.	4,167,895	B.COM.	1/4/1999	48	N.A.	OKAYAMA
KANAMORI H.	1	DY.MANAGER	2,636,006	-----	24/6/2008	43	CORNES	TOKYO
KANAMORI T.	5	MANAGER	3,758,809	B.COM	13/1/2005	53	GENERALI	NAGOYA
KATO S.	31	DY.BM	4,274,248	B.A.	1/4/1978	57	N.A.	SAPPORO
KAWAZOE K.	5	MANAGER	2,650,171	-----	1/7/2004	61	-----	OSAKA
KOTERAZAWA. M.	34	BR.MANAGER	4,664,648	B.COM.	15/3/76	56	N.A.	HIMEJI
KRISHNA M.V.	2	CHIEF EXECUTIVE	2,906,828	B.COM,F.III	18/9/2007	52	THE ORIENTAL INSU. CO.LTD.	LONDON
MACKENNEY N.	10	SR. U/W MANAGER.	5,208,350	ACII	1999	64	SUN ALLIANCE	LONDON
MATSUO Y.	7	SR.CLERK	2,433,477	-----	1/5/2002	30	NA	HIROSHIMA

Contd....

**DIRECTORS' REPORT**



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दि न्यू इंडिया एश्योरन्स कं. लि.  
THE NEW INDIA ASSURANCE CO. LTD.

## DIRECTORS' REPORT

### INFORMATION REGARDING EMPLOYEES DRAWING A REMUNERATION OF RS.24,00,000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2010 (INFORMATION U/s 217(2A) of COMPANIES ACT 1956)

NAME OF THE EMPLOYEES	SERVICE IN YEARS	DESIGNATION	REMUNERATION	QUALIFICATION	DATE OF JOINING	AGE HELD	LAST EMPLOYMENT PRESENT	PLACE OF POSTING
MEKAWA H	9	MANAGER	3,660,178	B.COM.	4/9/2000	50	NITAN CAPITAL GROUP	TOKYO
NAKAJIMA S.	19	SR. CLERK	2,713,067	-----	6/1/1990	44	-----	TOKYO
NAMIKI K.	36	SECRETARY	4,538,022	B.A.	25/2/74	56	N.A.	TOKYO
NARUSE S.	1	MANAGER	2,523,925	-----	6/1/2008	42	-----	TOKYO
NOGUCHI H.	9	B. MANAGER	3,053,712	B.COM	5/1/2000	67	N.A.	NAGOYA
OSHIUM A.	24	ASST. MANAGER	3,354,828	B.COM	12/8/1985	48	N.A.	TOKYO
OTSUKA M.	8	MANAGER	2,809,885	-----	1/2/2002	59	N.A.	SAPPORO
PANNA SHAH	17	ASST. ACCOUNTANT	2,842,291	BOOK KEEPING	1993	55	P S J ALEXANDER & CO	LONDON
RANI SUDHAKAR	22	DY.MANAGER	2,481,907	B.SC,Fill	19/9/1988	44	-----	MANILA
RAVI RAJPUROHIT	33	MANAGER	4,983,021	B.SC,DBM,Fill	3/1/1977	53	N.A.	HONGKONG
RICHARD CLARK	2	UNDERWRITING ASSISTANT	3,874,135	B.Sc, ACII Chartered Insurer	2007	49	KINETIC INSC.BROKERS	LONDON
SABARATNASABAPATHY	15	CHIEF ACCOUNTANT	3,832,557	FCEA	1995	56	HENLEY INDUSTRIES.	LONDON
SAITO M.	8	MANAGER	3,440,621	-----	1/9/2001	54	N.A.	TOKYO
SAKO H.	26	SR. CLARK	2,741,647	-----	1/12/1983	46	N.A.	NAGOYA
SASAKA H.	30	MANAGER	3,747,619	GRADUATE	1/4/1979	51	N.A.	SAPPORO
SAWADA M.	10	SR.CLERK	2,479,743	-----	1/4/1999	35	NA	HIROSHIMA
SHIMODA N.	20	MANAGER.	3,789,330	HIGH SCHOOL	10/4/1989	57	N.A.	HIROSHIMA
SUJAY BANARJI	27	MANAGER	8,361,821	M.A., AllI	1/6/1982	52	N.A.	SYDNEY
TAKASE O.	18	DEPUTY BR. C64MANAGER	4,612,070	B.COM	1/10/1991	54	N.A.	OSAKA
TANAKA O.	20	ASST. MANAGER	2,954,717	-----	20/7/1989	45	N.A.	NAGOYA
TERAMOTO K.	37	BR.MANAGER.	3,484,641	B.COM	1/3/1973	62	N.A.	HIROSHIMA
VENKATAIAH G. DR.	24	MANAGER	2,779,846	BVSC, BL., AllI	8/7/1985	55	STATE BANK OF MYSORE	KUWAIT
WATANABE M.	5	ASST.MANAGER	2,684,219	-----	4/1/2004	38	NA	SAPPORA
YAMAGUCHI S.	23	MANAGER	3,264,179	-----	1/4/1986	46	N.A.	SAPPORO
YASUHARA Y.	6	SUB B.M.	2,810,987	-----	1/9/2003	57	N.A.	HIROSHIMA
YOKOYAMA K.	1	BR.MANAGER	3,860,032	-----	15/06/2008	49	TAIYO F & M	TOKYO
YOSHIMARA S.	30	GEN. MANAGER	3,815,840	B.Com.	1/8/1979	55	N.A.	HIMEJI

## Addendum to Directors' Report dated 13<sup>th</sup> August, 2010 As per Section 217(3) of the Companies Act -1956

### Response to qualifications in Auditors' Report dated 29<sup>th</sup> June, 2010

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.

In the absence of ready facility available in the existing software, we have been ensuring the compliance with the regulations by generating the statements manually. The software is expected to be ready by the end of 2010. Though the investment returns are filed in time, but there are a few cases of delays which we will try to avoid in future. But all care is taken to ensure that the exposures limits are not exceeded.

- ii. Before each and every investment proposal is put up for approval Company verifies the exposure limits to see that the prescribed limits are not exceeded. In view of this care having been taken, the company has not exceeded the prescribed limits of exposure set by IRDA at any point of time.

Note 8(b)

- i) The segment reporting of Indian Business has been perfectly in accordance with the requirements of the regulations. However due to differing practices and soft wares in different countries it has not been possible to get certain segment details separately. However a beginning has already been made by separately disclosing health insurance business of offices outside India during 2009-10. During the year 2010-11 we will ensure separate disclosure for the remaining segments of public and product liability insurance business outside India.

- ii) Provisions against Investments Loans etc.

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

- iii) Large internal network, differing environment in our external operations, limitations of the present software have been causing problems in preparing a meaningful cash flow statement on direct method. We have been preparing correct cash flow statement on indirect method. We are in the process of switching over to our new software and we propose to have this facility of Direct Cash Flow in the new software.

1. Para 2.

- a) Note 9) Confirmations of some loans and investments:

Company regularly follows up with the state governments for repayments. Demand notices to state government for outstanding dues are sent on half yearly basis, indicating, balances outstanding on account of principal as well as over dues of interest. These have not been disputed by the respective state governments. Though the confirmations about loans have not come care has been taken to make necessary provisions as per the regulations/guidelines. 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. Hence no material impact is foreseen on the financial statements

- 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' and Coinsurer's balances and Inter Office Accounts

The Motor TP Pool and Terrorism Pool Balances constitute a major portion of our reinsurance balances, and these balances stand reconciled and confirmed as on 31.03.2010.

All Inter Group Treaty balances as on 31.03.2010 stand reconciled and confirmed.

Outward treaty statements of accounts have been drawn up as on 31.02.2010 and sent to all respective parties. We have received confirmation in some cases and in other cases clarification sought by them have been given. Settlement is also in progress for all confirmed balances.

Reconciliation of other balances is in progress.

As far as coinsurance balances are concerned we have been organising the coinsurance meeting in western zone for reconciliation and settlement of coinsurance balances. Similarly we are actively participating in the similar meetings organised in other zones by other insurers. In these meetings the coinsurance balances are reconciled and agreed balances are accordingly settled.

Further, other inter-office reconciliations were fully carried out as at 31.03.2010 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.

#### Para 2

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

Our major operations are in London and Japan. During the year 2009-10 the London office has already made provision for corporation tax in their books. During 2010-11 we will take up with other overseas office/ branches (wherever possible) to ensure that provisions for taxes is done on accrual basis.

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

Audit Committee has been closely monitoring the internal audit system of the Company. The Committee has interacted with audit in-charges and regional in-charges to improve the effectiveness of the audit

and compliance. Directions are also issued to reduce the time gap between the conduct of the audit and issuance of report to maximum of two weeks. During the year 2009-10, 25 audit workshops were conducted to resolve the queries as against 12 conducted during 2008-09. In addition two zonal workshops to address the CAG queries were also organised. The working of the department and analysis of outstanding queries is continuously monitored by the Board. Thus the internal audit has been a major thrust area for the Board and the Management.

Para 4 In view of the precautions being taken we do not expect material impact on revenue accounts, profit and loss account and reserve and surplus.

For and on behalf of the Board

**M. RAMADOSS**  
**CHAIRMAN-CUM-MANAGING DIRECTOR**

Place : Mumbai

Dated : 13<sup>th</sup> August, 2010

### Certificate of Compliance of the Corporate Governance Guidelines

I, A.R. SEKAR, hereby certify that the company has complied with the Corporate Governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

**A.R. SEKAR**

Director & Company Secretary

Place : Mumbai

Dated : 30th July 2010



## 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 2009-2010
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 Crore per risk except in respect of certain risks in which case there is an exposure of Rs.300 Crore 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
2009-10	88
2008-09	137
2007-08	138
2006-07	132
2005-06	134

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 norms.
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(1of 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.

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

**I. S. Phukela**  
Director

**M. Ramadoss**  
Chairman-cum-Managing Director

Place : Mumbai  
Date : June 29, 2010



## 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 (the Company) as at 31<sup>st</sup> March, 2010 and the annexed the revenue accounts of Fire, Marine and Miscellaneous Insurance Revenue Accounts (collectively known as 'Revenue Accounts'), Profit and Loss Account and Receipts and 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 five Divisional Offices and eight Foreign Branches audited by other firms of Auditors appointed by the Central Government; (b) Return of one unaudited Foreign Branch; (c) Returns from seven foreign agencies audited by local auditors appointed by the Company; (d) Return of one unaudited foreign agency; and (e) Returns of two unaudited run-off foreign agencies.

The Balance Sheet, the Revenue Accounts and the Profit and Loss Account have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority ('IRDA') (Preparations of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 of the Companies Act, 1956 ('the Act').

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.

We report that:

1. Attention is invited to Notes to Accounts note number 8(a)(i) & (ii) & 8(b)(i) to (iii) in Schedule 16 B 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-availability of balance confirmations of some loans and investments (Refer Note number 9, notes to accounts in Schedule 16 B), 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 Significant Accounting Policy in schedule 16 under 13 L and M(II)).**  
**c. Balances due to/from persons or bodies carrying on Insurance Business and balances of inter office accounts are pending for reconciliation/confirmation as stated in Note number 3 (a),(c) and (d) Notes to accounts, in schedule 16 B . Consequential effect, if any, of adjustments in respect of above will be made upon confirmation/ analysis / reconciliation.**  
**d. The accounting of Tax Liability in Foreign Countries is not in accordance with Accounting Standard 22 - Accounting for Taxes on Income for not recognizing deferred tax assets and**

**liabilities for operations in foreign branches. (Refer Notes to accounts note number 11 C 2(iii) in schedule 16 B)**

3. The Company's internal audit system requires substantial strengthening in the areas of audit coverage and compliance.
4. Overall impact of the above Para 2 (a) to (d) and the consequential effects on Revenue Accounts, Profit and Loss Accounts and Reserve and Surplus as on 31st of March, 2010 are not ascertainable.

**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.
- d. The actuarial valuations of liability in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported (IBNER) as at 31st March, 2010, has been duly certified by the Company's Appointed Actuary and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuations are in accordance with guidelines and norms prescribed by the Insurance Regulatory and Development Authority (IRDA) and the Actuarial Society of India in concurrence with the IRDA.
- e. 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.
- f. 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.

In our opinion and to the best of our information and according to the information and explanation given to us we further report that :

- a. The Balance Sheet, Profit and Loss Account and Receipts and Payment 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.
- b. The investments have been valued in accordance with the provisions of the Insurance Act, 1938, the regulations and orders/ directions issued by IRDA in this regard.
- c. The said accounts read together with significant accounting policies and notes to accounts thereon 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 subject to paragraph 2(a) to (d) above give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
  - (i) of the state of affairs of the Company in so far it relates to the Balance Sheet as at 31st March, 2010;
  - (ii) of the surplus/deficit 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.

Further on the basis of our examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

- a. We have reviewed the management report attached to the financial statements for the year ended 31st March, 2010 and there is no apparent mistake or material inconsistency with the financial statements; and
- b. Based on the information and explanations received during the normal course of our audit and management representation by officer of the Company charged with the compliance, nothing has come to our attention which causes to believe that the Company has not complied with the terms and conditions of registration as stipulated by the IRDA.

**For CHATURVEDI & SHAH**  
Firm Registration no:101720W  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner  
Membership No. 110248

**For KARNAVAT & CO.**  
Firm Registration no:104863W  
Chartered Accountants

**Sameer B. Doshi**  
Partner  
Membership No.117987

**For FORD,RHODES, PARKS & CO.**  
Firm Registration no:102860W  
Chartered Accountants

**Shrikant B. Prabhu**  
Partner  
Membership No. 35296

Place : Mumbai  
Date : 29th June 2010

**AUDITORS' REPORT**

## 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 2010.

The preparation of financial statements of the New India Assurance Company Limited for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Insurance Act, 1938 read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements 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 29 June 2010.

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 limited, for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and 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 Auditor's report under section 619 (4) of the Companies Act, 1956.

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

**(ALKA R. BHARDWAJ)**  
Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai  
Date: 11 August 2010



**CERTIFICATE FOR THE YEAR ENDED 31ST MARCH, 2010 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 balances, to the extent considered necessary, and securities related to the Company's Loans and Investments, subject to paragraph (b) herein mentioned below, on following basis:

Sr. No.	Asset	Nature of Verification
i)	Cash	Physical verification, Management Certificate and Regional / Branch Auditor's reports.
ii)	Investments	Custodians' Certificate (RBI, HDFC Bank & SHCIL) and Management's Certificate.
iii)	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.1.32 lakh are under objection.
  - Equity shares, and Debentures/ Bonds amounting to Rs.1.13 Lakh, and Rs.55.01 lakh respectively for which no evidence of ownership was available.
- ii) 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.17.02 lakh, Rs. 2.29 lakh, and Rs.8.67 lakh respectively.
- iii) 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.
- iv) No confirmations were available in respect of foreign investments amounting to Rs.18.27 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 application and Investments of the Policy Holders' funds.

As per our report of even date

**For CHATURVEDI & SHAH**  
Firm Registration no:101720W  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner  
Membership No. 110248

**For KARNAVAT & CO.**  
Firm Registration no:104863W  
Chartered Accountants

**Sameer B. Doshi**  
Partner  
Membership No.117987

**For FORD,RHODES, PARKS & CO.**  
Firm Registration no:102860W  
Chartered Accountants

**Shrikant B. Prabhu**  
Partner  
Membership No. 35296

Place : Mumbai  
Date : 29th June 2010

**FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	10675820	9629244
2. Profit on sale or redemption of investments (policyholders)	-	784746	361649
Loss on sale or redemption of investments (policyholders)	-	0	0
3. Interest dividend and rent (gross)	-	1050607	968074
<b>Total (A)</b>		<b>12511173</b>	<b>10958967</b>
1. Claims incurred (net)	2	10687797	6066838
2. Commission	3	1282719	1370519
3. Operating expenses related to insurance business	4	3596707	2933957
4. Others - Foreign taxes		194	186
Amortisation, writeoff, provisions - investments		973	(7901)
<b>Total (B)</b>		<b>15568390</b>	<b>10363599</b>
Operating profit/loss(-) C=(A-B)		<b>(3057217)</b>	<b>595368</b>
Appropriations			
Transfer to share holders account (profit and loss account)	-	(3057217)	595368
Transfer to catastrophic reserves	-	0	0
Transfer to other reserves	-	0	0
<b>Total</b>		<b>(3057217)</b>	<b>595368</b>

REVENUE ACCOUNT

Significant accounting policies and notes to accounts 16

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.

The Schedules referred to above form integral part of the revenue account.

<b>A. R. Sekar</b> Director and Company Secretary As per our report of even date <b>For CHATURVEDI &amp; SHAH</b> Chartered Accountants <b>Vitesh D. Gandhi</b> Partner Membership No. 110248	<b>I. S. Phukela</b> Director  <b>For KARNAVAT &amp; CO.</b> Chartered Accountants <b>Sameer B. Doshi</b> Partner Membership No. 117987	<b>M. Ramadoss</b> Chairman-Cum-Managing Director  <b>For FORD, RHODES, PARKS &amp; CO.</b> Chartered Accountants <b>Shrikant B. Prabhu</b> Partner Membership No. 35296
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Mumbai  
June 29, 2010



**MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

**REVENUE ACCOUNT**

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	2376571	2317695
2. Profit on sale or redemption of investments (policyholders)	-	302214	128731
Loss on sale or redemption of investments (policyholders)	-	0	0
3. Interest dividend and rent (gross)	-	404600	344593
<b>Total (A)</b>		<b>3083385</b>	<b>2791019</b>
1. Claims incurred (net)	2	1907526	2771112
2. Commission	3	190709	145463
3. Operating expenses related to insurance business	4	865810	778043
4. Others - Foreign taxes		104	131
Amortisation, writeoff, provisions - investments		375	(2813)
<b>Total (B)</b>		<b>2964524</b>	<b>3691936</b>
Operating profit/loss(-) C=(A-B)		<b>118861</b>	<b>(900917)</b>
Appropriations			
Transfer to share holders account (profit and loss account)	-	118861	(900917)
Transfer to catastrophic reserves	-	0	0
Transfer to other reserves	-	0	0
<b>Total</b>		<b>118861</b>	<b>(900917)</b>

Significant accounting policies and notes to accounts 16

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.

The Schedules referred to above form integral part of the revenue account.

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

**I. S. Phukela**  
Director

**M. Ramadoss**  
Chairman-Cum-Managing Director

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**For KARNAVAT & CO.**  
Chartered Accountants

**For FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner

**Sameer B. Doshi**  
Partner

**Shrikant B. Prabhu**  
Partner

Membership No. 110248

Membership No. 117987

Membership No. 35296

Mumbai  
June 29, 2010

**MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	44056179	40546023
2. Profit on sale or redemption of investments (policyholders)	-	4115806	2042894
Loss on sale or redemption of investments (policyholders)	-	0	0
3. Interest dividend and rent (gross)	-	5510182	5468490
<b>Total (A)</b>		<b>53682167</b>	<b>48057407</b>
1. Claims incurred (net)	2	38729174	37880746
2. Commission	3	4140249	4092281
3. Operating expenses related to insurance business	4	12898123	10838118
4. Others - Foreign taxes		6960	14128
Amortisation, writeoff, provisions - investments		5106	(44629)
<b>Total (B)</b>		<b>55779612</b>	<b>52780644</b>
Operating profit/loss(-) C=(A-B)		<b>(2097445)</b>	<b>(4723237)</b>
Appropriations			
Transfer to share holders account (profit and loss account)	-	(2097445)	(4723237)
Transfer to catastrophic reserves	-	0	0
Transfer to other reserves	-	0	0
<b>Total</b>		<b>(2097445)</b>	<b>(4723237)</b>

REVENUE ACCOUNT

Significant accounting policies and notes to accounts 16

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.

The Schedules referred to above form integral part of the revenue account.

<b>A. R. Sekar</b> Director and Company Secretary As per our report of even date <b>For CHATURVEDI &amp; SHAH</b> Chartered Accountants <b>Vitesh D. Gandhi</b> Partner Membership No. 110248	<b>I. S. Phukela</b> Director <b>For KARNAVAT &amp; CO.</b> Chartered Accountants <b>Sameer B. Doshi</b> Partner Membership No. 117987	<b>M. Ramadoss</b> Chairman-Cum-Managing Director <b>For FORD, RHODES, PARKS &amp; CO.</b> Chartered Accountants <b>Shrikant B. Prabhu</b> Partner Membership No. 35296
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Mumbai  
June 29, 2010



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

**PROFIT & LOSS ACCOUNT**

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Operating profit/loss (-)			
a. Fire insurance	-	(3057217)	595368
b. Marine insurance	-	118861	(900917)
c. Miscellaneous insurance		(2097445)	(4723237)
2. Income from investments			
a. Interest dividend and rent (gross) - shareholders		5289263	5426859
b. Profit on sale of investment - shareholders	-	3950791	2027342
Less: Loss on sale of investment - shareholders	-	0	0
3. Other income misc receipts - credit balances written back		159244	497838
<b>Total (A)=1+2+3</b>		<b>4363497</b>	<b>2923253</b>
4. Provisions(other than taxation)			
a. Others - amortisation, provision for thinly traded shares - shareholders	-	45517	47638
b. For doubtful debts - investments(shareholders)	-	(37245)	(74422)
c. For doubtful debts - operations		775134	0
d. For dimunition in value of investments (shareholders)	-	(3371)	(17505)
5. Other expenses(other than those related to insurance business)			
a. Others - interest on income/service tax	-	3380	48
b. (Profit)/loss on sale of assets		(13658)	(4970)
c. Penalty for breach of tariff		1000	200
<b>Total (B)=(4+5)</b>		<b>770757</b>	<b>(49011)</b>
Profit before tax (A-B)	-	<b>3592740</b>	2972264
Provision for taxation -			
current tax	-	537954	690665
fringe benefit tax		0	405000
deferred tax		(712735)	(131491)
earlier years tax		0	106536
wealth tax		5800	5100
MAT Credit entitlement		(285000)	(345000)
Profit after tax		<b>4046721</b>	2241454
Appropriations			
a. Proposed final dividend	-	850000	450000
b. Dividend distribution tax.	-	144458	76478
c. Contingency Reserves for Unexpired Risks (refer note number 17 to notes to accounts in Schedule 16 B)		0	449500
d. Transfer to general reserves		3052263	1265476
Profit/loss (-) carried forward to the balance sheet	-	0	0
Basic and diluted earnings per share (Rs.)			
{Refer Note 11 B to notes to accounts in Schedule 16 B}		20.23	11.21
Significant accounting policies and notes to accounts	16		

The Schedules referred to above form integral part of the Profit and Loss Account.

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

**I. S. Phukela**  
Director

**M. Ramadoss**  
Chairman-Cum-Managing Director

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**For KARNAVAT & CO.**  
Chartered Accountants

**For FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner

**Sameer B. Doshi**  
Partner

**Shrikant B. Prabhu**  
Partner

Membership No. 110248

Membership No. 117987

Membership No. 35296

Mumbai  
June 29, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

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	72302068	71221519
3. Fair Value Change Account	-	156417365	74172943
4. Borrowings	7	0	0
<b>Total A</b>		<b>230719433</b>	<b>147394462</b>
<b>B. Application of Funds</b>			
1. Investments	8	262032190	177675725
2. Loans	9	5593472	5938624
3. Fixed Assets	10	1621507	1581706
4. Deferred Tax Assets		945789	233054
5. Current Assets			
a. Cash and Bank Balances	11	43651882	33208377
b. Advances and Other Assets	12	54484215	50670163
<b>Sub total(a+b)</b>		<b>98136097</b>	<b>83878540</b>
c. Current Liabilities	13	94805749	86217083
d. Provisions	14	42803873	35696104
<b>Sub total(c+d)</b>		<b>137609622</b>	<b>121913187</b>
Net Current Assets (a+b-c-d)		<b>(39473525)</b>	<b>(38034647)</b>
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	15	0	0
<b>Total B</b>		<b>230719433</b>	<b>147394462</b>
Significant accounting policies and notes to accounts	16		
The Schedules referred to above form integral part of the Balance Sheet			

BALANCE SHEET

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

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner  
Membership No. 110248

**I. S. Phukela**  
Director

**For KARNAVAT & CO.**  
Chartered Accountants

**Sameer B. Doshi**  
Partner  
Membership No. 117987

**M. Ramadoss**  
Chairman-Cum-Managing Director

**For FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**Shrikant B. Prabhu**  
Partner  
Membership No. 35296

Mumbai  
June 29, 2010



**SCHEDULES TO FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 1 - FIRE</b>		
<b>Premium Earned(net)</b>		
Premium from direct business - in India	9237825	7733267
- outside India	2881379	2250493
<b>Total</b>	<b>12119204</b>	9983760
Add: Premium on reinsurance accepted	4887509	5100461
Less: Premium on reinsurance ceded	6036542	4702755
Net premium	10970171	10381466
Adjustment for change in reserve for un-expired risks	294351	752222
<b>Total premium earned (net)</b>	<b>10675820</b>	9629244
<b>SCHEDULE 2 - FIRE</b>		
<b>Claims Incurred (Net)</b>		
Claims Paid Direct	5991657	5310381
Add: Claims on reinsurance accepted	3322733	2111806
Less: Claims on reinsurance ceded	3533475	2708633
Net claims paid	5780915	4713554
Add: Claims outstanding at end (net)	14260144	9353262
Less : Claims outstanding at beginning (net)	9353262	7999978
<b>Total incurred claims (net)</b>	<b>10687797</b>	6066838
<b>SCHEDULE 3- FIRE</b>		
<b>Commission (Net)</b>		
Commission - Direct	1321263	1129829
Add : Commission on reinsurance accepted	897403	939021
Less : Commission on reinsurance ceded	935947	698331
<b>Commission (net)</b>	<b>1282719</b>	1370519
<b>Break-up of Commission Direct</b>		
Direct Commission	1003542	896069
Direct Brokerage	173296	132807
Corporate Agency Commission	144424	100953
Referrals	0	0
<b>Total Commission</b>	<b>1321262</b>	1129829

**SCHEDULES TO MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 1 - MARINE</b>		
<b>Premium Earned (Net)</b>		
Premium from direct business - in India	4743022	4460973
- outside India	503682	654877
<b>Total</b>	<b>5246704</b>	<b>5115850</b>
Add: Premium on reinsurance accepted	211840	217639
Less: Premium on reinsurance ceded	3168630	2956919
Net premium	2289914	2376570
Adjustment for change in reserve for un-expired risks	(86657)	58875
<b>Total premium earned (net)</b>	<b>2376571</b>	<b>2317695</b>
<b>SCHEDULE 2 - MARINE</b>		
<b>Claims Incurred (Net)</b>		
Claims paid direct	3704177	2037690
Add: Claims on reinsurance accepted	185081	129426
Less: Claims on reinsurance ceded	1787818	510617
Net claims paid	2101440	1656499
Add: Claims outstanding at end (net)	3030569	3224483
Less : Claims outstanding at beginning (net)	3224483	2109870
<b>Total incurred claims (net)</b>	<b>1907526</b>	<b>2771112</b>
<b>SCHEDULE 3 - MARINE</b>		
<b>Commission (Net)</b>		
Commission - Direct	412821	441040
Add : Commission on reinsurance accepted	32955	25929
Less : Commission on reinsurance ceded	255067	321506
<b>Commission (net)</b>	<b>190709</b>	<b>145463</b>
<b>Break-up of Commission Direct</b>		
Direct Commission	310767	361213
Direct Brokerage	100034	77249
Corporate Agency Commission	2020	2578
Referrals	0	0
<b>Total Commission (net)</b>	<b>412821</b>	<b>441040</b>



**SCHEDULES TO MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 1 - MISCELLANEOUS</b>		
<b>Premium Earned (Net)</b>		
Premium from direct business - in India	46444289	42894086
- outside India	7181214	6564194
<b>Total</b>	<b>53625503</b>	<b>49458280</b>
Add: Premium on reinsurance accepted	7362151	6263251
Less: Premium on reinsurance ceded	14221143	13476514
Net premium	46766511	42245017
Adjustment for change in reserve for un-expired risks	2710332	1698994
<b>Total premium earned (net)</b>	<b>44056179</b>	<b>40546023</b>
<b>SCHEDULE 2 - MISCELLANEOUS</b>		
<b>Claims Incurred (Net)</b>		
Claims paid direct	42877183	40892153
Add: Claims on reinsurance accepted	2525695	1157699
Less: Claims on reinsurance ceded	9037981	8486973
Net claims paid	36364897	33562879
Add: Claims outstanding at end (net)	57971065	55606788
Less : Claims outstanding at beginning (net)	55606788	51288921
<b>Total incurred claims (net)</b>	<b>38729174</b>	<b>37880746</b>
<b>SCHEDULE 3 - MISCELLANEOUS</b>		
<b>Commission (Net)</b>		
Commission - Direct	5472449	5360117
Add : Commission on reinsurance accepted	932969	781081
Less : Commission on reinsurance ceded	2265169	2048917
<b>Commission (net)</b>	<b>4140249</b>	<b>4092281</b>
<b>Break-up of Commission Direct</b>		
Direct Commission	4507461	4450712
Direct Brokerage	496123	471096
Corporate Agency Commission	468865	438309
Referrals	0	0
<b>Total Commission</b>	<b>5472449</b>	<b>5360117</b>

**SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

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	11626294	10954031
2. Travel conveyance and vehicle running expenses	424465	405897
3. Training expenses	25671	24541
4. Rent rates and taxes	672114	553050
5. Repairs and maintenance	454485	444071
6. Printing and stationery	334902	302170
7. Communication expenses	451057	308385
8. Legal and professional charges	318539	351710
(Outsourcing expenses) -TPA Fees (Refer Note No.16 in Sch 16B)	0	697502
9. Auditors fees, expenses etc. as Auditor	39389	37129
Auditors fees, expenses etc. as Advisor or other Capacity - Taxation	0	0
Auditors fees, expenses etc. as Advisor or other Capacity - Insurance	0	0
Auditors fees, expenses etc. as Advisor or other Capacity - Mgt Services	0	0
Auditors fees, expenses etc. in other Capacity	0	0
10. Advertisement and publicity	283423	225307
11. Interest and bank charges	53193	83381
12. Others -		
Exchange gain(-)/loss	102882	(100645)
Provision for bad and doubtful debts	2129	(15382)
IT implementation	120482	101039
Input service tax recovery	852267	(1102342)
Other taxes	213429	230607
Others	766026	567813
13. Depreciation	619893	481854
<b>Total</b>	<b>17360640</b>	<b>14550118</b>
Apportioned to fire segment	3596707	2933957
Apportioned to marine segment	865810	778043
Apportioned to miscellaneous segment	12898123	10838118
<b>Total</b>	<b>17360640</b>	<b>14550118</b>

SCHEDULES



## SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010

[Registration No.190, Renewal Date 10.03.2010]

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

Note : Of the above 19,61,49,366 shares are issued as fully paid up bonus shares by capitalisation of General Reserves.

SCHEDULES

### SCHEDULE 5A

#### PATTERN OF SHAREHOLDING

(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>

**SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 6</b>		
<b>Reserves and surplus</b>		
1. Capital reserve (Op. balance)	575	575
Addition during the year	0	0
Deduction during the year	0	0
(Cl.balance)	<u>575</u>	<u>575</u>
2. Capital redemption reserve	0	0
3. Share premium	0	0
4. General reserves (Op. balance)	68987199	67721719
Addition during the year - balance transferred from P & L account	3052263	1265476
Transfer from Investment Reserve	0	0
Net deduction during the year (refer note no 11 D)	0	0
(Cl. balance)	<u>72039462</u>	<u>68987195</u>
5. Catastrophe reserve	0	0
6. Other reserves		
a. Foreign currency translation reserve		
Opening balance	1784249	5741
Addition during the year	0	0
(Refer note no 18 to notes to accounts in schedule 16 B)	(1971718)	1778508
Deduction during the year		
(Cl.balance)	<u>(187469)</u>	<u>1784249</u>
b. Contingency reserves for unexpired risks (refer note number 17 to notes to accounts in Schedule 16 B)	449500	449500
7. Balance of profit in profit and loss account	0	0
<b>Total</b>	<u><u>72302068</u></u>	<u><u>71221519</u></u>
<b>SCHEDULE 7</b>		
<b>Borrowings</b>		
1. Debentures / bonds	-	-
2. Banks	-	-
3. Financial institutions	-	-
4. Others	-	-
<b>Total</b>	<u><u>Nil</u></u>	<u><u>Nil</u></u>



**SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 8</b>		
<b>Investments</b>		
<b>Long term investments</b>		
1. Government securities		
Central Government securities	28714927	29985499
State Government securities	10535199	10956967
Foreign Government Securities	1598977	2233531
2. Other approved securities	359516	372474
3. Other investments		
a. Shares		
aa. Equity	178032651	94524937
Equity share odd lots	0	0
bb. Preference		
Preference shares	8	795319
Preference shares of railways in India	0	0
b. Mutual funds	0	0
c. Derivative instruments	0	0
d. Debentures/Bonds/PTCs		
Debentures in India	11204373	7987138
Other Debentures - Foreign	67827	123849
e. Other Securities (to be specified)		
Foreign shares	0	0
Foreign preference shares	17	17
Foreign securities	0	0
Special deposit with Government of India	0	0
f. Subsidiaries	595564	595564
g. Investment properties (real estate)	0	0
4. Investment in infrastructure and social sector	16021047	16673417
5. Investment in housing bonds	3624904	4780646
6. Other than approved investments	3549255	4178175
<b>Total</b>	<b>254304265</b>	<b>173207533</b>

**SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 8 CONTINUED</b>		
<b>Short term investments</b>		
1. Government securities		
Central Government. securities	2162253	328001
State Government. securities	488831	855253
Government Guaranteed securities	0	0
Foreign Government securities	345448	84299
2. Other approved securities	11467	473461
3. Other investments		
a. Shares		
aa. Equity		
Equity share odd lots	0	0
bb. Preference	0	0
b. Mutual funds	0	0
c. Derivative instrument	0	0
d. Debentures/Bonds/PTCs	0	1067445
Debentures in India	0	0
Other debentures Foreign	0	0
e. Other securities	0	0
Special deposit with Government of India	0	0
f. Subsidiaries	0	0
g. Investment properties (real estate)	0	0
4. Investment in infrastructure and social sector	1903848	1143322
5. Investment in housing bonds	1748633	1583856
6. Other than approved investments	0	0
<b>Total</b>	<b>7727925</b>	<b>4468192</b>
<b>Grand Total</b>	<b>262032190</b>	<b>177675725</b>
<b>Investments</b>		
<b>1. India</b>	<b>259213782</b>	<b>174426887</b>
<b>2. Outside India</b>	<b>2818408</b>	<b>3248838</b>
<i>Investment in Associates included in equity above</i>	182509	182509
<i>Aggregate amount of Companies Investments in other than listed equity shares Book Value</i>	638400	620024
<i>Market value</i>	665568	594248
<i>FITL Preference Shares (LTUA) amounting to Rs.31806328 (P.Y. Rs.32299278) is netted against interest suspense of an equal amount. FITL Debentures amounting to Rs.28341975 (P.Y. Rs.46329791) are netted against interest suspense of an equal amount. Equity Shares (LTUA) amounting to Rs.6481537 (P.Y. Rs.6205687) is netted against interest suspense of an equal amount. Preference Shares (LTUA) amounting to Rs.122693109 (P.Y. Rs.123055576) is netted against interest suspense of an equal amount.</i>		
<b>Provision made for bad and doubtful debts shown under</b>		
<b>Schedule 14.5 against assets in Schedule 8</b>		
<i>Debentures - Standard Provisions</i>	50961	34055
<i>Housing Sector Bonds - Standard Provisions</i>	21503	25465
<i>Infrastructure Investments - Standard Provisions</i>	71769	71323
<i>Investments in OAS - Standard Provisions</i>	1484	3384
<i>Other than approved Investments</i>	598040	651552
<i>Equity - Thinly traded and unlisted equity - diminution in value</i>	26881	25776
<i>Equity - Long Term Unapproved Thinly traded and unlisted equity - diminution in value (F)account 6034/12</i>	292	292
<i>Equity Subsidiary - Long Term Unapproved Thinly traded and unlisted equity - diminution in value (F)account 6039/12</i>	1535	1535
<i>Investments in France Agency (Foreign &amp; France)</i>	1838	1838
<b>Total</b>	<b>774303</b>	<b>815220</b>

SCHEDULES



**SCHEDULE FOR THE YEAR ENDED 31-03-2010**

[Registration No.190, Renewal Date 10.03.2010]

**Schedule 10  
Fixed Assets**

Particulars	GROSS BLOCK			DEPRECIATION/AMORTISATION			Net Block		
	Opening Balance	Additions	Deletions	*Closing Balance	Opening Balance	Additions	Deletions	Closing	Opening
	01/04/2009	During 2009-2010	During 2009-2010	31/03/2010	01/04/2009	During 2009-2010	During 2009-2010	31/03/2010	01/04/2009
Intangibles	414693	299717	0	714410	103673	203579	0	407158	311020
Land Freehold	14892	1199	0	16091	0	0	0	16091	14892
Buildings	1290514	49449	1613	1338350	687741	36120	1218	615707	602773
Furnitures & Fittings	439756	14342	5759	448339	369137	15218	2538	66522	70619
Information & Technology Equipments	2088299	214857	63067	2240089	1812730	278741	59657	208275	275569
Vehicles	585395	100573	79160	606808	334516	74948	52335	249679	250879
Office Equipments	116685	1817	2568	115934	101575	2949	3649	15059	15110
Other Assets	238926	15248	8999	245175	198082	8338	4261	43016	40844
<b>Grand Total</b>	5189160	697202	161166	5725196	3607454	619893	123658	1621507	1581706
<b>Previous Year</b>	4326203	975569	112612	5189160	3173774	481854	48173	1581705	1152429

\*The Figures are inclusive of appreciation/depreciation due to foreign currency fluctuation

**SCHEDULES**



## SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010

[Registration No.190, Renewal Date 10.03.2010]

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)	2369001	1423502
2. Bank balances		
a. Deposit accounts		
aa. Short - term (due within 12 months)	7321538	3560028
bb. Others	22140702	21929250
b. Current accounts	5731458	3972118
3. Money at call and short notice		
With banks	1120386	956351
With other institutions	4968797	1367128
<b>Total</b>	<b>43651882</b>	<b>33208377</b>
<b>Cash and bank balances</b>	<b>IN INDIA</b>	<b>18022143</b>
<b>Cash and bank balances</b>	<b>OUTSIDE INDIA</b>	<b>25629739</b>
<b>Total</b>	<b>43651882</b>	<b>33208377</b>
<i>1 above includes remittance in transit</i>	5796	12754
<i>Balances with non scheduled banks included in 2b above</i>	173053	437442
<i>Provision made for bad and doubtful debts shown under</i>		
<i>Schedule 14.5 against assets in Schedule 11</i>		
<i>Foreign balances included in 2abb above (France 911897)</i>	27830	31113
<i>Foreign balances included in 2b above (France 911897)</i>	8602	9616
<i>Indian balances included in 2b above</i>	94745	70868
<b>Total</b>	<b>131177</b>	<b>111597</b>

**SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 12</b>		
<b>Advances and other assets</b>		
<b>A. Advances</b>		
1. Reserve deposits with ceding companies	151072	159704
2. Application money for investments	50000	0
3. Pre-payments	320363	317912
4. Advances to directors / officers	0	0
5. Advance tax paid and taxes deducted at source (net of provision for taxation)	13530555	12145088
6. Others	573967	182151
<b>Total (A)</b>	<b>14625957</b>	<b>12804855</b>
<b>B. Other assets</b>		
1. Income accrued on investments	2724594	2503584
2. Outstanding premiums	908726	898644
3. Agents balances	899830	780800
4. Foreign agencies balances	649244	1161296
5. Due from other entities carrying insurance business (including reinsurers)	32025404	29626214
6. Due from subsidiaries/holding companies	494	524
7. Deposit with R B I pursuant to section 7 of Insurance Act 1938	107518	107520
8. Others - a. Other accrued income	506789	610319
b. Others including sundry debtors	2035659	2176407
<b>Total (B)</b>	<b>39858258</b>	<b>37865308</b>
<b>TOTAL(A+B)</b>	<b>54484215</b>	<b>50670163</b>
<i>Sundry Debtors amounting to Rs 22056782(P.Y. Rs.38447275) are netted against interest suspense of an equal amount.</i>		
<b>Provision made for Bad and Doubtful debts shown under Schedule 14.5 against assets in Schedule 12</b>		
Reinsurance balances included in A1 above	93984	93984
Reinsurance balances included in B5 above	902108	902108
Reinsurance balances included in B8b above	494	494
Foreign balances included in A1 above (France 911871 & 873)	10137	11333
Foreign balances included in B1 above (France 911897)	123	137
Foreign balances included in B3 above (Fiji, Japan, Hongkong, Mauritius, Bangkok)	26431	20314
Foreign balances included in B4 above (Manila & Dubai)	12676	12840
Foreign balances included in B5 above (Mauritius, Singapore, France)	1843	1909
Foreign balances included in B6 above (Ghana, T&T, Kuala Lumpur)	453	556
Foreign balances included in B8b above (Equatorial Bank London)	4144	2152
Indian/Miscellaneous debtors included in B3 above	8144	0
Indian Reinsurance Balances/Miscellaneous debtors included in B5 above	600000	19706
Indian Coinsurance Balances/Miscellaneous debtors included in B5 above	15219	0
Indian miscellaneous debtors included in B8b above	82323	59136
Indian miscellaneous debtors included in B4 above	175134	0
Indian miscellaneous debtors included in B8b above (TCS)	18554	0
Sundry debtors (account 5192) investments Indian included in B8 above - Std. provision	0	200
Sundry debtors (account 5192) investments Indian included in B8 above	3851	3851
Sundry debtors(account 5192) investments(F) Indian included in B8 above	664	756
Income accrued on Investments(account 5131) Indian included in B1 above	5	4
<b>Total</b>	<b>1956287</b>	<b>1129480</b>



**SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2010**

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 13</b>		
<b>Current Liabilities</b>		
1. Agents balances	465286	558061
2. Balances due to other insurance companies	11211214	12209338
3. Deposits held on reinsurance ceded	14787	60224
4. Premium received in advance	535671	747151
5. Un-allocated premium	0	0
6. Sundry creditors - Other than service tax payable	5803549	3865395
Service tax payable	98375	2735
7. Due to subsidiaries / holding company	0	60780
8. Claims outstanding	75261778	68184534
9. Due to officers/directors	0	0
10. Others	1415089	528865
<b>Total</b>	<b>94805749</b>	<b>86217083</b>
<i>Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 13</i>		
<i>Indian balances included in 1 above</i>	<i>443</i>	<i>7513</i>
<i>Indian balances included in 4 above</i>	<i>16663</i>	<i>31053</i>
<i>Indian balances included in 6 above</i>	<i>8419</i>	<i>4495</i>
<i>Reinsurance balances included in 8 above</i>	<i>1123</i>	<i>1123</i>
<i>Foreign balances included in 2 above (Singapore, France)</i>	<i>2307</i>	<i>2512</i>
<b>Total</b>	<b>28955</b>	<b>46696</b>
<b>SCHEDULE 14</b>		
<b>Provisions</b>		
1. Reserve for un-expired risks	31158340	28240313
2. Provision for taxation (net of payment of taxes)	0	0
3. Provision for proposed dividend	850000	450000
4. Provision for dividend distribution tax	144458	76478
5. Others - Reserve for bad and doubtful debts.	4100266	3357710
Provision for diminution in value of thinly traded/unlisted shares	28709	27603
Provision for Wage Arrears	3645000	1225000
Provision for Leave Encashment	2877100	2319000
<b>Total</b>	<b>42803873</b>	<b>35696104</b>
<b>Schedule 15</b>		
<b>Miscellaneous Expenditure</b>		
1. Discount allowed in issue of shares and debentures	0	0
2. Others (Deferred expenses to the extent not written off)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

RECEIPTS & PAYMENTS ACCOUNT/CASH FLOW STATEMENT FOR THE PERIOD 01.04.2009 TO 31.03.2010

[Registration No.190, Renewal Date 10.03.2010]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>Operating Activities</b>		
Profit Appropriated to General Reserve	3052263	1265476
<b>Adjustments for Non-Cash Items</b>		
Unexpired Risks Reserves	2918026	2510091
Sp. Cont. Reserves	-	449500
Provisions -Outstanding Claims	7077245	6785764
Depreciation	619893	481854
Provision- Dividend and Dividend tax	994458	526478
Provision for Taxes - Indian	258754	862301
Deferred Tax	(712735)	(131491)
Earlier Year Tax	-	(106536)
Reserve for Doubtful debts	979350	108320
Foreign Currency Translation Reserve	(1971718)	1778508
Other Provisions - Outstanding Exps	2865864	802682
Prepaid Expenses	(2451)	(116966)
Profit or Loss on Sale of Asset	(13658)	(4970)
Balances Written Back	(145017)	(564923)
	15920274	14646088
<b>Items considered separately</b>		
Investment Items - Interest Dividend & Rent	(12254652)	(12208016)
Investment Items - Profit on sale of Investments	(9153557)	(4560616)
Provision for thinly traded shares	1105	2654
Provision for Bad Debts	(86292)	(167422)
Impairment	(7811)	(39380)
Amortisation	104353	104516
<b>Total</b>	(5476580)	(2222176)
Net Increase /Decrease in Current assets	(1300707)	(7961987)
<b>Net Cash Flow from Operating Activities Before Tax</b>	(6777287)	(10184163)
Net Tax Expense - Indian	(1016752)	(1699977)
<b>Net Cash Flow from Operating Activities After Tax</b>	(7794039)	(11884140)
<b>Investing Activities</b>		
Interest, Dividend and Rent	12033642	12362688
Net Increase/decrease in Investments (Adj amortisation/ impairment)	7031264	7728648
Net Increase/decrease in Loans	345152	639023
Net Additions to Assets	(646036)	(906159)
<b>Net Cash Flow from Investing Activities</b>	18764022	19824200
Financing Activities		
<b>Dividend Paid</b>	(526478)	(3310959)
<b>Increase/Decrease in Cash and Bank Balances during the year</b>	10443505	4629101
Cash and Bank Balances as per Schedule 11 at the end of the period	43651882	33208377
Cash and Bank Balances as per Schedule 11 at the beginning of the period	33208377	28579276

RECEIPTS & PAYMENTS ACCOUNT

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

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner  
Membership No. 110248

**I. S. Phukela**  
Director

**For KARNAVAT & CO.**  
Chartered Accountants

**Sameer B. Doshi**  
Partner  
Membership No. 117987

**M. Ramadoss**  
Chairman-Cum-Managing Director

**For FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**Shrikant B. Prabhu**  
Partner  
Membership No. 35296

Mumbai  
June 29, 2010



Estbd. 1919

दि न्यू इंडिया एश्योरन्स कं. लि.  
THE NEW INDIA ASSURANCE CO. LTD.

## SEGMENT REPORTING SCHEDULES

### SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - INDIAN

Segment	Fire		Marine Cargo		Marine Hull		Total Marine		Total Misc.	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	9237825	7733268	1960131	1751728	2782891	2709246	4743022	4460974	46444290	42894087
Premium Accepted	686634	593297	25	1089	54010	73306	54035	74395	6358447	5797000
Premium Ceded	-4118279	-3128488	-533023	-484398	-2536450	-2368175	-3069473	-2852573	-13465797	-12966578
<b>Net Premium</b>	<b>5806180</b>	<b>5198077</b>	<b>1427133</b>	<b>1268419</b>	<b>300451</b>	<b>414377</b>	<b>1727584</b>	<b>1682796</b>	<b>39338235</b>	<b>35724509</b>
Unexpired Risk Reserve Opening	2599039	2475709	1268419	1442078	414377	345662	1682796	1787740	17412750	16218686
Unexpired Risk Reserve Closing	-2903090	-2599039	-1427132	-1268419	-300452	-414377	-1727584	-1682796	-19669203	-17412750
<b>Net Earned Premium</b>	<b>5502129</b>	<b>5074747</b>	<b>1268420</b>	<b>1442078</b>	<b>414376</b>	<b>345662</b>	<b>1682796</b>	<b>1787740</b>	<b>37081782</b>	<b>34530445</b>
Profit on Realisation of Investment	783667	361115	174162	91114	127636	37427	301798	128541	4113576	2042023
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	943698	869502	209728	219387	153701	90118	363429	309505	5289244	5307606
Investment Provisions	-898	7974	-200	2012	-146	826	-346	2838	-4950	44748
<b>Total Investment Income</b>	<b>1726467</b>	<b>1238591</b>	<b>383690</b>	<b>312513</b>	<b>281191</b>	<b>128371</b>	<b>664881</b>	<b>440884</b>	<b>9397871</b>	<b>7394377</b>
Claims Paid Direct	4528370	4314281	1396020	1350856	1773335	447821	3169355	1798677	38578378	36918572
Claims Paid Accepted	575781	230364	1552	3427	141680	80518	143232	83945	2035671	795023
Claims Paid Ceded	-1677319	-1315633	-357585	-230356	-1040508	-146832	-1398093	-377188	-8623615	-8159909
<b>Net Claim Paid</b>	<b>3426832</b>	<b>3229012</b>	<b>1039987</b>	<b>1123927</b>	<b>874507</b>	<b>381507</b>	<b>1914494</b>	<b>1505434</b>	<b>31990434</b>	<b>29553686</b>
Cl O/S Claims Direct	15832571	12759581	2108101	1993505	4925390	4764620	7033491	6758125	58063049	56970371
Cl O/S Claims Accepted	1001876	1189025	0	0	249431	143989	249431	143989	13359179	8316543
Cl O/S Claims Ceded	-7137299	-9345428	-764945	-790660	-3924822	-3341223	-4689767	-4131883	-19394531	-155933328
<b>Net Cl. O/S Claim</b>	<b>9697148</b>	<b>4603178</b>	<b>1343156</b>	<b>1202845</b>	<b>1249999</b>	<b>1567386</b>	<b>2593155</b>	<b>2770231</b>	<b>52027697</b>	<b>49693586</b>
Op O/S Claims Direct	-12759581	-9966235	-1993505	-1869728	-4764620	-2463662	-6758125	-4333390	-56970371	-57287413
Op O/S Claims Accepted	-1189025	-1024990	0	0	-143989	-47610	-143989	-47610	-8316543	-2800612
Op O/S Claims Ceded	9345428	7528913	790660	801214	3341223	1911558	4131883	2712772	155933328	14519476
<b>Net Op. O/S Claim</b>	<b>-4603178</b>	<b>-3462312</b>	<b>-1202845</b>	<b>-1068514</b>	<b>-1567386</b>	<b>-599714</b>	<b>-2770231</b>	<b>-1668228</b>	<b>-49693586</b>	<b>-45568549</b>
Incurred Claims Direct	7601360	7107628	1510617	1474633	1934104	2748779	3444721	4223412	39671056	36601533
Incurred Claims Accepted	388632	394398	1552	3427	247122	176897	248674	180324	7078307	6310953
Incurred Claims Ceded	530811	-3132148	-331870	-219802	-1624106	-1579497	-1955976	-1796299	-12424820	-9233762
<b>Net Incurred Claims</b>	<b>8520803</b>	<b>4369878</b>	<b>1180299</b>	<b>1258258</b>	<b>557120</b>	<b>1349179</b>	<b>1737419</b>	<b>2607437</b>	<b>34324543</b>	<b>33678724</b>
Commission Direct	622895	509309	257332	236780	33774	32353	291106	269133	3855539	3723162
Commission Accepted	35364	45173	3	72	9890	13367	9893	13439	753244	692796
Commission Ceded	-788018	-569350	-84705	-75949	-150365	-222864	-235070	-298813	-2217834	-1994154
<b>Net Incurred Commission</b>	<b>-129759</b>	<b>-14868</b>	<b>172630</b>	<b>160903</b>	<b>-106701</b>	<b>-177144</b>	<b>65929</b>	<b>-16241</b>	<b>2390950</b>	<b>2421804</b>
Foreign Taxes	0	0	0	0	0	0	0	0	2225	0
Operating Expenses Related to Insurance	3369186	2741218	354841	320773	456200	406158	81041	726931	12310770	10514525
<b>Revenue Accounts Result</b>	<b>-4531634</b>	<b>-782890</b>	<b>-55660</b>	<b>14657</b>	<b>-211052</b>	<b>-1104160</b>	<b>-266712</b>	<b>-1089503</b>	<b>-2548835</b>	<b>-4690231</b>

Rs. (000)

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - INDIAN

Rs. (000)

Segment	Motor OD		Motor TP		Motor TP Pool	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	11720609	10884328	3584175	3592343	5404609	5526260
Premium Accepted	0	0	0	0	5074444	4960856
Premium Ceded	-2344122	-2176951	-357760	-359234	-5404609	-5526260
<b>Net Premium</b>	<b>9376487</b>	<b>8707377</b>	<b>3226415</b>	<b>3233109</b>	<b>5074444</b>	<b>4960856</b>
Unexpired Risk Reserve Opening	4353688	4662229	1616554	1464774	2480428	1940693
Unexpired Risk Reserve Closing	-4688244	-4353688	-1613208	-1616554	-2537222	-2480428
<b>Net Earned Premium</b>	<b>9041931</b>	<b>9015918</b>	<b>3229761</b>	<b>3081329</b>	<b>5017650</b>	<b>4421121</b>
Profit on Realisation of Investment	586639	297023	1816147	1054633	541487	125265
Other Income/Expense (Apporioned)	0	0	0	0	0	0
Interest Dividend and Rent	706435	715179	2431432	2823077	724935	335313
Investment Provisions	-672	6559	-2253	23039	-672	2737
<b>Total Investment Income</b>	<b>1292402</b>	<b>1018761</b>	<b>4245326</b>	<b>3900749</b>	<b>1265751</b>	<b>463315</b>
Claims Paid Direct	7582193	7230415	9900029	11510580	1984540	771160
Claims Paid Accepted	0	0	0	0	1478155	290435
Claims Paid Ceded	-1657489	-1452537	-1859937	-2535825	-1984540	-771160
<b>Net Claim Paid</b>	<b>5924704</b>	<b>5777878</b>	<b>8040092</b>	<b>8974755</b>	<b>1478155</b>	<b>290435</b>
Cl O/S Claims Direct	2833291	2671829	35486057	40047602	7731851	4172929
Cl O/S Claims Accepted	0	0	0	0	12435914	7555162
Cl O/S Claims Ceded	-514530	-469591	-7526948	-8004810	-7731851	-4172929
<b>Net Cl. O/S Claim</b>	<b>2318761</b>	<b>2202238</b>	<b>27959109</b>	<b>32042792</b>	<b>12435914</b>	<b>7555162</b>
Op O/S Claims Direct	-2671829	-2568997	-40047602	-44253961	-4172929	-537919
Op O/S Claims Accepted	0	0	0	0	-7555162	-2367645
Op O/S Claims Ceded	469591	507449	8004810	9445886	4172929	537919
<b>Net Op. O/S Claim</b>	<b>-2202238</b>	<b>-2061548</b>	<b>-32042792</b>	<b>-34808075</b>	<b>-7555162</b>	<b>-2367645</b>
Incurred Claims Direct	7743655	7333248	5338483	7304221	5543462	4406170
Incurred Claims Accepted	0	0	0	0	6358907	5477952
Incurred Claims Ceded	-1702427	-1414679	-1382076	-1094749	-5543462	-4406170
<b>Net Incurred Claims</b>	<b>6041228</b>	<b>5918569</b>	<b>3956407</b>	<b>6209472</b>	<b>6358907</b>	<b>5477952</b>
Commission Direct	1204418	1197225	-1328	0	-2162	0
Commission Accepted	0	0	0	0	507444	496086
Commission Ceded	-527427	-489795	-71815	-71847	-539803	-552626
<b>Net Incurred Commission</b>	<b>676991</b>	<b>707430</b>	<b>-73143</b>	<b>-71847</b>	<b>-34520</b>	<b>-56540</b>
Foreign Taxes	1404	0	0	0	0	0
Operating Expenses Related to Insurance	3292624	2771975	758008	698729	2216188	2039797
<b>Revenue Accounts Result</b>	<b>322086</b>	<b>636705</b>	<b>2833815</b>	<b>145724</b>	<b>-2257174</b>	<b>-2576773</b>

SEGMENT REPORTING SCHEDULES



Estbd. 1919

दि न्यू इंडिया एश्योरन्स कं. लि.  
THE NEW INDIA ASSURANCE CO. LTD.

## SEGMENT REPORTING SCHEDULES

### SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - INDIAN

Rs. (000)

Segment	Total Motor		Health		*Liability		Personal Accident	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	20709393	20002931	15524733	13556734	1268768	1046817	1031994	971193
Premium Accepted	5074444	4960856	0	0	21534	27638	11729	24593
Premium Ceded	-8106491	-8062445	-1553415	-1355673	-513571	-202552	-219546	-206069
<b>Net Premium</b>	<b>17677346</b>	<b>16901342</b>	<b>13971318</b>	<b>12201061</b>	<b>776731</b>	<b>871903</b>	<b>824177</b>	<b>789717</b>
Unexpired Risk Reserve Opening	8450670	8067696	5651030	5140017	435951	336681	394859	392600
Unexpired Risk Reserve Closing	-8838674	-8450670	-6985659	-5651030	-388365	-435951	-412088	-394859
<b>Net Earned Premium</b>	<b>17289342</b>	<b>16518368</b>	<b>12636689</b>	<b>11690048</b>	<b>824317</b>	<b>772633</b>	<b>806948</b>	<b>787458</b>
Profit on Realisation of Investment	2944273	1476921	425213	198945	175444	101978	62303	25753
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	3862802	3873569	512045	532543	211271	245547	75026	62008
Investment Provisions	-3597	32335	-487	4346	-201	2251	-71	568
<b>Total Investment Income</b>	<b>6803479</b>	<b>5382825</b>	<b>936771</b>	<b>735834</b>	<b>386514</b>	<b>349776</b>	<b>137258</b>	<b>88329</b>
Claims Paid Direct	19466762	19512155	15565428	12805022	198198	181819	768159	684842
Claims Paid Accepted	1478155	290435	0	0	983	1939	19340	22465
Claims Paid Ceded	-5501966	-4759522	-1709859	-787127	-109559	-36929	-362627	-138510
<b>Net Claim Paid</b>	<b>15442951</b>	<b>15043068</b>	<b>13855569</b>	<b>12017895</b>	<b>89622</b>	<b>146829</b>	<b>424872</b>	<b>568797</b>
CI O/S Claims Direct	46051199	46892360	2844839	2416983	1643692	584392	826235	764479
CI O/S Claims Accepted	12435914	7555162	0	0	1405	0	264	145
CI O/S Claims Ceded	-15773329	-12647330	-198968	-176523	-640182	-270511	-245030	-107249
<b>Net Cl. O/S Claim</b>	<b>42713784</b>	<b>41800192</b>	<b>2645871</b>	<b>2240460</b>	<b>1004915</b>	<b>313881</b>	<b>581469</b>	<b>657375</b>
Op O/S Claims Direct	-46892360	-47360877	-2416983	-1891200	-584392	-252381	-764479	-642000
Op O/S Claims Accepted	-7555162	-2367645	0	0	0	0	-145	-3841
Op O/S Claims Ceded	12647330	10491254	176523	188730	270511	50619	107249	248399
<b>Net Op. O/S Claim</b>	<b>-41800192</b>	<b>-39237268</b>	<b>-2240460</b>	<b>-1702470</b>	<b>-313881</b>	<b>-201762</b>	<b>-657375</b>	<b>-397442</b>
Incurrd Claims Direct	18625600	19043639	15993285	13330806	1257498	513830	829916	807321
Incurrd Claims Accepted	6358907	5477952	0	0	2387	1939	19458	18769
Incurrd Claims Ceded	-8627965	-6915598	-1732304	-774921	-479231	-256821	-500409	2640
<b>Net Incurred Claims</b>	<b>16356542</b>	<b>17605993</b>	<b>14260981</b>	<b>12555885</b>	<b>780654</b>	<b>258948</b>	<b>348965</b>	<b>828730</b>
Commission Direct	1200928	1197225	1591647	1568314	152119	122627	125114	113527
Commission Accepted	507444	496086	0	0	2153	2488	1313	11034
Commission Ceded	-1139045	-1114268	-276079	-271135	-84308	-47212	-35850	-39511
<b>Net Incurred Commission</b>	<b>569328</b>	<b>579043</b>	<b>1315568</b>	<b>1297179</b>	<b>69964</b>	<b>77903</b>	<b>90577</b>	<b>85050</b>
Foreign Taxes	1404	0	32	0	187	0	44	0
Operating Expenses Related to Insurance	6266820	5510501	3104835	2636853	392633	358511	241156	208454
<b>Revenue Accounts Result</b>	<b>898727</b>	<b>-1794344</b>	<b>-5107956</b>	<b>-4064035</b>	<b>-32607</b>	<b>427047</b>	<b>263464</b>	<b>-246447</b>

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - INDIAN

Rs. (000)

Segment	Aviation		Engineering		Credit Shield		Total Other Misc.		Grand Total	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	643957	782006	2918273	2477365	278304	329543	4068668	3727498	60425136	55088329
Premium Accepted	46879	11750	584246	396259	307238	205292	312377	1706112	709118	6464692
Premium Ceded	-470625	-740411	-1615855	-1302677	-194155	-231054	-792339	-865697	-20653548	-18947639
<b>Net Premium</b>	<b>220211</b>	<b>53345</b>	<b>1868664</b>	<b>1570947</b>	<b>391387</b>	<b>303781</b>	<b>3590201</b>	<b>3032413</b>	<b>46870706</b>	<b>42605382</b>
Unexpired Risk Reserve Opening	26672	5977	785473	633873	151890	307229	1516205	1334613	21694585	20482135
Unexpired Risk Reserve Closing	-110105	-26672	-943432	-785473	-195694	-151890	-1795186	-1516205	-24299877	-21694585
<b>Net Earned Premium</b>	<b>136778</b>	<b>32650</b>	<b>1728905</b>	<b>1419347</b>	<b>347583</b>	<b>459120</b>	<b>3311220</b>	<b>2850821</b>	<b>44266707</b>	<b>41392932</b>
Profit on Realisation of Investment	58815	28386	131531	57344	25032	16288	290965	136408	5199041	2531679
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	70825	68349	158391	138073	33512	43600	365372	343917	6596371	6486613
Investment Provisions	-67	627	-151	1267	-31	356	-345	2998	-6194	55560
<b>Total Investment Income</b>	<b>129573</b>	<b>97362</b>	<b>289771</b>	<b>196684</b>	<b>58513</b>	<b>60244</b>	<b>655992</b>	<b>483323</b>	<b>11789219</b>	<b>9073852</b>
Claims Paid Direct	217555	267696	933541	1769573	53732	83205	1375003	1614260	46276103	43031530
Claims Paid Accepted	27659	5156	47544	119605	272412	241895	189578	113528	2754684	1109332
Claims Paid Ceded	-136023	-159347	-279582	-898123	-393554	-63854	-484445	-1316497	-11699027	-9852730
<b>Net Claim Paid</b>	<b>109191</b>	<b>113505</b>	<b>701503</b>	<b>991055</b>	<b>266590</b>	<b>261246</b>	<b>1080136</b>	<b>411291</b>	<b>37331760</b>	<b>34288132</b>
CI O/S Claims Direct	719626	858929	2176467	1859292	535574	402358	3265417	3191578	80929111	76488077
CI O/S Claims Accepted	6110	10369	279146	129949	413047	180105	223293	440813	14610486	9649557
CI O/S Claims Ceded	-396010	-512163	-949476	-943969	-355076	-270433	-836460	-665150	-31221597	-29070639
<b>Net CI. O/S Claim</b>	<b>329726</b>	<b>357135</b>	<b>1506137</b>	<b>1045272</b>	<b>593545</b>	<b>312030</b>	<b>2652250</b>	<b>2967241</b>	<b>64318000</b>	<b>57066995</b>
Op O/S Claims Direct	-858929	-1101019	-1859292	-2689954	-402358	-53369	-3191578	-3287513	-76488077	-71587038
Op O/S Claims Accepted	-10369	-9300	-129949	-152655	-180105	-224652	-440813	-40709	-9649557	-3873212
Op O/S Claims Ceded	512163	614431	943969	1902969	270433	26858	665150	996216	29070639	24761161
<b>Net Op. O/S Claim</b>	<b>-357135</b>	<b>-504988</b>	<b>-1045272</b>	<b>-939640</b>	<b>-312030</b>	<b>-252973</b>	<b>-2967241</b>	<b>-2332006</b>	<b>-57066995</b>	<b>-50699089</b>
Incurrd Claims Direct	78253	16506	1250716	938912	186948	432194	1448840	1518325	50717137	47932573
Incurrd Claims Accepted	23399	6225	196741	96898	505355	195538	-27940	513632	7715613	6885675
Incurrd Claims Ceded	-19870	-57079	-285089	60877	-124197	-307429	-655755	-985431	-13849885	-14162209
<b>Net Incurred Claims</b>	<b>81782</b>	<b>-34348</b>	<b>1162368</b>	<b>1096687</b>	<b>568106</b>	<b>320303</b>	<b>765145</b>	<b>1046526</b>	<b>44582765</b>	<b>40656039</b>
Commission Direct	10446	7564	200708	159358	18763	32395	555814	522152	4769540	4501604
Commission Accepted	4976	796	102412	83006	66626	45569	68320	53817	798501	751408
Commission Ceded	-19379	-34603	-478971	-276720	-47509	-32120	-136693	-178585	-3240922	-2862317
<b>Net Incurred Commission</b>	<b>-3957</b>	<b>-26243</b>	<b>-175851</b>	<b>-34356</b>	<b>37880</b>	<b>45844</b>	<b>487441</b>	<b>397384</b>	<b>2327120</b>	<b>2390695</b>
Foreign Taxes	193	0	145	0	0	0	220	0	2225	0
Operating Expenses Related to Insurance	264916	181727	805311	628434	123835	104028	1111264	888017	16490997	13982674
<b>Revenue Accounts Result</b>	<b>-76583</b>	<b>8876</b>	<b>226703</b>	<b>-72734</b>	<b>-323725</b>	<b>49189</b>	<b>1603142</b>	<b>1002217</b>	<b>-7347181</b>	<b>-6562624</b>
<b>* Sub Segment</b>	<b>Premium</b>		<b>Claims Paid</b>		<b>Claims O/s at end</b>		<b>Claims O/s at beginning</b>		<b>Incurred Claims</b>	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Workmens' Compensation (Sub Segment of liability Insurance)	7785411	54928	169769	124567	266986	142912	142912	188772	293842	78707
Export credit Insurance (Sub Segment of credit shield Insurance )	42089	44343	18187	41920	0	20828	20828	0	-2641	62748

Note : Previous year figures wherever required are regrouped

SEGMENT REPORTING SCHEDULES



Estbd. 1919

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THE NEW INDIA ASSURANCE CO. LTD.

## SEGMENT REPORTING SCHEDULES

### SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - FOREIGN

Rs. (000)

Segment	Fire		Marine Cargo		Marine Hull		Total Marine		Total Misc.	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	2881379	2250493	385615	561300	118067	93577	503682	654877	7181212	6564194
Premium Accepted	4200875	4507164	42412	39395	115394	103849	157806	143244	1002408	466252
Premium Ceded	-1918263	-1574267	-12192	-43246	-86965	-61100	-99157	-104346	-755347	-509934
<b>Net Premium</b>	<b>5163991</b>	<b>5183390</b>	<b>415835</b>	<b>557449</b>	<b>146496</b>	<b>136326</b>	<b>562331</b>	<b>693775</b>	<b>7428273</b>	<b>6520512</b>
Unexpired Risk Reserve Opening	2591695	1962803	557449	463645	136325	66311	693774	529956	3260257	2755332
Unexpired Risk Reserve Closing	-2581995	-2591695	-415835	-557449	-146495	-136325	-562330	-693774	-3714138	-3260256
<b>Net Earned Premium</b>	<b>5173691</b>	<b>4554498</b>	<b>557449</b>	<b>463645</b>	<b>136326</b>	<b>66312</b>	<b>693775</b>	<b>529957</b>	<b>6974392</b>	<b>6015588</b>
Profit on Realisation of Investment	1079	534	240	135	176	55	416	190	2231	872
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	106909	98573	23759	24871	17412	10216	41171	35087	220936	160883
Investment Provisions	-76	-73	-16	-18	-13	-8	-29	-26	-156	-121
<b>Total Investment Income</b>	<b>107912</b>	<b>99034</b>	<b>23983</b>	<b>24988</b>	<b>17575</b>	<b>10263</b>	<b>41558</b>	<b>35251</b>	<b>223011</b>	<b>161634</b>
Claims Paid Direct	1463287	996100	72778	158392	462044	80621	534822	239013	4298807	3973581
Claims Paid Accepted	2746952	1881442	19656	16592	22194	28889	41850	45481	490023	362676
Claims Paid Ceded	-1856156	-1393000	-360	-47014	-389366	-86415	-389726	-133429	-414365	-327063
<b>Net Claim Paid</b>	<b>2354083</b>	<b>1484542</b>	<b>92074</b>	<b>127970</b>	<b>94872</b>	<b>23095</b>	<b>186946</b>	<b>151065</b>	<b>4374465</b>	<b>4009194</b>
Cl O/S Claims Direct	2650167	2819296	233973	240411	168648	221704	402621	462115	5642776	5400853
Cl O/S Claims Accepted	4433940	4137401	55633	62315	73904	29256	129537	91571	609969	892937
Cl O/S Claims Ceded	-2521111	-2206613	-94592	-99177	-152	-257	-94744	-99434	-309378	-380589
<b>Net Cl. O/S Claim</b>	<b>4562996</b>	<b>4750084</b>	<b>195014</b>	<b>203549</b>	<b>242400</b>	<b>250703</b>	<b>437414</b>	<b>454252</b>	<b>5943367</b>	<b>5913201</b>
Op O/S Claims Direct	-2819296	-2510363	-240411	-196421	-221704	-173425	-462115	-369846	-5400853	-5522380
Op O/S Claims Accepted	-4137401	-3347439	-62315	-55643	-29256	-104212	-91571	-159855	-892937	-606771
Op O/S Claims Ceded	2206613	1320135	99177	87907	257	152	99434	88059	380588	408780
<b>Net Op. O/S Claim</b>	<b>-4750084</b>	<b>-4537667</b>	<b>-203549</b>	<b>-164157</b>	<b>-250703</b>	<b>-277485</b>	<b>-454252</b>	<b>-441642</b>	<b>-5913202</b>	<b>-5720371</b>
Incurrd Claims Direct	1294159	1305033	66340	202382	408988	128899	475328	331281	4540726	3852056
Incurrd Claims Accepted	3043491	2671404	12973	23264	66842	-46067	79815	-22803	207057	648842
Incurrd Claims Ceded	-2170655	-2279477	4226	-58284	-389262	-86520	-385036	-144804	-343155	-298874
<b>Net Incurred Claims</b>	<b>2166995</b>	<b>1696960</b>	<b>83539</b>	<b>167362</b>	<b>86568</b>	<b>-3688</b>	<b>170107</b>	<b>163674</b>	<b>4404628</b>	<b>4202024</b>
Commission Direct	698368	620521	99872	154386	21843	17522	121715	171908	1616909	1636956
Commission Accepted	862039	893848	11990	10835	11072	1655	23062	12490	179369	88285
Commission Ceded	-147929	-128981	-3197	-11183	-16800	-11510	-19997	-22693	-47335	-54763
<b>Net Incurred Commission</b>	<b>1412478</b>	<b>1385388</b>	<b>108665</b>	<b>154038</b>	<b>16115</b>	<b>7667</b>	<b>124780</b>	<b>161705</b>	<b>1748943</b>	<b>1670478</b>
Foreign Taxes	194	186	77	105	27	26	104	131	4735	14127
Operating Expenses Related to Insurance	227520	192739	23962	22554	30807	28558	54769	51112	587353	323593
Revenue Accounts Result	1474416	1378259	365189	144574	20384	44012	385573	188586	451744	-33000

**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - FOREIGN**  
Rs. (000)

Segment	Motor		Health		Liability (W.C)		Personal Accident		Aviation	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	4786709	4250594	147610	0	690627	897705	164698	142344	-2	0
Premium Accepted	112933	118547	0	0	974	635	8688	8940	646386	206240
Premium Ceded	-212046	-175224	-41004	0	-67594	-100140	-25209	-16665	-1988	-1707
<b>Net Premium</b>	<b>4687596</b>	<b>4193917</b>	<b>106606</b>	<b>0</b>	<b>624007</b>	<b>798200</b>	<b>148357</b>	<b>134619</b>	<b>644396</b>	<b>204533</b>
Unexpired Risk Reserve Opening	2096959	1608634	0	0	399100	554386	67309	65687	102267	29381
Unexpired Risk Reserve Closing	-2343797	-2096959	-53303	0	-312005	-399100	-74179	-67309	-322198	-102266
<b>Net Earned Premium</b>	<b>4440758</b>	<b>3705592</b>	<b>53303</b>	<b>0</b>	<b>711102</b>	<b>953486</b>	<b>141487</b>	<b>132997</b>	<b>424465</b>	<b>131648</b>
Profit on Realisation of Investment	808	439	586	0	242	151	86	38	81	42
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	80030	81078	58008	0	23834	27836	8499	7030	8024	7749
Investment Provisions	-57	-61	-41	0	-17	-21	-6	-5	-6	-6
<b>Total Investment Income</b>	<b>80781</b>	<b>81456</b>	<b>58553</b>	<b>0</b>	<b>24159</b>	<b>27966</b>	<b>8579</b>	<b>7063</b>	<b>8099</b>	<b>7785</b>
Claims Paid Direct	2948058	2561862	133290	0	705983	866346	64485	38240	-2131	111
Claims Paid Accepted	142477	136150	0	0	1135	46	3860	8027	270818	171103
Claims Paid Ceded	-224787	-133612	-47586	0	-13642	-20024	-5102	-4413	0	-4301
<b>Net Claim Paid</b>	<b>2865748</b>	<b>2564400</b>	<b>85704</b>	<b>0</b>	<b>693476</b>	<b>846368</b>	<b>63243</b>	<b>41854</b>	<b>268687</b>	<b>166913</b>
Cl O/S Claims Direct	2440576	2069720	129	0	2153163	2274589	33464	27311	129000	121000
Cl O/S Claims Accepted	68474	281781	0	0	61	0	24535	10335	309048	484466
Cl O/S Claims Ceded	-55983	-117009	0	0	-181172	-167474	-388	-914	0	0
<b>Net Cl. O/S Claim</b>	<b>2453067</b>	<b>2234492</b>	<b>129</b>	<b>0</b>	<b>1972052</b>	<b>2107115</b>	<b>57611</b>	<b>36732</b>	<b>498048</b>	<b>605466</b>
Op O/S Claims Direct	-2069720	-1901428	0	0	-2274589	-2662876	-27311	-24597	-121000	-87500
Op O/S Claims Accepted	-281781	-93636	0	0	0	0	-10335	-7727	-484466	-349910
Op O/S Claims Ceded	117009	96620	0	0	167473	243093	914	1000	0	0
<b>Net Op. O/S Claim</b>	<b>-2234492</b>	<b>-1898444</b>	<b>0</b>	<b>0</b>	<b>-2107116</b>	<b>-2419783</b>	<b>-36732</b>	<b>-31324</b>	<b>-605466</b>	<b>-437410</b>
Incurrd Claims Direct	3318914	2730154	133417	0	584555	478059	70638	40954	5870	33612
Incurrd Claims Accepted	-70830	324295	0	0	1197	46	18061	10635	95401	305659
Incurrd Claims Ceded	-163761	-154002	-47586	0	-27340	55595	-4576	-4327	0	-4302
<b>Net Incurred Claims</b>	<b>3084323</b>	<b>2900447</b>	<b>85831</b>	<b>0</b>	<b>558412</b>	<b>533700</b>	<b>84123</b>	<b>47262</b>	<b>101271</b>	<b>334969</b>
Commission Direct	1136385	1092524	28087	0	163077	217492	39737	33573	0	0
Commission Accepted	4675	4754	0	0	221	143	2736	3006	118385	34854
Commission Ceded	-290	-1527	-42	0	-1338	-1709	-4796	-6900	-86	-81
<b>Net Incurred Commission</b>	<b>1140770</b>	<b>1095751</b>	<b>28045</b>	<b>0</b>	<b>161960</b>	<b>215926</b>	<b>37677</b>	<b>29679</b>	<b>118299</b>	<b>34773</b>
Foreign Taxes	2987	9086	68	0	398	1729	95	292	411	443
Operating Expenses Related to Insurance	222350	194901	209669	0	26515	25207	16285	14657	17889	12777
<b>Revenue Accounts Result</b>	<b>71109</b>	<b>-413137</b>	<b>-211757</b>	<b>0</b>	<b>-12024</b>	<b>204890</b>	<b>11886</b>	<b>48170</b>	<b>194694</b>	<b>-243529</b>

SEGMENT REPORTING SCHEDULES



SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - GLOBAL  
Rs. (000)

Segment	Fire		Marine Cargo		Marine Hull		Total Marine		Total Misc.	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	12119204	9983761	2345746	2313028	2900958	2802823	5246704	5115851	53625503	49458281
Premium Accepted	4887509	5100461	42437	40484	169404	177155	211841	217639	7362151	6263252
Premium Ceded	-6036542	-4702755	-545215	-527644	-2623415	-2429275	-3168690	-2956919	-14221143	-13476512
<b>Net Premium</b>	<b>10970171</b>	<b>10381467</b>	<b>1842968</b>	<b>1825868</b>	<b>446947</b>	<b>550703</b>	<b>2289915</b>	<b>2376571</b>	<b>46766511</b>	<b>42245021</b>
Unexpired Risk Reserve Opening	5190734	4438512	1825868	1905723	550702	411973	2376570	2317696	20673006	18974018
Unexpired Risk Reserve Closing	-5485085	-5190734	-1842967	-1825868	-446947	-550702	-2289914	-2376570	-23383338	-20673006
<b>Net Earned Premium</b>	<b>10675820</b>	<b>9629245</b>	<b>1825869</b>	<b>1905723</b>	<b>550702</b>	<b>411974</b>	<b>2376571</b>	<b>2317697</b>	<b>44056177</b>	<b>40546033</b>
Profit on Realisation of Investment	784746	361649	174402	91249	127812	37482	302214	128731	4115807	2042895
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	1050607	968075	233487	244258	171113	100334	404600	344592	5510180	5468489
Investment Provisions	-974	7901	-216	1994	-159	818	-375	2812	-5106	44627
<b>Total Investment Income</b>	<b>1834379</b>	<b>1337625</b>	<b>407673</b>	<b>337501</b>	<b>298766</b>	<b>138634</b>	<b>706439</b>	<b>476135</b>	<b>9620882</b>	<b>7556011</b>
Claims Paid Direct	5991657	5310381	1468798	1509248	2235379	528442	3704177	2037690	42877183	40892153
Claims Paid Accepted	3322733	2111806	21208	20019	163874	109407	185082	129426	2525695	1157699
Claims Paid Ceded	-3533475	-2708633	-357945	-277370	-14299874	-233247	-1787819	-510617	-9037981	-8486972
<b>Net Claim Paid</b>	<b>5780915</b>	<b>4713554</b>	<b>1132061</b>	<b>1251897</b>	<b>969379</b>	<b>404602</b>	<b>2101440</b>	<b>1656499</b>	<b>36364897</b>	<b>33562880</b>
Cl O/S Claims Direct	18482738	15578877	2342074	2233916	5094038	4986324	7436112	7220240	63705825	62371224
Cl O/S Claims Accepted	5435816	5326426	55633	62315	323335	173245	378968	235560	13969148	9209480
Cl O/S Claims Ceded	-9658410	-11552041	-859537	-889837	-3924974	-3341480	-4784511	-4231317	-19703909	-15973917
<b>Net Cl. O/S Claim</b>	<b>14260144</b>	<b>9353262</b>	<b>1538170</b>	<b>1406394</b>	<b>1492399</b>	<b>1818089</b>	<b>3030569</b>	<b>3224483</b>	<b>57971064</b>	<b>55606787</b>
Op O/S Claims Direct	-15578877	-12476598	-2233916	-2066149	-4986324	-2637087	-7220240	-4703236	-62371224	-62809793
Op O/S Claims Accepted	-5326426	-4372429	-62315	-55643	-173245	-151822	-235560	-207465	-9209480	-3407383
Op O/S Claims Ceded	11552041	8849048	889837	889121	3341480	1911710	4231317	2800831	15973916	14928256
<b>Net Op. O/S Claim</b>	<b>-9353262</b>	<b>-7999979</b>	<b>-1406394</b>	<b>-1232671</b>	<b>-1818089</b>	<b>-877199</b>	<b>-3224483</b>	<b>-2109870</b>	<b>-55606788</b>	<b>-51288920</b>
Incurrd Claims Direct	8895519	8412661	1576957	1677015	2343092	2877678	3920049	4554693	44211783	40453589
Incurrd Claims Accepted	3432123	3065802	14525	26691	313964	130830	328489	157521	7285363	6959795
Incurrd Claims Ceded	-1639844	-5411625	-327644	-278086	-2013368	-1663017	-2341012	-1941103	-12767973	-9532636
<b>Net Incurred Claims</b>	<b>10687798</b>	<b>6066838</b>	<b>1263838</b>	<b>1425620</b>	<b>643688</b>	<b>1345491</b>	<b>1907526</b>	<b>2771111</b>	<b>38729174</b>	<b>37880748</b>
Commission Direct	1321263	1129830	357204	391166	55617	49875	412821	441041	5472448	5360118
Commission Accepted	897403	939021	11993	10907	20962	15022	32955	25929	932969	781081
Commission Ceded	-935947	-698331	-87902	-87132	-167165	-234374	-255067	-321506	-2265169	-2048917
<b>Net Incurred Commission</b>	<b>1282719</b>	<b>1370520</b>	<b>281295</b>	<b>314941</b>	<b>-90586</b>	<b>-169477</b>	<b>190709</b>	<b>145464</b>	<b>4140249</b>	<b>4092282</b>
Foreign Taxes	194	186	77	105	27	26	104	131	6960	14127
Operating Expenses Related to Insurance	3596706	2933957	378803	343327	487007	434716	865810	778043	12898123	10838118
<b>Revenue Accounts Result</b>	<b>-3057218</b>	<b>595369</b>	<b>309529</b>	<b>159231</b>	<b>-190668</b>	<b>-1060148</b>	<b>118861</b>	<b>-900917</b>	<b>-2097445</b>	<b>-4723231</b>

SEGMENT REPORTING SCHEDULES



Estbd. 1919

दि न्यू इंडिया एश्योरन्स कं. लि.  
THE NEW INDIA ASSURANCE CO. LTD.

## SEGMENT REPORTING SCHEDULES

### SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - GLOBAL

Rs. (000)

	Motor OD		Motor TP		Motor TP Pool		Total Motor TP	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	16507318	15134922	3584175	3592343	5404609	5526260	8988784	9118603
Premium Accepted	112933	118547	0	0	5074444	4960856	5074444	4960856
Premium Ceded	-2556168	-2352175	-357760	-359234	-5404609	-5526260	-5762369	-5885494
<b>Net Premium</b>	<b>14064083</b>	<b>12901294</b>	<b>3226415</b>	<b>3233109</b>	<b>5074444</b>	<b>4960856</b>	<b>8300859</b>	<b>8193965</b>
Unexpired Risk Reserve Opening	6450647	6270863	1616554	1464774	2480428	1940693	4096982	3405467
Unexpired Risk Reserve Closing	-7032041	-6450647	-1613208	-1616554	-2537222	-2480428	-4150430	-4096982
<b>Net Earned Premium</b>	<b>13482689</b>	<b>12721510</b>	<b>3229761</b>	<b>3081329</b>	<b>5017650</b>	<b>4421121</b>	<b>8247411</b>	<b>7502450</b>
Profit on Realisation of Investment	587447	297462	1816147	1054633	541487	125265	2357634	1179898
Other Income/Expense (Appportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	786465	796257	2431432	2823077	724935	335313	3156367	3158390
Investment Provisions	-729	6498	-2253	23039	-672	2737	-2925	25776
<b>Total Investment Income</b>	<b>1373183</b>	<b>1100217</b>	<b>4245326</b>	<b>3900749</b>	<b>1265751</b>	<b>463315</b>	<b>5511077</b>	<b>4364064</b>
Claims Paid Direct	10530251	9792277	9900029	11510580	1984540	771160	11884569	12281740
Claims Paid Accepted	142477	136150	0	0	1478155	290435	1478155	290435
Claims Paid Ceded	-1882276	-1586149	-1859937	-2535825	-1984540	-771160	-3844477	-3306985
<b>Net Claim Paid</b>	<b>8790452</b>	<b>8342278</b>	<b>8040092</b>	<b>8974755</b>	<b>1478155</b>	<b>290435</b>	<b>9518247</b>	<b>9265190</b>
Cl O/S Claims Direct	5273867	4741549	35486057	40047602	7731851	4172929	43217908	44220531
Cl O/S Claims Accepted	68474	281781	0	0	12435914	7555162	12435914	7555162
Cl O/S Claims Ceded	-570513	-586600	-7526948	-8004810	-7731851	-4172929	-15258799	-12177739
<b>Net Cl. O/S Claim</b>	<b>4771828</b>	<b>4436730</b>	<b>27959109</b>	<b>32042792</b>	<b>12435914</b>	<b>7555162</b>	<b>40395023</b>	<b>39597954</b>
Op O/S Claims Direct	-4741549	-4470425	-40047602	-44253961	-4172929	-537919	-44220531	-44791880
Op O/S Claims Accepted	-281781	-93636	0	0	-7555162	-2367645	-7555162	-2367645
Op O/S Claims Ceded	586600	604069	8004810	9445886	4172929	537919	12177739	9983805
<b>Net Op. O/S Claim</b>	<b>-4436730</b>	<b>-3959992</b>	<b>-32042792</b>	<b>-34808075</b>	<b>-7555162</b>	<b>-2367645</b>	<b>-39597954</b>	<b>-37175720</b>
Incurring Claims Direct	11082569	10063402	5338483	7304221	5543462	4406170	10881945	11710391
Incurring Claims Accepted	-70830	324295	0	0	6358907	5477952	6358907	5477952
Incurring Claims Ceded	-1866188	-1568681	-1382076	-1094749	-5543462	-4406170	-6925538	-5500919
<b>Net Incurred Claims</b>	<b>9125551</b>	<b>8819016</b>	<b>3956407</b>	<b>6209472</b>	<b>6358907</b>	<b>5477952</b>	<b>10315314</b>	<b>11687424</b>
Commission Direct	2340803	2289749	-1328	0	-2162	0	-3490	0
Commission Accepted	4675	4754	0	0	507444	496086	507444	496086
Commission Ceded	-527717	-491322	-71815	-71847	-539803	-552626	-611618	-624473
<b>Net Incurred Commission</b>	<b>1817761</b>	<b>1803181</b>	<b>-73143</b>	<b>-71847</b>	<b>-34520</b>	<b>-56540</b>	<b>-107663</b>	<b>-128387</b>
Foreign Taxes	4391	9086	0	0	0	0	0	0
Operating Expenses Related to Insurance	3514974	2966876	758008	698729	2216188	2039797	2974196	2738526
<b>Revenue Accounts Result</b>	<b>393195</b>	<b>223568</b>	<b>2833815</b>	<b>145724</b>	<b>-2257174</b>	<b>-2576773</b>	<b>576641</b>	<b>-2431049</b>

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - GLOBAL  
Rs. (000)

	Health		Liability		Personal Accident		Aviation	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	15672343	13556734	1959395	1944522	1196692	1113537	643955	782006
Premium Accepted	0	0	22508	28273	20597	33533	693265	217990
Premium Ceded	-1594419	-1355673	-581165	-302692	-244755	-222734	-472613	-742118
<b>Net Premium</b>	<b>14077924</b>	<b>12201061</b>	<b>1400738</b>	<b>1670103</b>	<b>972534</b>	<b>924336</b>	<b>864607</b>	<b>257878</b>
Unexpired Risk Reserve Opening	5651030	5140017	835051	891067	462168	458287	128939	35358
Unexpired Risk Reserve Closing	-7038962	-5651030	-700370	-835051	-486267	-462168	-432303	-128938
<b>Net Earned Premium</b>	<b>12689992</b>	<b>11690048</b>	<b>1535419</b>	<b>1726119</b>	<b>948435</b>	<b>920455</b>	<b>561243</b>	<b>164298</b>
Profit on Realisation of Investment	425799	198945	175686	102129	62389	25791	58896	28428
Other Income/Expense (Apporioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	570053	532543	235205	273383	83525	69038	78849	76098
Investment Provisions	-528	4346	-218	2230	-77	563	-73	621
<b>Total Investment Income</b>	<b>995324</b>	<b>735834</b>	<b>410673</b>	<b>377742</b>	<b>145837</b>	<b>95392</b>	<b>137672</b>	<b>105147</b>
Claims Paid Direct	15698718	12805022	904181	1048165	832644	723082	215424	267807
Claims Paid Accepted	0	0	2118	1985	23200	30492	298477	176259
Claims Paid Ceded	-1757445	-787127	-123201	-56953	-367729	-142923	-136023	-163648
<b>Net Claim Paid</b>	<b>13941273</b>	<b>12017895</b>	<b>783098</b>	<b>993197</b>	<b>488115</b>	<b>610651</b>	<b>377878</b>	<b>280418</b>
CI O/S Claims Direct	2844968	2416993	3796855	2858981	859699	791790	848626	979929
CI O/S Claims Accepted	0	0	1466	0	24799	10480	315158	494835
CI O/S Claims Ceded	-198968	-176523	-821354	-437985	-245418	-108163	-396010	-512163
<b>Net Cl. O/S Claim</b>	<b>2646000</b>	<b>2240460</b>	<b>2976967</b>	<b>2420996</b>	<b>639080</b>	<b>694107</b>	<b>767774</b>	<b>962601</b>
Op O/S Claims Direct	-2416983	-1891200	-2858981	-2915257	-791790	-666597	-979929	-1197619
Op O/S Claims Accepted	0	0	0	0	-10480	-11568	-494835	-359210
Op O/S Claims Ceded	176523	188730	437984	293712	108163	249399	512163	614431
<b>Net Op. O/S Claim</b>	<b>-2240460</b>	<b>-1702470</b>	<b>-2420997</b>	<b>-2621545</b>	<b>-694107</b>	<b>-428766</b>	<b>-962601</b>	<b>-942398</b>
Incurring Claims Direct	16126702	13330806	1842053	991889	900554	848275	84123	50118
Incurring Claims Accepted	0	0	3584	1985	37519	29404	118800	311884
Incurring Claims Ceded	-1779890	-774921	-506571	-201226	-504985	-1687	-19870	-61381
<b>Net Incurred Claims</b>	<b>14346812</b>	<b>12555885</b>	<b>1339066</b>	<b>792648</b>	<b>433088</b>	<b>875992</b>	<b>183053</b>	<b>300621</b>
Commission Direct	1619734	1568314	315196	340119	164851	147100	10446	7564
Commission Accepted	0	0	2374	2631	4049	14040	123361	35650
Commission Ceded	-276121	-271135	-85646	-48921	-40646	-46411	-19465	-34684
<b>Net Incurred Commission</b>	<b>1343613</b>	<b>1297179</b>	<b>231924</b>	<b>293829</b>	<b>128254</b>	<b>114729</b>	<b>114342</b>	<b>8530</b>
Foreign Taxes	100	0	585	1729	139	292	604	443
Operating Expenses Related to Insurance	3314504	2636853	419148	383718	257441	223111	282805	194504
<b>Revenue Accounts Result</b>	<b>-5319713</b>	<b>-4064035</b>	<b>-44631</b>	<b>631937</b>	<b>275350</b>	<b>-198277</b>	<b>118111</b>	<b>-234653</b>

SEGMENT REPORTING SCHEDULES



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दि न्यू इंडिया एश्योरन्स कं. लि.  
THE NEW INDIA ASSURANCE CO. LTD.

## SEGMENT REPORTING SCHEDULES

### SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2010 - GLOBAL

Rs. (000)

	Engineering		Credit Shield		Total Other Misc.		Grand Total	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Premium Direct	3324390	2909989	278304	329543	5054321	4568425	70991411	64557893
Premium Accepted	740594	537116	307238	205292	390571	161645	12461500	11581352
Premium Ceded	-1694850	-1421215	-194155	-231054	-1120650	-963357	-23426316	-21136186
<b>Net Premium</b>	<b>2370134</b>	<b>2025890</b>	<b>391387</b>	<b>303781</b>	<b>4324242</b>	<b>3766713</b>	<b>60026596</b>	<b>55003059</b>
Unexpired Risk Reserve Opening	1012945	795381	151890	307229	1883355	1670349	28240311	25730226
Unexpired Risk Reserve Closing	-1185067	-1012945	-195694	-151890	-2162207	-1883355	-31158340	-28240310
<b>Net Earned Premium</b>	<b>2198012</b>	<b>1808326</b>	<b>347583</b>	<b>459120</b>	<b>4045390</b>	<b>3553707</b>	<b>57108567</b>	<b>52492975</b>
Profit on Realisation of Investment	131712	57429	25032	16288	291212	136525	5202767	2533275
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	176334	153726	33512	43600	389870	365454	6965387	6781156
Investment Provisions	-163	1255	-31	356	-362	2982	-6455	55340
<b>Total Investment Income</b>	<b>307883</b>	<b>212410</b>	<b>58513</b>	<b>60244</b>	<b>680720</b>	<b>504961</b>	<b>12161700</b>	<b>9369771</b>
Claims Paid Direct	1065952	1852391	53732	83205	1691714	2038464	52573018	48240224
Claims Paid Accepted	92424	155047	272412	241895	216431	125436	6033509	3398931
Claims Paid Ceded	-305347	-914867	-39554	-63854	-581928	-1464466	-14359274	-11706222
<b>Net Claim Paid</b>	<b>853029</b>	<b>1092571</b>	<b>286590</b>	<b>261246</b>	<b>1326217</b>	<b>699434</b>	<b>44247254</b>	<b>39932933</b>
CI O/S Claims Direct	2551983	2236612	535574	402358	3776345	3722491	89624675	85170341
CI O/S Claims Accepted	433045	226193	413047	180105	277245	460924	19783931	14771466
CI O/S Claims Ceded	-1020626	-1034677	-355076	-270433	-837145	-669634	-34146829	-31757275
<b>Net Cl. O/S Claim</b>	<b>1964402</b>	<b>1428128</b>	<b>593545</b>	<b>312030</b>	<b>3216445</b>	<b>3513781</b>	<b>75261778</b>	<b>68184532</b>
Op O/S Claims Direct	-2236612	-2884714	-402358	-53369	-3722491	-3938732	-85170343	-79989627
Op O/S Claims Accepted	-226193	-241732	-180105	-226462	-460924	-107130	-14771466	-7987277
Op O/S Claims Ceded	1034677	1946646	270433	26858	669634	1020606	31757274	26578135
<b>Net Op. O/S Claim</b>	<b>-1428128</b>	<b>-1179800</b>	<b>-312030</b>	<b>-252973</b>	<b>-3513781</b>	<b>-3025256</b>	<b>-68184534</b>	<b>-61398769</b>
Incurring Claims Direct	1381322	1204290	186947	432194	1745564	1822224	57027351	53420943
Incurring Claims Accepted	299276	139507	505355	195538	32753	479230	11045975	10183118
Incurring Claims Ceded	-291296	-2898	-124197	-307429	-749440	-1113494	-16748829	-16885364
<b>Net Incurred Claims</b>	<b>1389302</b>	<b>1340899</b>	<b>568105</b>	<b>320303</b>	<b>1028877</b>	<b>1187960</b>	<b>51324497</b>	<b>46718697</b>
Commission Direct	282101	203894	18763	32395	724044	770983	7206533	6930989
Commission Accepted	142073	116976	66626	45569	82367	65375	1863326	1746031
Commission Ceded	-494014	-294820	-47509	-32120	-162433	-205031	-3456183	-3068754
<b>Net Incurred Commission</b>	<b>-69840</b>	<b>26050</b>	<b>37880</b>	<b>45844</b>	<b>643978</b>	<b>631327</b>	<b>5613677</b>	<b>5608266</b>
Foreign Taxes	453	986	0	0	689	1591	7259	14444
Operating Expenses Related to Insurance	859693	670479	123835	104028	1151527	920023	17360639	14550118
<b>Revenue Accounts Result</b>	<b>326287</b>	<b>-17678</b>	<b>-323724</b>	<b>49189</b>	<b>1901039</b>	<b>1317767</b>	<b>-5035802</b>	<b>-5028779</b>

## SHAREHOLDERS' AND POLICYHOLDERS' FUNDS

### Shareholders' Funds

	Balances as on 01.04.2009	Percentage	Balances as on 31.03.2010	Percentage
Share Capital	2000000000		2000000000	
Capital Reserves	575088		575088	
General Reserves	68987198685		72039460626	
Miscellaneous Reserves / Special Reserves	2233748167		262030587	
<b>Total</b>	73221521940	43.16	74302066301	41.11

### Policyholders' Funds

	Unexpired Risks Reserves as on 01.04.2009	Outstanding Claims Reserves as on 01.04.2009	Total Reserves as on 01.04.2009	Percentage	Unexpired Risks Reserves as on 31.03.2010	Outstanding Claims Reserves as on 31.03.2010	Total Reserves as on 31.03.2010	Percentage
Fire	5190733990	9353262061	14543996051		5485085414	14260143667	19745229081	
Marine	2376570363	3224483466	5601053829		2289913814	3030569347	5320483161	
Miscellaneous	20673008706	55606788185	76279796891		23383341020	57971064744	81354405764	
<b>Total</b>	28240313059	68184533712	96424846771	56.84	31158340248	75261777758	106420118006	58.89
<b>Total Funds</b>			169646368711	100.00			180722184307	100.00

The balances as on 01.04.2009 are used as basis for apportionment of investment income of 2009-10 between policyholders and shareholders

Average Shareholders' Funds (Rs in crores)

(7322.15+7430.21)/2

7376.18

Average Policyholders' Funds (Rs in crores)

(9642.48+10642.01)/2

10142.25

**Average Total Funds (Rs. in crores)**

**17518.43**

## SHAREHOLDERS' & POLICYHOLDERS' FUNDS



SCHEDULE 16

**Significant Accounting Policies and Notes forming part of  
Financial Statements as on 31st March, 2010**

**16 A. Significant Accounting Policies**

**1. 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.

**2. Use of Estimates**

The preparation of 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.

**3. Revenue Recognition**

**A. Premium**

Premium income is recognized on assumption of risk. A reserve for Unearned Premium for each segment, representing that part of the recognized premium attributable to the succeeding accounting periods, calculated on time apportionment basis is created. This forms part of the un-expired risk reserves.

Reinsurance premium is recognized as per the terms of the reinsurance contracts. A reserve for Unearned Premium for each segment, representing that part of the recognized reinsurance premium attributable to the succeeding accounting periods, is created in the ratio, in which unearned premium of the direct business bears to the recognized premium of such business. This also forms part of the un-expired risk reserves.

Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

**B. Commission**

Commission Income on Reinsurance cessions is recognized as income in the year in which reinsurance Premium is ceded.

Profit Commission under reinsurance treaties wherever applicable, is recognized on accrual. Any subsequent revisions of profit commission are recognized for in the year in which final determination of the profits are intimated by reinsurers.

**4. Premium Received in Advance**

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

**5. Reserves for Un-expired Risk/s**

Reserve for un-expired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods. Reserve for un-expired risks are made at 100% of net premium for marine business and 50% of net premium for other classes of business except Health segment.

In case of Health segment, the reserve for unexpired risk is created at the end of the accounting year based on 1/365 method as per IRDA circular no. IRDA/F&I/CIR/F&A//081/12/2009 dated December 17, 2009.

**6. Reinsurance Accepted**

Reinsurance returns have been incorporated for the advices received up to the date of finalisation of accounts and on estimation basis wherever advices are not received.

**7. Reinsurance Ceded**

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

**8. Premium Deficiency**

Premium deficiency is calculated where the sum of expected claims costs, related expenses and maintenance costs exceed the related unearned premiums. The deficiency is recognised, only to the extent of excess of unearned premium plus premium deficiency so calculated over the un-expired risk reserves at the percentages mentioned herein above. For the purpose of recognition of Premium deficiency only three major segments viz., Fire, Marine and Miscellaneous are considered as directed by IRDA vide circular no. F & A/CIR/017/MAY -04 dated 18<sup>th</sup> May 2004. Premium deficiency forms part of the un-expired risk reserves.

**9. Acquisition Costs.**

Acquisition costs are primarily related to acquisition of insurance contracts and have been expensed in the year in which they are incurred.

**10. Outstanding Claims**

Claims include all expenses directly incurred in relation to their assessment and are net of salvage realized. Claims reported and outstanding at the year-end are provided based on survey reports, information provided by clients and other sources, past experience and applicable laws and includes:



Estbd. 1919

- In respect of direct business, claim intimations received up to the year-end.
- In respect of reinsurance accepted, advices received as of different dates of subsequent year up to the date of finalisation of accounts and on estimation basis wherever advices are not received.
- Provision for claims incurred but not reported (IBNR) and provision for claims incurred but not enough reported (IBNER). The said provisions have been determined by Appointed Actuary, which is in accordance with accepted actuarial practice, requirement of Insurance Act 1938, IRDA Regulations and stipulations of the Institute of Actuaries of India.

All the outstanding claims for direct business are provided net of estimated salvage (if any).

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:

- 100% of the estimated liability, where such claims are outstanding for more than one year.
- 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.

Interest on motor accident claims tribunal (MACT) claims is provided based on the prevailing trends in the motor third party claim awards.

#### 11. **Salvage and Claim Recoveries**

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

#### 12. **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 and reliable estimate can be made of the amount of obligation. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 13. **Loans and Investments**

- A Loans are measured at historical cost subject to impairment. Company reviews the quality of its loan assets and provides for impairment if any.
- B 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.
- C Contracts for purchase and sale of shares, bonds, debentures are accounted for as "Investments" as on date of transaction.

- D The cost of investments includes premium on acquisition, brokerage, transfer stamps, transfer charges and is net of incentive/ fee if any, received thereon.
- E 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.
- Dividend on foreign investments is accounted for net of withholding tax.
- Interest Income on Investments is recognized on accrual basis on time proportion.
- Amount received towards compensation for future loss of interest is recognised as income only to the extent attributable to the accounting year and balance is kept in interest received in advance account for apportionment in the relevant year.
- F Profit/Loss on realisation of investments is computed by taking weighted average book value as cost of investments except:
- In respect of Government Securities/Debentures/Bonds under Trading Portfolio, the profit/loss is worked out specific scrip wise.
  - In respect of Government Securities sold from Investment Portfolio, the profit/loss is worked out on first in first out basis (FIFO).
- G The Company follows the prudential norms prescribed by the Insurance Regulatory and Development Authority as regards asset classification, recognition of income and provisioning pertaining to loans/advances.
- H Investment in government 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.
- I 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.
- In case of non-availability of NAV as at the balance sheet date, investment is shown at cost.
- J 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).
- 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



Estbd. 1919

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.

- K 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.
- L 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
- M 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.
- I. 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
  - 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.
- II. 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 loss 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.13-L, reversal of impairment loss is carried out and recognised only to the extent of impairment losses accounted after 31<sup>st</sup> March 2000.

- N 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.
- O “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.
- P Un-realised gains / losses arising due to changes in the fair value of listed equity shares other than enumerated in Accounting Policy 13-L are taken under the head “Fair Value Change Account” and on realisation reported in profit and loss account.
- Pending realisation, the credit balance in the “Fair Value Change Account” is not available for distribution.

#### 14. Foreign Currency Transactions

- Reinsurance operations:  
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.
- Foreign operations:
  - As per the Accounting Standard (AS) 11 “The Effects of Changes in Foreign Exchange Rates”, foreign branches/agencies are classified as ‘non-integral foreign operations’.
  - The assets and liabilities (including contingent liabilities), both monetary and non-monetary of the non-integral foreign operations are translated at the closing rate,
  - Income and expense items of the non-integral foreign operations are translated at the average exchange rate of the year.
  - Provision for outstanding claims of non-integral foreign operations are converted at the closing rate.
  - 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 “Depreciation” policy stated herein below.
  - All resulting exchange difference is accumulated in a foreign currency translation reserve until the disposal of the net investment.



Estbd. 1919

- 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.
- Other assets and liabilities in foreign currencies are converted at the average of buying and selling rates of exchange prevailing at the year end.
- The exchange gain/loss due to conversion of foreign currencies other than relating to non-integral foreign operations is taken to revenue(s) account and profit and loss account as applicable.

**15. Fixed Assets**

- Fixed assets are stated at cost less depreciation.
- 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.
- Lease payment for assets taken on operating lease are recognized as an expense in the revenue(s) accounts and profit and loss account over the lease term.

**16. Depreciation**

- 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.
- 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.

**17. Intangible Assets**

Intangible assets are stated at cost of acquisition less accumulated amortisation. The same is amortised over a period of four years on straight line basis. Software development / acquisition costs, except those which meet the recognition criteria as laid down in Accounting Standard 26 (AS 26), are charged to revenue.

**18. Employee Benefits**

Employee benefits comprise of both defined contributions and defined benefit plans.

Provident Fund is a defined contribution plan. Company's contribution towards provident fund is charged to the Profit and Loss Account 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 and profit and loss account as applicable except in case of pension for the employee who joined from 1<sup>st</sup> January, 2004 which is defined contribution plan wherein

contribution towards pension fund is charged to the Profit and Loss Account and Revenue Accounts as applicable. Further, Company has no further obligation beyond the periodic contributions.

All short term employee benefits are accounted on undiscounted basis during the accounting period based on service rendered by the employees.

**19. Expenses of Management-Basis of Apportionment**

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.

**20. Income from Investments -Basis of Apportionment**

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 segments 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. Un-expired Risk Reserve plus Provisions for Outstanding Claims.

**21. Taxation.**

- Tax expense for the year, comprises current tax and deferred tax.
- Current income tax expense comprises taxes on income from operations in India and in foreign jurisdiction. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.
- Minimum Alternative Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax on future income. Accordingly, MAT is recognized as an asset in the Balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.
- A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.
- Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- Refund of income tax is accounted on realisation basis.



## 16 B. Notes Forming Part of Financial Statements

1. The accounts incorporate audited accounts of Branches in Fiji and Thailand on calendar year basis prepared as per local laws. No material changes have been reported after the finalization of accounts of these branches. Further the accounts of Australia branch and Riyadh, France and Canada agencies were incorporated on the basis of unaudited accounts.
2. Buildings include Rs. 249.89 Lakh (Previous Year Rs.308.98 Lakh) in respect of which the deeds of conveyance are yet to be executed.
3.
  - a Reinsurers' and Coinsurers' balances are subject to confirmations / reconciliations and consequential adjustments if any.
  - b Reinsurance acceptance transactions pertaining to the year have been booked for advices received upto 15th June 2010.
  - c Some of the inter-office accounts are subject to reconciliations and consequential adjustments if any.
  - d In respect of old reinsurance balances amounting to Rs 12005 lakh (Net), the company has made an additional estimated provision in the current year of Rs 6000 lakh towards non-recovery of these balances.
4. As certified by the Custodian, securities are held in the name of the Company as on 31.03.2010. 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 Rs.18.27 lakh (Previous Year Rs.18.27 lakh). However, the same are fully provided for.
6.
  - a Provision for standard assets @ 0.40% amounting to Rs.1532.07 Lakh (Previous Year Rs.1426.41 Lakh) has been made as per Insurance Regulatory and Development Authority guidelines on (i) Term Loan (PFPS/DTL), (ii) Debentures, (iii) Infrastructure Investments, (iv) Bonds/Debentures of HUDCO, (v) Bonds/Debentures of Institutions accredited to NHB and (vi) Loans to HUDCO for Housing (vii) Govt. Guaranteed Bonds/Securities (viii) Housing and Fire fighting Loans to State Governments.
  - b During the year, the Company has undertaken restructuring of corporate debt/loans etc. as under:

Sr. No.	Particulars	Current Year (Rs in Lakh)	Previous Year (Rs in Lakh)
	Total amount of assets subjected to restructuring	4,289.74	467.55
	The break up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring		
(ii)	Total amount of sub-standard assets subjected to restructuring	-	
(iii)	Total amount of doubtful assets subjected to restructuring	-	
(iv)	Total amount of loss assets subjected to restructuring	4,289.74	467.55
	<b>Total</b>	<b>4,289.74</b>	<b>467.55</b>

c Details of Non Performing Assets (NPA).

I) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current Year (Rs in Lakh)	Previous Year (Rs in Lakh)
(i)	Opening Balance	21560.36	21534.19
(ii)	Additions During the Year	23.55	2565.30
(iii)	Reductions During the Year	1091.40	2539.13
(iv)	Closing Balance	20492.51	21560.36
	Percentage of Net NPAs to Net Assets	1.73%	2.00%

II) Details of Provisions

Sr. No.	Particulars	Current Year (Rs in Lakh)	Previous Year (Rs in Lakh)
(i)	Opening Balance	19295.08	20862.37
(ii)	Incremental Provision During the Year	-968.58	-1567.29
(iii)	Closing Balance	18326.50	19295.08

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 31.03.2010, 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
- ii) 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 under Regulation 5. However, there is no case of violation of the prescribed exposure 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 Public and Product Liability is not disclosed separately for foreign business.
- ii) The provisions against the Investment is Rs.7437.56 Lakh (Previous Year Rs.7857.80 Lakh), loans is Rs.12382.50 Lakh (Previous Year Rs.12823.18 Lakh) and Sundry Debtors is Rs.38.51 Lakh (Previous Year Rs.40.51 Lakh) 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.



Estbd. 1919

- 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.
- 10 Prior period items have been included in the respective heads amounting to Rs.30018.52 Lakhs (Debit) (Previous Year Rs. 1581.66 Lakhs (Debit) consisting of the following: -

Sr. No.	Particulars	Rs in Lakhs			
		Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Premium	534.00	3.21	573.53	32.94
2	Commission	1.32	168.08	0.39	-
3	Claims	22,806.88	4,108.14	0.94	-
4	Expenses	14,264.80	3,309.07	1,040.65	0.90
	<b>Total</b>	<b>37607.01</b>	<b>7,588.49</b>	<b>1,615.51</b>	<b>33.84</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. M Ramadoss
- ii) Mr. B. Chakrabarti till 30.09.2009
- iii) Mr. N. S. R. Chandra Prasad till 01.06.2009
- iv) Mr. A. R. Sekar
- v) Mr. I S Phukela

**2 Transactions with related parties:**

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year (Rs. in Lakh)	Previous Year (Rs. in Lakh)
i)	Subsidiaries	Management fees earned	34.43	30.84
		Premium on Reinsurance Accepted	393.91	138.99
		Commission on Reinsurance Accepted	(79.41)	(26.12)
		Claims Paid	(76.89)	(111.10)
		Dividend income received	703.75	764.70
		Other Amount Due (From Prestige Assurance PLC-out of Rights Subscription)	-	-
ii)	Associates	Premium on Reinsurance Accepted	342.46	58.37
		Commission on Reinsurance Accepted	(118.92)	(0.86)
		Claims Paid	(473.92)	0.59
		Dividend income received	132.63	96.85
		Investment in shares	-	30.34
		Dividend receivable	0.05	0.04
iii)	Entity over which control exits	Sale of investment Other amount payable	-	-
iv)	Key management personnel	Salary and allowances	39.85	35.02

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

Particulars	Current Year (Rs in Lakh)	Previous Year (Rs in Lakh)
Net profit attributable to shareholders (Rs. In Lakh)	40,467.21	22,414.53
Weighted average number of equity shares issued	200,000,000	200,000,000
Basic and diluted earnings per share of Rs.10/- each	20.23	11.21

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 Taxation**

**Income Tax**

- I Income Tax provision has been made as per Section 115JB of Income Tax Act, 1961. Further, disallowance in respect of exempt income under section 14A of Income Tax Act, 1961 is not considered while calculating provision for tax under Section 115JB of Income Tax Act, 1961, as the Company has contested issues before appellate authorities.
- II The Income Tax Assessments of the Company have been completed up to assessment year 2007-08. Major disputed demands are in respect of capital gain taxes, disallowance under Section 40(a) and in respect of Section 14A of the Income Tax Act, 1961. Based on the decisions of the



Estbd. 1919

appellate authority and the interpretations of the relevant provisions, the Company has been legally advised that the demands are likely to be either deleted or substantially reduced and accordingly no provisions have been made for the same.

### Deferred Taxes

The major components of temporary differences resulting into deferred tax assets are as under

	Particulars	Current Year (Rs in Lakh)	Previous Year (Rs in Lakh)
i)	Depreciation and Fixed Assets	(355.36)	943.07
ii)	Leave Encashment	9,779.26	1,353.48
iii)	Estimated Disallowance u/s 40(a) (ia)	33.99	33.99
	<b>Total</b>	<b>9,457.89</b>	<b>2,330.54</b>

#### Notes

- 1 A sum of Rs.7127.35 lakh (Previous year Rs 1,314.91 Lakh) has been credited to the Profit & Loss Account on account of increase in deferred assets during the year.
- 2 On prudence basis recognition of deferred tax asset on unabsorbed depreciation and carry forward losses has not been given effect in the books of account.
- 3 Above deferred tax asset does not include impact of deferred tax in respect of operations of foreign branches.

### D Accounting Standard 15 – Employee Benefits

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

(Rs. in Lakh)

I	Components of employer expense	Pension		Gratuity		Leave Encashment	
		C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
		Funded				Unfunded	
A	Current Service Cost	7,229	6,208	2,067	1,381	1,054	961
B	Interest Cost	14,224	13,859	2,786	2,581	1,766	1,616
C	Expected Return on Plan Assets	(13,682)	(13,464)	(2,547)	(2,769)		-
D	Curtailment Cost/(Credit)	-	-	-	-	-	-
E	Settlement Cost/(Credit)	-	-	-	-	-	-
F	Past Service Cost	-	-	-	-	-	-
G	Actuarial Losses/(Gains)	6,080	14,456	(2,200)	2,881	4,170	2,584
H	Total expense recognized in the statement of Profit and Loss Account	13,851	21,059	106	4,074	6,990	5,161
	Pension Gratuity and Leave Encashment expenses have been recognized in "Employee Remuneration and Welfare Benefits" under schedule 4.						

		Pension		Gratuity		Leave Encashment	
		C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
		Funded				Unfunded	
<b>II</b>	<b>Actual Returns for the year 31.03.2010</b>	15,464	14,303	3,143	3,032	-	-
<b>III</b>	<b>Net Asset/(Liability) recognized in Balance Sheet at 31.03.2010</b>						
A	Present Value of Defined Benefit Obligation	205,915	177,603	40,460	34,728	28,771	23,190
B	Fair Value of Plan Assets	209,275	176,314	39,939	34,313	-	-
C	Status (Surplus/Deficit)	(3,360)	1,289	521	415	28,771	23,190
D	Un recognized Past Service Cost	-	-	-	-	-	-
E	Net Asset / (Liability) recognized in Balance Sheet	(3,360)	1,289	521	415	28,771	23,190
<b>IV</b>	<b>Change in Defined Benefit Obligation during the year ended 31.03.2010</b>						
A	Past value of the Defined Benefit Obligation at the beginning of the period	177,603	157,403	34,728	30,362	23,190	19,208
B	Current Service Cost	7,229	6,208	2,067	1,381	1,054	961
C	Interest Cost	14,224	13,859	2,786	2,581	1,766	1,616
D	Curtailment Cost/(Credit)	-	-	-	-	-	-
E	Settlement Cost/(Credit)	-	-	-	-	-	-
F	Plan Amendments	-	-	-	-	-	-
G	Acquisitions	-	-	-	-	-	-
H	Actuarial Losses/(Gains)	18,092	8,895	1,593	1,300	4,170	2,584
I	Asset Loss / (Gain)	-	-	-	-	-	-
J	Benefits Paid	(11,233)	(8,762)	(714)	(896)	(1,409)	(1,179)
K	Present Value of Defined Benefit Obligation at the end of the period	205,915	177,603	40,460	34,728	28,771	23,190
<b>V</b>	<b>Change in the Fair Value of Assets during the year ended 31.03.2010</b>						
A	Plan Assets at the beginning of the period	176,314	153,146	34,313	34,021	-	-
B	Acquisition Adjustment	-	-	-	-	-	-
C	Expected return on Plan Assets	13,682	13,464	2,547	2,769	-	-
D	Asset (Losses)/Gains	9,632	(5,561)	3,793	(1,581)	-	-
E	Actual Company Contributions	20,880	24,027	-	-	-	-
F	Benefits Paid	(11,233)	(8,762)	(714)	(896)	-	-
G	Plan Assets at the end of the period	209,275	176,314	39,939	34,313	-	-



Estbd. 1919

		Pension		Gratuity		Leave Encashment	
		C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
		Funded				Unfunded	
<b>VI</b>	<b>Actuarial Assumptions</b>					-	-
A	Discount Rate (%)	7.50%	7.50%	7.50%	7.50%	-	-
B	Expected Return on Plan Assets (%)	8.25%	8.25%	8.25%	8.25%	-	-
C	Rate of escalation in salary	6.75%	6.75%	6.75%	6.75%	-	-
<b>VII</b>	<b>Major Category of Plan Assets as % of the Total Plan Assets as at 31.03.2010-</b>					-	
A	Government Securities	40.00%	40.00%	40.00%	40.00%	-	-
B	High Quality Corporate Bonds	57.00%	57.00%	57.00%	57.00%	-	-
C	Others	3.00%	3.00%	3.00%	3.00%	-	-
<b>VIII</b>	<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.					

## NOTES

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.170.24 Lakh (P.Y Rs.268.08 Lakh) has been considered as income received in advance and shown in Schedule – 13 Current Liabilities under the head “Others”.
14. 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 2010 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.
15. 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 Gross Direct Premium Written in India of all 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 28th February 2010, the date up to which the return is submitted by GIC.

16. During the current year the company has reclassified the TPA Assistance Fees as a Claim Management Expenses and has been considered as Claims Expenses. Obligatory recovery towards the claim management fees amounting to Rs 4100 lakh pertaining to the earlier years has been accounted as recovery from the General Insurance Corporation, hence included in prior period income. Further the separate disclosure requirement as per IRDA circular dated 28.03.2008 in respect of outsourcing expenses has not been complied.
17. During the previous year the Company has created the Reserve for Unexpired Risk as at the end of the accounting period based on the 1/365 method in the Health segment as per IRDA circular No. IRDA/F&I/CIR/F&A/CIR/081/12/2009 dated December 17, 2009. Accordingly contingency reserve amounting to Rs 4495 lakh has been created. The said contingency reserve is not available for distribution to Shareholders and its utilisation, at any future date would require prior approval of the Authority.
18. Foreign Exchange Reserve Account has decreased by Rs.19720.24 (Debit) Lakh due to depreciation of foreign currency under the following heads (Previous Year Rs.17785.08 Lakh (Credit) consisting of the following.

(Rs. In Lakh)

Sr. No.	Particulars	Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Head Office Account	15,020.01	-	-	14,629.27
2	Outstanding claims	4,686.84	-	-	3,149.56
3	Fixed assets and depreciation	10.33	-	-	6.25
	<b>Total</b>	<b>19,717.18</b>	<b>-</b>	<b>-</b>	<b>17,785.08</b>

19. Previous year figures have been regrouped wherever required to make the figures comparable with current years figures.

Previous year 2008-09			2008-09 Regrouped in Current year		
Line Items	Schedule	Old Grouping	Schedule	New Grouping	Amount Rs. (000)
TPA Assistance Fees	Sch 4	Legal and Professional Charges	Sch 2	Claims Paid (Direct)	697502
Provisions for wage arrears and leave encashment	Sch 13	Sundry Creditors - Other than Service Tax Payable	Sch 14 Others	Provisions -	3544000

20. As per IRDA Circular No 005/IRDA/F&A/CIR/MAY-09 dated May 07, 2009, below table mentions the details of the penalty imposed by various regulators and Government authorities:



Estbd. 1919

**NOTES**

Sr. No.	Authority	Non-Compliance/ Violation	Amount in Rs. (000)		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	Violation of the File and Use Guidelines	1000	1000	-
2	Service Tax Authorities	Non Payment of Service Tax on Transfer and Duplication Fees	3347	3347	-
3	Income Tax Authorities	Nil	-	-	-
4	Any other Tax Authorities	Nil	-	-	-
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	-	-	-
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	-	-	-
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	-	-	-
8	Competition Commission of India	Nil	-	-	-
9	Any other Central/State/ Local Government / Statutory Authority	Nil	-	-	-

21. The Company's Office Premises and Residential flats for employees are obtained on operating lease and are renewable / cancellable at mutual consent. There are no restrictions imposed by lease agreements. Lease terms are based on individual agreements. Significant leasing arrangements are in respect of operating lease for premises. Aggregate lease rentals amounting to Rs.5325.36 (PY Rs.5015.05) in respect of obligation under operating lease are charged to Revenue Account.

## 16 C. Disclosures Forming Part of Financial Statements

(Rs in Lakh)

Sr. No.	Particulars	Current Year	Previous Year
1	The details of contingent liabilities are as under:		
	(a) Partly-paid up investments	20.62	20.62
	(b) Underwriting commitments outstanding	-	-
	(c) Claims, other than those under policies, not acknowledged as debts	21,388.30	20,898.30
	(d) Guarantees given by or on behalf of the Company	1,106.77	1,242.38
	(e) Statutory demands/liabilities in dispute not provided for	127,478.00	53,396.69
	(f) Reinsurance obligations to the extent not provided for in accounts	-	-
	(g) Others (matters under litigation) to the extent quantifiable	470.27	551.82
2	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	2,525.62	2,525.62
	(b) Outside India	1,277.32	2,218.15
3	Commitment made and outstanding for Loans Investments and Fixed Assets	11,410.60	10,765.24
4	Claims, less reinsurance, paid to claimants:		
	(a) In India	318,965.02	338,131.04
	(b) Outside India	44,683.95	61,198.30
5	Claim liabilities where claim payment period exceeds four years.	-	-
6	Amount of claims outstanding for more than six months (Gross Indian)	539,790.09	548,975.47
	No. of Claims	318,212	272,289
	Amount of claims outstanding for less than six months (Gross Indian)	201,721.08	162,005.28
	No. of Claims	154,873	105,042
	Total amount of claims outstanding (Gross Indian)	741,511.17	710,980.76
	Total No. of claims outstanding	473,085	377,331
7	Premiums, less reinsurances, written from business		
	a) In India	468,707.06	426,052.39
	b) Outside India	131,558.90	123,978.17
8	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	443.92	-
	b) Sales where payments are overdue	3,892.72	-
9	Amount of Claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:		
	No. of claims	-	-
10	Investments made in accordance with statutory requirements are as under:		
	(a) In India- Under Sec.7 of Insurance Act 1938	1,075.18	1,075.20
	(b) Outside India- Statutory Deposits under local laws	21,095.71	23,121.48

DISCLOSURES



Estbd. 1919

(Rs in Lakh)

Sr. No.	Particulars	Current Year	Previous Year
11	Segregation of investments into performing and non-performing investments where NPA Provision is required as per IRDA Guidelines is as under:		
	Performing (Standard) Investments	<b>383,016.50</b>	356,602.27
	Non Performing Investments	<b>20,492.51</b>	21,560.35
	<b>Total Book Value (Closing Value)</b>	<b>403,509.01</b>	378,162.62

- 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.237437.53 lakh (Previous year Rs.229520.12 Lakh) and Rs.1119.55 Lakh (Previous year Rs.1231.41 Lakh) 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 31st 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 owned Company, the Company is exempted vide notification: GSR 235, dated 31st 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/ 31st March, 2010 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 (Details of number of policies sector wise issued not available) is as under:

Sector	Current Year			Previous Year		
	(Rs. in Crores)	Percentage	Number of Policies/Live	(Rs. in Crores)	Percentage	Number of Policies/Live
Rural	380.07	6.29	1429540	394.32	7.16	1065132
Social	200.16	3.31	9548803	230.68	4.19	32389489
Others	5462.28	90.40	-	4,883.83	88.65	-
<b>Total</b>	<b>6,042.51</b>	<b>100.00</b>	<b>-</b>	<b>5,508.83</b>	<b>100.00</b>	<b>-</b>

21 Performance Ratios (Rs in Crore)

i) Gross Premium Growth rates

SEGMENT	(Rs. in Crore)			
	Current Year	Previous Year	Current Year (%)	Previous Year (%)
Fire	1211.92	998.38	21.39	1.73
Marine Cargo	234.57	231.30	1.41	1.60
Marine Hull	290.10	280.28	3.50	4.91
<b>Marine Total</b>	<b>524.67</b>	<b>511.58</b>	<b>2.56</b>	<b>3.39</b>
Motor	2549.61	2425.36	5.12	2.60
Personal Accident	119.67	111.35	7.47	14.17
Aviation	64.40	78.20	-17.65	0.09
Engineering	332.44	291.00	14.24	12.62
Health	1567.23	1355.67	15.61	12.09
Liability*	195.94	194.45	0.77	-10.67
Others	533.26	489.79	8.88	8.76
<b>Misc sub Total</b>	<b>5362.55</b>	<b>4945.82</b>	<b>8.43</b>	<b>5.79</b>
<b>Grand Total</b>	<b>7099.14</b>	<b>6455.78</b>	<b>9.97</b>	<b>4.95</b>

\*Liability includes Workmens' compensation

ii) Gross Premium to Share Holders Funds Ratio

Particulars	Current Year	Previous Year
Gross Premium	7099.14	6455.78
Share Holders Funds (beginning of the year)	7322.15	6972.80
Ratio (Times)	0.97	0.93

iii) Growth Rate of Shareholders Funds

	(Rs. in Crore)				
	Current Year	Previous Year	Growth Amount	Growth %CY	Growth %PY
Share Holders Funds	7430.21	7322.15	108.06	1.48	5.09

DISCLOSURES



Estbd. 1919

## iv) Net Retention Ratios

(Rs. in Crore)

Segment	Premium Gross	Premium Year	Retention Ratio CY (%)	Previous Ratio PY (%)
Fire	1211.92	1097.02	90.52	103.98
Marine Cargo	234.57	184.30	78.57	78.94
Marine Hull	290.10	44.69	15.41	19.65
<b>Marine Total</b>	<b>524.67</b>	<b>228.99</b>	<b>43.64</b>	<b>46.46</b>
Motor	2549.61	2236.49	87.72	86.98
Personal Accident	119.67	97.25	81.27	83.01
Aviation	64.40	86.46	134.25	32.98
Engineering	332.44	237.01	71.29	69.62
Health	1567.23	1407.79	89.83	90.00
Liability*	195.94	140.07	71.49	85.89
Others	533.26	471.58	88.43	83.11
<b>Misc Sub Total</b>	<b>5362.55</b>	<b>4676.65</b>	<b>87.21</b>	<b>85.42</b>
<b>Grand Total</b>	<b>7099.14</b>	<b>6002.66</b>	<b>84.55</b>	<b>85.20</b>

\*Liability includes Workmens' compensation

## v) Net Commission Ratio

(Rs. in Crore)

Segment	Commission Net	Commission Net	Commission Ratio CY (%)	Commission Ratio PY (%)
Fire	128.27	1097.02	11.69	13.20
Marine Cargo	28.13	184.30	15.26	17.25
Marine Hull	-9.06	44.69	-20.27	-30.78
<b>Marine Total</b>	<b>19.07</b>	<b>228.99</b>	<b>8.33</b>	<b>6.12</b>
Motor	171.02	2236.49	7.65	7.94
Personal Accident	12.83	97.25	13.19	12.41
Aviation	11.43	86.46	13.22	3.30
Engineering	-6.98	237.01	-2.95	1.29
Health	134.36	1407.79	9.54	10.63
Liability*	23.19	140.07	16.56	17.59
Others	68.18	471.58	14.46	16.64
<b>Misc Sub Total</b>	<b>414.03</b>	<b>4676.65</b>	<b>8.85</b>	<b>9.69</b>
<b>Grand Total</b>	<b>561.37</b>	<b>6002.66</b>	<b>9.35</b>	<b>10.20</b>

\*Liability includes Workmens' compensation

vi) Expenses of Management to Gross Premium Ratio

(Rs. in Crore)

<b>Particulars</b>	<b>2009-10</b>	2008-09
Expenses	1736.06	1455.01
Gross Premium	7099.14	6455.78
Ratio (%)	24.45	22.54

vii) Combined Ratio

<b>Particulars</b>	<b>2009-10</b>	2008-09
Claims	5132.45	4671.87
Expenses	1736.06	1455.01
Commission	561.37	560.83
<b>Sub Total</b>	<b>7429.88</b>	6687.71
Net Premium	6002.66	5500.31
Ratio (%)	123.78	121.59

viii) Technical Reserves (at End) to Net Premium Ratio

<b>Particulars</b>	<b>2009-10</b>	2008-09
Unexpired Risks Reserves	3115.83	2824.03
Reserves for Premium Deficiency	0.00	0.00
Outstanding Claims	7526.18	6818.45
Total Technical Reserves	10642.01	9642.48
Net Premium	6002.66	5500.31
Ratio – (No. of Times)	1.77	1.75

ix) Underwriting Balance Ratios (after credit of policy holders Investment income)

Segment	U/W Profit	Net	Ratio	Ratio
	Net	Premium	Current Year (%)	Previous Year (%)
Fire	-305.72	1097.02	-27.87	5.74
Marine Cargo	30.95	184.30	16.79	8.72
Marine Hull	-19.06	44.69	-42.65	-192.50
<b>Marine Total</b>	<b>11.89</b>	<b>228.99</b>	<b>5.19</b>	<b>-37.91</b>
Motor	96.98	2236.49	4.34	-10.46
Personal Accident	27.54	97.25	28.32	-21.45
Aviation	11.81	86.46	13.66	-91.00
Engineering	32.63	237.01	13.77	-0.87
Health	-531.97	1407.79	-37.79	-33.31
Liability*	-4.46	140.07	-3.18	37.84
Others	157.72	471.58	33.45	33.58
<b>Misc Sub Total</b>	<b>-209.75</b>	<b>4676.65</b>	<b>-4.49</b>	<b>-11.18</b>
<b>Grand Total</b>	<b>-503.58</b>	<b>6002.66</b>	<b>-8.39</b>	<b>-9.14</b>

\*Liability includes Workmens' compensation

DISCLOSURES



Estbd. 1919

x) Operating Profit Ratio

(Rs. in Crore)

Particulars	2009-10	2008-09
Underwriting Result	-503.58	-1439.84
Investment Income	923.52	1686.82
Others	-60.66	50.24
<b>Sub Total</b>	<b>359.28</b>	<b>297.22</b>
Net Premium	6002.66	5500.31
Ratio (%)	5.99	5.40

xi) Liquid Assets to Liabilities Ratio

Particulars	2009-10	2008-09
Liquid Assets	9813.61	8387.85
Policy holders Liabilities	10642.01	9642.48
Ratio (%)	92.22	86.99

xii) Net Earnings Ratio

Particulars	2009-10	2008-09
Profit After Tax	404.67	224.15
Net Premium	6002.66	5500.31
Ratio (%)	6.74	4.08

xiii) Return on Net Worth

Particulars	2009-10	2008-09
Profit After Tax	404.67	224.15
Net Worth	7430.21	7328.00
Ratio (%)	5.45	3.06

xiv) Reinsurance Ratio

Particulars	2009-10	2008-09
Risks Reinsured (Premium)	2342.63	2113.61
Gross Premium	7099.14	6455.78
Ratio (%)	33.00	32.74

22. Summary of Financial Statements for Last Five Years

(Rs. In Crore)

Sr. No.	Operating Results	2009-10	2008-09	2007-08	2006-07	2005-06
1	Gross Premium Written	7099.14	6455.78	6151.46	5936.78	5675.54
2	Net Premium Income#	6002.66	5500.31	4914.28	4751.77	4342.65
3	Income from Investments (Net) @	2139.69	1686.82	2344.62	2251.35	2010.79
4	Other Income	-60.66	50.24	21.23	15.85	44.10
5	Total Income	8081.69	7237.37	7280.13	7018.97	6397.54

Sr. No.	Operating Results	2009-10	2008-09	2007-08	2006-07	2005-06
6	Commissions/Brokerage	561.37	560.82	459.23	390.89	376.28
7	Brokerage (included in commissions)	-	-	-	-	-
8	Operating Expenses	1736.06	1455.01	1019.10	1153.89	1306.89
9	Claims, Increase in Unexpired Risk Reseraves and Other Out-Go	5424.97	4924.32	4280.32	3860.27	3858.80
10	Operating Profit/Loss	359.29	297.22	1521.48	1613.92	855.57
11	Total Income under Shareholders a/c	-	-	-	-	-
12	Profit/(Loss)before Tax	359.29	297.22	1521.48	1613.92	855.57
13	Provision for Tax	-45.40	73.08	120.33	153.98	139.19
14	Net Profit/(Loss) after Tax Miscellaneous	404.69	224.14	1401.15	1459.94	716.38
15	Policy Holders' Account (Beginning)					
	Total Funds	9642.48	8712.89	8229.39	7758.91	6876.43
	Total Investments	*	*	*	*	*
	Yield on Investments	*	*	*	*	*
16	Shareholders' Account (Beginning)					
	Total Funds	7322.15	6972.80	5972.55	4706.87	4161.69
	Total Investments	11851.03	10771.71	11236.00	11009.61	9397.55
	Yield on Investments	*	*	*	*	*
17	Paid up equity capital	200.00	200.00	200.00	200.00	200.00
18	Net Worth	7430.21	7328.00	6972.80	5972.55	4706.87
19	Total Assets	36832.91	26931.58	31944.14	27444.57	27025.58
20	Yield on Total Investments( %)	15.91	13.18	19.54	20.74	21.11
21	Earning per Share (Rs)	20.23	11.21	70.06	73.00	35.82
22	Book value per Share(Rs)	371.51	366.40	348.64	298.63	235.34
23	Total Dividend	85.00	45.00	283.00	292.00	130.00
24	Dividend per Share (Rs)	4.25	2.25	14.15	14.60	6.50
#	Net of Re-insurance					
@	Net of losses					
*	Points 15 & 16 may be given separately, if feasible					

DISCLOSURES



Estbd. 1919

23. Age wise analysis of outstanding claims as on 31.03.2010  
(Gross Indian excluding provision for IBNR)

Department	Less than 3 months		3 – 6 months		6 months – 1 year	
	No.	Amount (In Lakh)	No.	Amount (In Lakh)	No.	Amount (In Lakh)
Fire	983	23,528.91	781	32,888.51	940	19,350.79
Marine Cargo	2,007	3,870.58	1,290	1,929.96	1,307	3,653.58
Marine Hull	60	3,585.37	17	21,747.31	76	2,507.28
Motor OD	12,604	7,540.34	16,563	7,730.27	10,693	5,597.30
Motor TP	11,885	14,603.99	10,975	16,902.40	21,522	30,743.99
Health	51,356	15,248.70	8,240	1,446.15	7,838	1,372.38
Liability	398	593.50	226	3,390.07	370	961.85
Motor TP Pool	5,288	9,604.96	5,915	14,510.81	10,303	18,559.20
Personal Accident	2,530	3,685.90	1,200	508.24	1,053	1,143.04
Aviation	17	644.60	62	2,943.95	6	287.12
Engineering	1,890	5,631.92	929	2,562.51	1,039	2,791.24
Credit Guarantee	1	2.06	-	-	-	-
Misc - Traditional	1,575	1,664.24	763	2,620.35	1,132	2,081.19
Rural	6,286	441.60	3,945	537.08	4,491	697.71
Urban Non-Traditional	4,365	810.81	2,722	545.99	2,735	613.74
Credit Shield	-	-	-	-	5	1,483.17
<b>Total</b>	<b>101,245</b>	<b>91,457.48</b>	<b>53,628</b>	<b>110,263.60</b>	<b>63,510</b>	<b>91,843.58</b>

Department	1 – 2 years		2 – 3 years		3 – 5 years	
	No.	Amount (In Lakh)	No.	Amount (In Lakh)	No.	Amount (In Lakh)
Fire	435	20,591.06	273	4,816.09	209	3,391.17
Marine Cargo	788	3,715.02	433	1,129.70	205	373.99
Marine Hull	47	10,696.17	57	2,993.50	32	1,570.72
Motor OD	2,521	2,271.29	1,834	1,844.59	558	756.69
Motor TP	40,555	57,444.64	32,769	50,515.15	79,190	118,368.59
Health	4,434	1,286.21	1,862	190.68	373	105.81
Liability	330	3,903.63	191	3,624.18	379	473.64
Motor TP Pool	10,508	21,046.95	3,379	6,910.65	2,422	3,324.46
Personal Accident	528	277.56	228	139.98	91	57.11
Aviation	3	29.79	25	1,651.84	14	747.80
Engineering	396	2,209.22	300	3,345.05	86	206.74
Credit Guarantee	9	36.85	-	-	-	-
Misc - Traditional	868	2,749.06	715	2,221.95	371	893.89
Rural	3,726	999.30	3,211	574.66	3,887	1,008.66
Urban Non-Traditional	1,921	491.36	1,597	336.18	1,125	183.48
Credit Shield	3	70.96	5	24.67	27	3,494.29
<b>Total</b>	<b>67,072</b>	<b>127,819.07</b>	<b>46,879</b>	<b>80,318.87</b>	<b>88,969</b>	<b>134,957.04</b>

DISCLOSURES

Department	5 years and above		Total	
	No.	Amount (In Lakh)	No.	Amount (In Lakh)
Fire	232	34,509.19	3,853	139,075.72
Marine Cargo	291	5,128.19	6,321	19,801.02
Marine Hull	68	3,843.54	357	46,943.89
Motor OD	166	272.44	44,939	26,012.92
Motor TP	33,443	46,711.82	230,339	335,290.58
Health	312	148.46	74,415	19,798.39
Liability	235	310.06	2,129	13,256.93
Motor TP Pool	1,716	3,361.48	39,531	77,318.51
Personal Accident	111	340.51	5,741	6,152.34
Aviation	11	31.15	138	6,336.25
Engineering	138	2,367.99	4,778	19,114.67
Credit Guarantee	9	100.46	19	139.37
Misc - Traditional	500	4,841.31	5,924	17,071.99
Rural	10,236	2,576.83	35,782	6,835.84
Urban Non-Traditional	4,313	305.45	18,778	3,287.01
Credit Shield	1	2.65	41	5,075.74
<b>Total</b>	<b>51,782</b>	<b>104,851.53</b>	<b>473,085</b>	<b>741,511.17</b>

24. Interest, Dividends and Rent is apportioned between Revenue Accounts 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 Accounts in proportion to the technical reserve balance at the beginning of the year.
25. The details of premium deficiency as required by IRDA circular no. F&A/CIR/017/May-04 dated 18.05.2004 are furnished below. (in Lakh)

Segment	Relevant Premium	Expected claim cost and related expenses (based on incurred claim ratio of preceding 3 years)	Expected Maintenance cost	Surplus provision in Unearned Premium	Deficiency
Motor	111,824.71	(111,068.52)	(11,298.18)	-	(10,541.99)
Health	70,389.62	(74,065.85)	(5,770.82)	-	(9,447.05)
Marine Hull	4,469.47	(8,873.56)	(1,695.84)	2,279.43	(3,820.50)

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

**I. S. Phukela**  
Director

**M. Ramadoss**  
Chairman-cum-Managing Director

As per our Report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**For KARNAVAT & CO.**  
Chartered Accountants

**For FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**Vitesh D. Gandhi**  
Partner  
Membership No.110248

**Sameer B. Doshi**  
Partner  
Membership No.117987

**Shrikant B. Prabhu**  
Partner  
Membership No.35296

Place : Mumbai  
Date : June 29, 2010



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

(Rs. in '000)

**I. Registration Details**

Registration Number : 5 2 6 State Code : 1 1  
Balance Sheet Date : 3 1 0 3 2 0 1 0

**II Capital Raised During the year**

Public Issue : N I L Rights Issue : N I L  
Bonus Issue : N I L Private Placement : N I L

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities : 3 6 8 3 2 9 0 5 5 Total Assets : 3 6 8 3 2 9 0 5 5

**Sources of funds**

Paid up Capital : 2 0 0 0 0 0 0 Reserves & Surplus : 2 2 8 7 1 9 4 3 3  
Current Liabilities : 1 0 1 3 2 7 8 4 9 Un-expired Risk Reserves and Provisions : 3 6 2 8 1 7 7 3

**Application of Funds**

Net Fixed Assets : 1 6 2 1 5 0 7 Investments : 2 6 2 0 3 2 1 9 0  
Current Assets : 9 8 1 3 6 0 9 7 Loans : 5 5 9 3 4 7 2  
Accumulated Losses : N I L Deferred Tax Assets : 9 4 5 7 8 9

**IV Performance of the Company**

Turnover Premium Income : 7 0 9 9 1 4 1 1 Total Expenditure : 8 8 9 6 6 1 2 4  
Investment & Other Income : 2 1 5 6 7 4 5 3  
Profit Before Tax : 3 5 9 2 7 4 0 Profit After Tax : 4 0 4 6 7 2 1  
Earning Per Share in Rs. : 2 0 . 2 3 Dividend @ % : 4 2 . 5 0

**V Generic Names of Three Principal Products/Services of the Company (as per Monetary Terms)**

ITC Code : Not Applicable  
Product : Not Applicable  
Description : Not Applicable

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

**I. S. Phukela**  
Director

**M. Ramadoss**  
Chairman-cum-Managing Director

Place : Mumbai  
Date : June 29, 2010

**STATEMENT OF INTEREST IN THE SUBSIDIARY COMPANIES AS ON 31<sup>ST</sup> MARCH 2010  
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., Limited</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 1074992500 consisting of 2149985000 shares of 50 kobos each
(ii) New India's share in the Subsidiary	83.90%	100%	51%
b (i) Net Aggregate amount of the Subsidiary's profits after deducting losses or vice versa so far as it concerns members of the Company and is not dealt with in the Company's accounts	C.Y. : TT\$ 52927 (thousands) P.Y. : TT\$ 40175 (thousands)	C.Y. : Le 5019 (thousands) P.Y. : Le 1576 (thousands)	C.Y. : N 960795 (thousands) P.Y. : N 972403 (thousands)
(ii) Net Aggregate amount of Subsidiary's profits after deducting losses or vice versa or so far as these are dealt with in the Company's accounts	C.Y. : Nil P.Y. : Nil	C.Y. : Nil P.Y. : Nil	C.Y. : Nil P.Y. : Nil
c (i) Dividend Proposed by the Subsidiary	C.Y. : TT\$ 1741 (thousands) P.Y. : TT\$ 1741 (thousands)	C.Y. : Nil P.Y. : Nil	C.Y. : N 214998 (thousands) P.Y. : N 429006 (thousands)
(ii) New India's Share of Dividend (Dividend for the current year will be accounted during 2009-10 on receipt)	C.Y. : TT\$ 1461 (thousands) P.Y. : TT\$ 1461 (thousands)	C.Y. : Nil P.Y. : Nil	C.Y. : N 109649 (thousands) P.Y. : N 219299 (thousands)

**A. R. SEKAR**  
*Director & Company Secretary*

**I. S. PHUKELA**  
*Director*

**M. RAMADOSS**  
*Chairman-cum-Managing Director*

Mumbai,  
29<sup>th</sup> June 2009

**INTEREST IN THE SUBSIDIARY**



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दि न्यू इंडिया एश्योरन्स कं. लि.  
THE NEW INDIA ASSURANCE CO. LTD.



**Entertainment guaranteed**



**Suraksha guaranteed**



**NEW INDIA ASSURANCE**  
( Wholly owned by the Govt. of India )

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS 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) which comprise the statement of financial position as at December 31, 2009 the statements of comprehensive income, changes in 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 statements 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 depend 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants  
Trinidad and Tobago, W.I.



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

**STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2009**

(Expressed in thousands of Trinidad and Tobago dollars)

	Note		2009	2008
<b>ASSETS</b>				
Property, plant and equipment	4	\$	1,096	1,152
Investment property	5		16,300	16,300
Deferred tax asset	6(i)		8,209	6,265
Reinsurance assets	11		39,668	29,703
Trade and other receivables	7		29,886	24,906
Investments	8		47,311	38,645
Term deposits			30,003	28,196
Cash and cash equivalents	9		39,519	37,738
<b>Total assets</b>		\$	<b>211,992</b>	<b>182,905</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Stated capital	10	\$	17,617	17,617
Capital reserve			7,020	6,563
Catastrophe reserve fund			1,600	1,600
Statutory surplus reserve			8,552	8,552
Retained earnings			52,927	40,175
			<b>87,716</b>	<b>74,507</b>
<b>LIABILITIES</b>				
Insurance contracts	11		107,150	89,871
Deferred tax liability	6(ii)		1,863	2,226
Provision for taxation			1,765	1,141
Trade and other payables	12		13,498	15,160
			<b>124,276</b>	<b>108,398</b>
<b>Total equity and liabilities</b>		\$	<b>211,992</b>	<b>182,905</b>

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

Signed on behalf of the Board

Director

Director

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

**STATEMENT OF COMPREHENSIVE INCOME - DECEMBER 31, 2009**

(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2009	2008
Insurance contracts premium revenue		\$ 95,190	88,613
Reinsurers' share of insurance contracts premium revenue		(35,621)	(33,449)
<b>Net insurance contracts premium revenue</b>		<b>59,569</b>	<b>55,164</b>
Gross change in unearned premium provision and unexpired risks		(4,493)	(9,089)
Reinsurers' share of change in unearned premium provision and unexpired risks		800	2,890
<b>Net change in unearned premium provision and unexpired risks</b>		<b>(3,693)</b>	<b>(6,199)</b>
<b>Net insurance revenue</b>		<b>55,876</b>	<b>48,965</b>
Reinsurance commissions		8,024	8,053
Investment and other income	13	7,191	5,134
<b>Total revenue</b>		<b>71,091</b>	<b>62,152</b>
Gross claims incurred		(40,782)	(30,116)
Reinsurers' share of gross claims incurred		12,821	3,533
<b>Net insurance claims incurred</b>		<b>(27,961)</b>	<b>(26,583)</b>
Agents and brokers commissions		(14,909)	(14,283)
Other operating and administrative expenses		(11,639)	(10,609)
<b>Total claims incurred and other expenses</b>		<b>(54,509)</b>	<b>(51,475)</b>
Profit before tax		16,582	10,677
Taxation	6(iv)	401	(2,197)
<b>Net profit for the year</b>		<b>\$ 16,983</b>	<b>8,480</b>

**SUBSIDIARIES**

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



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME - DECEMBER 31, 2009 (Contd.)**

(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2009	2008
<b>Net profit for the year</b>		\$ 16,983	8,480
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations		\$ (2,490)	336
Net change in fair value of available for sale financial assets		457	102
<b>Total comprehensive income for the year</b>		\$ 14,950	8,918
<b>Profit attributable to shareholders</b>		\$ 16,983	8,480
<b>Total comprehensive income attributable to shareholders</b>		\$ 14,950	8,918

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

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

**STATEMENT OF CHANGES IN EQUITY- DECEMBER 31, 2009**

(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
<b>Balance at January 1, 2008</b>	\$ <u>17,617</u>	<u>6,461</u>	<u>1,300</u>	<u>8,552</u>	<u>33,400</u>	<u>67,330</u>
<b>Total comprehensive income for the year</b>						
Net profit for the year	-	-	-	-	8,480	8,480
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	336	336
Net unrealised gain on revaluation of available-for-sale investments net of deferred taxation	-	102	-	-	-	102
<b>Total other comprehensive income</b>	<u>-</u>	<u>102</u>	<u>-</u>	<u>-</u>	<u>336</u>	<u>438</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>102</u>	<u>-</u>	<u>-</u>	<u>8,816</u>	<u>8,918</u>
<b>Transactions with owners, recorded directly in equity</b>						
Transfer to catastrophe reserve	-	-	300	-	(300)	-
Dividends paid	-	-	-	-	(1,741)	(1,741)
<b>Total transactions with owners</b>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>(2,041)</u>	<u>(1,741)</u>
<b>Balance at December 31, 2008</b>	\$ <u>17,617</u>	<u>6,563</u>	<u>1,600</u>	<u>8,552</u>	<u>40,175</u>	<u>74,507</u>

SUBSIDIARIES

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



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

**STATEMENT OF CHANGES IN EQUITY- DECEMBER 31, 2009**

(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
<b>Balance at January 1, 2009</b>	\$ 17,617	6,563	1,600	8,552	40,175	74,507
<b>Total comprehensive income for the year</b>						
Net profit for the year	-	-	-	-	16,983	16,983
<b>Other comprehensive income</b>						
Foreign currency translation differences	-	-	-	-	(2,490)	(2,490)
Net unrealised gain on revaluation of available-for-sale investments net of deferred taxation	-	457	-	-	-	457
<b>Total other comprehensive income</b>	-	457	-	-	(2,490)	(2,033)
<b>Total comprehensive income for the year</b>	-	457	-	-	14,493	14,950
<b>Transaction with owners, recorded directly in equity</b>						
Dividends paid	-	-	-	-	(1,741)	(1,741)
<b>Total transaction with owners</b>	-	-	-	-	(1,741)	(1,741)
<b>Balance at December 31, 2009</b>	\$ 17,617	7,020	1,600	8,552	52,927	87,716

**SUBSIDIARIES**

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

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

**STATEMENT OF CASH FLOWS - DECEMBER 31, 2009**

(Expressed in thousands of Trinidad and Tobago dollars)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	\$ 16,582	10,677
Adjustments for:		
Depreciation	295	239
Foreign currency translation (loss) gain	(2,490)	336
Interest income	(5,306)	(5,275)
Dividend income	(586)	(393)
Operating profit before working capital changes	8,495	5,584
Increase in other receivables and reinsurance assets	(14,945)	(2,475)
Increase in insurance contracts liabilities	17,279	7,043
(Decrease) increase in other creditors	(1,662)	398
	9,167	10,550
Corporation taxes paid	(1,423)	(907)
Net cash from operating activities	7,744	9,643
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Interest received	3,610	3,761
Dividends received	586	393
Additions to property, plant and equipment	(239)	(544)
Purchase of investments and term deposits	(15,970)	(18,205)
Redemption of investments and term deposits	7,791	8,632
Net cash used in investing activities	(4,222)	(5,963)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Dividends paid	(1,741)	(1,741)
Net cash used in financing activities	\$ (1,741)	(1,741)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 1,781	1,939
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	37,738	35,799
<b>Cash and cash equivalents at end of year</b>	\$ 39,519	37,738
<b>Represented by:</b>		
Cash in hand and at bank	\$ 39,519	33,695
Short-term treasury bills	-	4,043
	\$ 39,519	37,738

SUBSIDIARIES

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



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

### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009

#### 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, St. Maarten and Anguilla. The Company also maintains run-off portfolios in the islands of Antigua and Barbados. The registered office and principal place of business is located at 22 St Vincent Street, Port of Spain.

These financial statements were authorized for issue by the Board of Directors.

#### 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) *Basement 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. Some financial information in the prior year have been updated to conform with current year's presentation.

##### (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 21.

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

(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 statement of financial position date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive 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 comprehensive income during the financial period in which they are incurred.

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

The rates and methods used are as follows:

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 statement of financial position 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



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

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 comprehensive 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 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 comprehensive 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**

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

### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)

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 statement of financial position 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 statement of financial position 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 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 comprehensive 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 comprehensive 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 statement of financial position 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



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

### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)

intent and ability to hold the securities under the Company's long-term investment strategy. Impairment losses are recognised in the statement of comprehensive 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 comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive 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 comprehensive 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.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive 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 comprehensive income, the impairment loss shall be reversed, with the amount of the reversal recognised in the statement of comprehensive 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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)

(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.

Investment contracts

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

All contracts held by the Company as at December 31, 2009 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 statement of financial position date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported until after the statement of financial position date. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of comprehensive income in the year the claims are settled.

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

(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 statement of financial position date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain type of general insurance



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

claims, therefore the ultimate cost of which cannot be known with certainty at the statement of financial position date.

Provision for unearned premiums

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

(t) *Insurance contract liabilities*

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.

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

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

**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

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

(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 statement of financial position 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 statement of financial position 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 comprehensive 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 adopted and new standards and interpretations not yet adopted**

**New standards adopted**

The Company applied revised IAS 1 Presentation of Financial Statements (2007), which became effective as of January 1, 2009. As a result the company now presents a statement of comprehensive income which replaces the statement of income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

**New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the company, except:



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

IFRS 9 Financial Instruments, published on November 12, 2009 as part of phase 1 of the IASB's comprehensive project to replace IAS 39. The requirements of this standard represent a significant change from the existing requirements in IAS39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

**4. Property, plant and equipment**

		Leasehold Improvements	Office Equipment & Motor Vehicles	Total 2009	Total 2008
<b>Cost</b>					
At beginning of year	\$	460	3,564	4,024	3,480
Addition		55	184	239	544
Disposals		-	-	-	-
Write-offs		-	-	-	-
At end of year	\$	515	3,748	4,263	4,024
<b>Depreciation</b>					
At beginning of year	\$	364	2,508	2,872	2,633
Current year		57	238	295	239
At end of year	\$	421	2,746	3,167	2,872
Net written down value	\$	94	1,002	1,096	1,152

**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 comprehensive income in the previous year.

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

**6. Taxation**

	<u>2009</u>	<u>2008</u>
<b>(i) Deferred tax asset</b>		
Unutilised tax losses	\$ 676	6,256
Foreign currency translation	623	-
Claims	6,910	9
	<u>\$ 8,209</u>	<u>6,265</u>

The Company has unutilised tax losses in Trinidad and Tobago of approximately \$2,278 as at December 31, 2009 (2008: \$25,028).

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	\$ (1,790)	(2,188)
Property, plant and equipment	(73)	(38)
	<u>\$ (1,863)</u>	<u>(2,226)</u>

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

Balance at beginning of year	\$ (2,226)	(2,156)
Unrealised gains on revaluation of available for sale investments	398	(34)
Foreign currency translation	-	(75)
Claims	-	46
Property, plant and equipment	(35)	(7)
	<u>\$ (1,863)</u>	<u>(2,226)</u>

**(iv) Tax charge for the year**

Current year	\$	152	143
- Business levy		76	71
- Green fund levy		1982	1,095
- Provision for taxation in St Maarten, Dominica and St Lucia			

Deferred tax expense relating to the origination/reversal of temporary differences	(1,655)	13
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**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**

**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

**SUBSIDIARIES**

	<u>2009</u>	<u>2008</u>
Utilisation of tax losses	4,247	805
Prior year under provision	(163)	98
Prior year under provision of deferred tax asset	(5,040)	(28)
	<u>\$ (401)</u>	<u>2,197</u>
The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate.		
Profit before tax	\$ 16,582	10,677
Tax at the applicable rate	4,991	3,259
Expenses not deductible for tax purposes	30	42
Income exempt from tax	(447)	(1,388)
Business levy	152	143
Green fund	76	71
Prior year under provision	(163)	98
Prior year under provision of deferred tax asset	(5,040)	(28)
	<u>\$ (401)</u>	<u>2,197</u>
<b>7. Trade and other receivables</b>		
Insurance receivables	\$ 23,969	18,121
Amounts due from reinsurers		
- New India, Mumbai	2,281	2,134
- Other reinsurers	1,217	2,443
Other receivables	2,419	2,208
	<u>\$ 29,886</u>	<u>24,906</u>
<b>8. Investments</b>		
Available-for-sale		
Bonds and other securities	\$ 30,062	21,016
Quoted shares	12,418	12,431
Unquoted shares	315	315
	<u>\$ 42,795</u>	<u>33,762</u>
<b>Held to maturity</b>		
Bonds	4,516	4,883
Total investments	<u>\$ 47,311</u>	<u>38,645</u>

Bonds and securities pledged with the Inspector of Financial Institutions amount to \$31,837 at December 31, 2009 (2008: \$31,972).

In addition \$3,995 (2008: \$8,597) of the term deposits of totalling \$30,004 (2008: \$28,196) at December 31, 2009 are pledged with the Inspector of Financial Institutions.

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

**9. Cash and cash equivalents**

		<u>2009</u>	<u>2008</u>
Cash in hand and at bank	\$	39,519	33,695
Short-term treasury bills		-	4,043
	\$	<u>39,519</u>	<u>37,738</u>

**10. Stated capital**

Authorised 22,000,000 shares of no par value			
Issued and fully paid 17,418,946 shares of no par value	\$	17,418	17,418
Share premium		199	199
	\$	<u>17,617</u>	<u>17,617</u>

**11. Insurance contracts liabilities**

		<u>2009</u>			<u>2008</u>		
	Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
Provision for claims reported by policyholders	\$	43,048	(19,650)	23,398	31,876	(11,814)	20,062
Provision for claims incurred but not reported (IBNR)		7,302	(3,059)	4,243	5,041	(1,524)	3,517
Total claims reported and IBNR	11 (a)	50,350	(22,709)	27,641	36,917	(13,338)	23,579
Provision for unearned Premiums	11 (b)	51,636	(15,418)	36,218	48,140	(14,877)	33,263
Provision for unexpired Risk	11 (c)	5,164	(1,541)	3,623	4,814	(1,488)	3,326
Total insurance contracts Liabilities	\$	<u>107,150</u>	<u>(39,668)</u>	<u>67,482</u>	<u>89,871</u>	<u>(29,703)</u>	<u>60,168</u>



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

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

		2009			2008		
		Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	\$	36,917	(13,338)	23,579	38,963	(16,662)	22,301
Claims incurred		40,782	(12,821)	27,961	30,116	(3,533)	26,583
Claims paid During the year		(27,181)	3,412	(23,769)	(31,969)	6,733	(25,236)
Foreign exchange		(168)	38	(130)	(193)	124	(69)
At December 31	\$	<u>50,350</u>	<u>(22,709)</u>	<u>27,641</u>	<u>36,917</u>	<u>(13,338)</u>	<u>23,579(b)</u>

The provision for unearned premiums may be analysed as follows:

		2009			2008		
		Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	\$	48,140	(14,877)	33,263	39,877	(12,250)	27,627
Premium written in the year		95,190	(34,746)	60,444	88,613	(33,449)	55,164
Premium earned during the year		(91,694)	34,205	(57,489)	(80,350)	30,822	(49,528)
At December 31	\$	<u>51,636</u>	<u>(15,418)</u>	<u>36,218</u>	<u>48,140</u>	<u>(14,877)</u>	<u>33,263</u>

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

		2009			2008		
		Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	\$	4,814	(1,488)	3,326	3,988	(1,225)	2,763
Net incurred and utilised during the year		350	(53)	297	826	(263)	563
At December 31	\$	<u>5,164</u>	<u>(1,541)</u>	<u>3,623</u>	<u>4,814</u>	<u>(1,488)</u>	<u>3,326</u>

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

**12. Trade and other payables**

	2009	2008
Sundry creditors and accruals	\$ 4,541	4,350
Amounts due to reinsurers		
- New India, Mumbai	2,981	2,047
- Other reinsurers	5,976	8,763
	\$ 13,498	15,160

**13. Investment and other income**

Investment and other income include the following:

	2009	2008
Interest income	\$ 5,306	5,275
Dividend income	586	393
Foreign exchange gain (loss)	1,299	(534)
	\$ 7,191	5,134

**14. Profit before taxation**

Profit before taxation is arrived at after charging:

	2009	2008
Depreciation	\$ 295	239
Staff costs	4,707	4,348
Directors' fees	108	98
Interest expense	43	49

**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 statement of financial position 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.



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

### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)

#### 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.

#### 16. **Financial instruments**

##### 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 statement of financial position 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.

##### Fair values

With the exception of insurance contracts which are specifically excluded under IAS 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:

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED  
NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)

- 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.

**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.



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

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.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2009	2008
Available for sale investments	\$ 42,795	33,762
Held-to-maturity investments	4,516	4,883
Trade and other receivables	29,886	24,906
Reinsurance assets	39,668	29,703
Term deposits	30,003	28,196
Cash and cash equivalents	39,519	37,738
	<b>\$ 186,387</b>	<b>159,188</b>

**Impairment losses**

The aging of receivables at the reporting date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
Not past due	\$ 9,435	-	8,450	-
Past due 0-30 days	6,953	-	4,631	-
Past due 31-120 days	6,412	-	3,366	-
More than one year	2,612	1,443	2,864	1,190
	<b>\$ 25,412</b>	<b>1,443</b>	<b>19,311</b>	<b>1,190</b>

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2009	2008
Balance at 1 January	\$ 1,190	1,190
Impairment loss recognized	254	-
Balance at 31 December	<b>\$ 1,443</b>	<b>1,190</b>

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

**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.

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

	Maturing			Total
	Within 1 yr	Between 1 to 5 yrs	Over 5 yrs	
<b>2009</b>				
<b>Liabilities</b>				
Insurance contracts	\$ 107,150	-	-	107,150
Trade and other payables	13,498	-	-	13,498
	<u>\$ 120,648</u>	<u>-</u>	<u>-</u>	<u>120,648</u>
<b>2008</b>				
<b>Liabilities</b>				
Insurance contracts	\$ 89,871	-	-	89,871
Trade and other payables	15,160	-	-	15,160
	<u>\$ 105,031</u>	<u>-</u>	<u>-</u>	<u>105,031</u>

**SUBSIDIARIES**

**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

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.

At the reporting date the interest rate profile of the interest-bearing financial instruments was:



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED  
NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)

	Carrying Amount	
	2009	2008
<b>Fixed rate instrumentals</b>		
Term deposits	\$ 30,003	28,196
Investments	34,578	25,899
Short term treasury bills	-	4,043
	\$ 64,581	58,138
<b>Variable rate instruments</b>		
Cash and cash equivalents	\$ 39,519	37,738

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, St. Maarten and Anguilla. 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.

Details		BDOS	TT\$	EC\$	FLS	Total
<b>Assets</b>						
Cash and cash equivalents	\$	25	35,708	3,234	552	39,519
Term deposits		-	15,981	11,172	2,850	30,003
Investments		606	43,296	3,409	-	47,311
Trade and other receivables		5,229	10,632	13,689	336	29,886
Reinsurance assets		4,273	23,197	10,392	1,806	39,668
Other assets		-	25,525	80	-	25,605
<b>Total assets</b>	\$	<b>10,133</b>	<b>154,339</b>	<b>41,976</b>	<b>5,544</b>	<b>211,992</b>
<b>Liabilities and equity</b>						
Equity	\$	(14,045)	58,693	35,565	7,503	87,716
Insurance contracts		6,369	70,622	27,915	2,244	107,150
Deferred tax liability		-	1,863	-	-	1,863
Provision for taxation		-	72	1,200	493	1,765
<b>Trade and other payables</b>		<b>17,809</b>	<b>23,089</b>	<b>(22,704)</b>	<b>(4,696)</b>	<b>13,498</b>
<b>Total liabilities and equity</b>	\$	<b>10,133</b>	<b>154,339</b>	<b>41,976</b>	<b>5,544</b>	<b>211,992</b>

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

2009

Details		BDOS	TT\$	EC\$	FLS	Total
<b>Assets</b>						
Cash and cash equivalents	\$	59	35,574	1,894	211	37,738
Term deposits		-	14,403	11,073	2,720	28,196
Investments		590	34,495	3,560	-	38,645
Trade and other receivables		5,092	7,574	12,149	91	24,906
Reinsurance assets		4,206	15,400	8,348	1,749	29,703
Other assets		(17,146)	28,266	1,133	11,464	23,717
<b>Total assets</b>	\$	<b>(7,199)</b>	<b>135,712</b>	<b>38,157</b>	<b>16,235</b>	<b>182,905</b>
<b>Liabilities and equity</b>						
Equity	\$	(12,892)	48,570	31,952	6,877	74,507
Insurance contracts		6,496	58,029	23,129	2,217	89,871
Deferred tax liability		-	2,226	-	-	2,226
Provision for taxation		-	9	733	399	1,141
Trade and other payables		(803)	26,878	(17,657)	6,742	15,160
<b>Total liabilities and equity</b>	\$	<b>(7,199)</b>	<b>135,712</b>	<b>38,157</b>	<b>16,235</b>	<b>182,905</b>

SUBSIDIARIES

**18. Segmental reporting**

The relevant segmental information for the Company is as follows:

2009

Details		Trinidad & Tobago	Other islands	Total
Total revenue	\$	50,970	20,121	71,091
Profit before tax		11,137	5,445	16,582
Total assets		154,339	57,653	211,992
Total liabilities		95,646	28,630	124,276
Purchase of fixed assets		238	1	239
Depreciation		260	35	295



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (contd...)**

2008

Details	Trinidad & Tobago	Other islands	Total
Total revenue	\$ 42,239	19,913	62,152
Profit before tax	4,764	5,913	10,677
Total assets	135,712	47,193	182,905
Total liabilities	87,142	21,256	108,398
Purchase of fixed assets	541	3	544
Depreciation	201	38	239

19. **Operating leases**

	2009	2008
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	\$ 51	1,128
Between one and five years	\$ 13	326

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, 2009 \$1,430 (2008: \$1,133) were recognised as an expense in the statement of comprehensive income in respect of operating leases.

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.

	2009	2008
(i) <b>Income and expenses</b>		
Management fees	\$ 500	500
Reinsurance premiums	\$ 3,675	2,809
Directors' fees	\$ 108	98

Amounts due from related parties are disclosed in note 7.

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (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:

		2009	2008
<b>Short-term employee benefits</b>			
Accommodation	\$	137	121
Vehicle	\$	-	29

**21. 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 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.



## 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 2009.

### 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 judgements 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 1 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 2009, and their interests in the Share Capital of the Company were as follows:

	End of year	Shares of Beginning of year
I.S. Phukela	-	-
M Vasnatha Krishna	-	-

### 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 RESULTS

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 Le4,917,971, which resulted in an accumulated profit of Le 5,019,348.

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

BY ORDER OF THE BOARD

26.5.2010

SECRETARY

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

We have audited the financial statements on pages 144 to 147 which have been prepared under the accounting policies set out on page 145.

### Respective responsibilities of Directors and Auditors

As described on page 142 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 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.

### Going Concern

We draw attention to note 10 which states that the Company has turned in to a deficiency of net assets amounting to Le 3,177,000 this year.

### Opinion

In our opinion the financial statements give a true and correct view of the state of the Company's affairs as at 31 December 2009 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act Cap 249, and the Insurance Act 2000.

FREETOWN  
26.4.2010

Chartered Accountants

SUBSIDIARIES



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

**PROFIT AND LOSS ACCOUNT – 31 DECEMBER 2009**

	Notes	2009 Le 000	2008 Le 000
<b>Investment Income</b>		<b>20,245</b>	35,563
Other Income		-	-
		<u>20,245</u>	<u>35,563</u>
Operating Expenses		(15,327)	(13,114)
Profit Before Taxation		4,918	22,449
Taxation	3	(1,475)	-
Profit After Taxation	2	<u>3,443</u>	<u>22,449</u>

Movement on reserves is set out in note 9.

**BALANCE SHEET – 31 DECEMBER 2009**

	Notes	2009 Le 000	2008 Le 000
<b>Fixed Assets</b>			
Tangible assets	4	-	-
Investments	5	240,000	300,000
<b>Current Assets</b>			
Debtors	6	18,978	31,598
Deposits, bank and cash balances		104,163	24,625
		<u>123,141</u>	<u>56,223</u>
<b>Creditors</b>			
Amounts falling due within one year	7	(366,318)	(362,843)
		<u>(366,318)</u>	<u>(362,843)</u>
<b>Net Current Liabilities</b>		<b>(243,177)</b>	(306,620)
<b>Total Assets Less Current Liabilities</b>		<b>(3,177)</b>	(6,620)
<b>Capital And Reserves</b>			
Called up share capital	8	500	500
Profit and loss account	9	5,019	1,576
Exchange equalisation account		(20,910)	(20,910)
Contingency reserve		12,214	12,214
		<u>(3,177)</u>	<u>(6,620)</u>

Approved by the Board on 26th April, 2010

I.S. Phukela (Director)

M. Vasantha Krishna (Director)

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

**CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2009**

	Notes	2009		2008	
		Le 000	Le 000	Le 000	Le 000
<b>OPERATING ACTIVITIES</b>					
Operating profit before taxation		4,918		22,449	
Decrease/(Increase) in debtors		12,620		(22,764)	
Net cash inflow/(outflow) from operating activities			17,538		(315)
<b>FINANCING ACTIVITIES</b>					
Exchange gain		-		-	
Net cash inflow/(outflow) from financing activities			-		-
Net cash inflow/(outflow)			17,538		(315)
Analysis of changes in cash and cash equivalents during the year:					
Beginning of year			2,000		-
Net cash outflow/(outflow)			24,625		2,054
Less: Transfer from Fixed deposits			17,538		(315)
End of year			60,000		22,886
			104,163		24,625

**SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009**

**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. PROFIT FOR THE FINANCIAL YEAR**

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

	2009	2008
	Le 000	Le 000
Auditors' remuneration	7,000	5,000

**3. TAXATION**

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



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

**NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009**

**4. TANGIBLE FIXED ASSETS**

	Motor vehicles	Office fixtures and fittings	Residential equipment	Total
	Le 000	Le 000	Le 000	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 :	2009 Le000	2008 Le000
Treasury Bill	-	52,733
Deposit with the Bank of Sierra Leone	-	7,267
Deposit with Rokel Commercial Bank Sierra Leone Ltd	240,000	240,000
	<b>240,000</b>	<b>300,000</b>

**6. DEBTORS**

Debtors comprised :	2009	2008
Taxation	8,669	8,669
Sundry debtors	165	165
Interest receivable	10,144	22,764
	<b>18,978</b>	<b>31,598</b>

**7. CREDITORS**

Amounts falling due within one year comprised:	2009	2008
Sundry creditors	12,343	8,868
Amounts due to Insurance Companies	353,975	353,975
	<b>366,318</b>	<b>362,843</b>

**8. CALLED UP SHARE CAPITAL**

Called up share capital comprised allotted, called up and fully paid ordinary shares of Le2.00 each. The authorised share capital of the company throughout the year was Le500,000 divided into 250,000 ordinary shares of Le2.00 each.

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

**NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009**

**9. PROFIT AND LOSS ACCOUNT**

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

	Le 000
Beginning of year	1,576
Profit for the year	3,443
End of year	<u>5,019</u>

**10. GOING CONCERN**

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 2008 as in the case of 2002 to 2007 represent only the transactions of the Freetown office.

**12. CAPITAL COMMITMENTS**

There were no capital commitments at 31 December 2009.

**13. CONTINGENT LIABILITIES**

The Company had denied liability for claims amounting to 8,679,769 United States Dollars and 7,770,556 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**

**SHORT TERM BUSINESS REVENUE ACCOUNT YEAR ENDED 31 DECEMBER 2009**

	Notes	2009	2008
	Le 000	Le 000	Le 000
Premiums written less reinsurance		-	-
Less increase/decrease in provision for unearned premiums		-	-
Premiums earned		-	-
Commission received from reinsurers		-	-
Claims incurred	-	-	-
Commission paid	-	-	-
Expenses	15,327	13,114	-
Contingency reserve	-	-	-
		<u>15,327</u>	<u>13,114</u>
Underwriting (loss)		<u>15,327</u>	<u>13,114</u>
Underwriting (loss) comprised:			
Fire		-	-
Marine		-	-
Motor		-	-
Miscellaneous accident		-	-
Expenses		<u>15,327</u>	<u>12,329</u>
		<u>15,327</u>	<u>12,329</u>



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

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Prestige Assurance Plc**, as at 31 December 2009, set out on pages 154 to 162 which have been prepared on the basis of the significant accounting policies on pages 149 to 153 and other explanatory notes on pages 163 to 173.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements 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 as to 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 depend on the auditors' judgement, 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 auditors consider internal control 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 control. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the Company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004, the applicable provisions of the Insurance Act CAP 117 LFN 2004 and relevant guidelines issued by the National Insurance Commission. The financial statements give a true and fair view of the financial position of **Prestige Assurance Plc** as at 31 December 2009, and of its financial performance and its Cash flows for the year then ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

Chartered Accountants  
Lagos, Nigeria

## PRESTIGE ASSURANCE PLC

### STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2009

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 year's 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. 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> %



## PRESTIGE ASSURANCE PLC

### STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2009 (Contd...)

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 or loss.

#### 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.

#### 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 is 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 cost or revalued amount 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.

## PRESTIGE ASSURANCE PLC

### STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2009 (Contd...)

#### 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 the Company (15%), 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 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.



## PRESTIGE ASSURANCE PLC

### STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2009 (Contd...)

#### 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 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.

## PRESTIGE ASSURANCE PLC

### STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2009 (Contd...)

**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 dividend 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. DEFERRED ACQUISITION EXPENSES**

Prepaid expenses include deferred acquisition expenses. These expenses are incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unearned premium to written premium.

**23. REINSURANCE PREMIUM COST (INCLUDING PREPAID REINSURANCE PREMIUM)**

Reinsurance cost have been apportioned on time basis. Therefore, unexpired portion has been recognized as assets in the balance sheet.



**PRESTIGE ASSURANCE PLC**  
**BALANCE SHEET AT 31 DECEMBER, 2009**

**SUBSIDIARIES**

<b>ASSETS</b>	Notes	<b>2009</b> N	<b>2008</b> N
Cash		<b>323,517,834</b>	237,945,206
Short term investments	1	<b>2,419,812,758</b>	1,993,167,752
Debtors	2	<b>1,372,880,532</b>	1,589,421,964
Deferred Acquisition Expenses	3	<b>118,503,599</b>	35,562,100
Outstanding Claims Recoverable	24	<b>474,313,227</b>	-
Prepaid Reinsurance Premium	24	<b>303,771,004</b>	-
Long term investments	4	<b>1,016,941,414</b>	1,227,727,315
Statutory Deposit	5	<b>300,000,000</b>	300,000,000
Fixed Assets	6	<b>608,196,301</b>	561,624,216
<b>TOTAL ASSETS</b>		<b>6,937,936,669</b>	<b>5,945,448,553</b>
<b>LIABILITIES</b>			
Creditors:			
Amount falling due within one year	7	<b>769,579,070</b>	740,418,207
Taxation	18a	<b>289,154,591</b>	326,858,290
Insurance Funds	8	<b>1,471,348,246</b>	451,628,778
Deferred taxation	18b	<b>64,133,940</b>	56,919,315
		<b>2,594,215,847</b>	<b>1,575,824,590</b>
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	9	<b>1,074,992,330</b>	1,074,992,330
Share Premium	10	<b>1,349,985,726</b>	1,349,985,726
Statutory Contingency Reserve	11	<b>957,947,969</b>	783,264,667
Investment Revaluation Reserve	12	-	188,978,516
General Reserve	13	<b>960,794,797</b>	972,402,724
		<b>4,343,720,822</b>	<b>4,369,623,963</b>
<b>TOTAL LIABILITIES</b>		<b>6,937,936,669</b>	<b>5,945,448,553</b>

Approved by the Board

**DIRECTORS**

The statement of significant accounting policies on pages 2 to 5 and accompanying notes on pages 15 to 20 form part of these Financial Statements.

**PRESTIGE ASSURANCE PLC**

**PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER, 2009**

	Notes	2009		2008	
		N	N	N	N
GROSS PREMIUM WRITTEN			3,445,446,799		3,008,390,602
GROSS PREMIUM EARNED			2,958,600,333		2,964,452,742
NET PREMIUM EARNED	14		1,655,870,303		1,532,178,469
Commission Received			307,270,794		335,958,052
			1,963,141,097		1,868,136,521
Less:					
Net Claims incurred		416,359,324		356,629,082	
Underwriting Expenses	15	844,376,035		691,816,693	
			(1,260,735,359)		(1,048,445,775)
UNDERWRITING PROFITS			702,405,738		819,690,746
Investment Income:					
Interests Received		339,947,546		333,811,194	
Lease Rental Income		528,724,211		418,027,422	
Dividends Received		28,631,289		41,130,759	
Profit on disposal of investment		37,423,256		116,330,696	
Profit on disposal of fixed Assets		1,771,724		2,165,698	
			936,498,026		911,465,769
Other Incomes	16		18,143,186		3,869,499
			1,657,046,950		1,735,026,014
Less:					
Expenses of Management		624,367,584		589,568,805	
Provision for Bad and Doubtful Debts		159,262,854		145,436,797	
			(783,630,438)		(735,005,602)
Profit before tax			873,416,512		1,000,020,412
Information Tech Dev. levy			(8,734,165)		(10,000,204)
Profit before tax after I.T.D. Levy			864,682,347		990,020,208
Income Taxation	18.1		(264,395,414)		(290,943,224)
Deferred Tax			(7,214,625)		12,571,591
Profit after tax			593,072,308		711,648,575
<b>APPROPRIATION:</b>					
Statutory Contingency Reserve	11		(174,683,302)		(198,004,042)
Retained Earnings	13		418,389,006		513,644,533
Earnings per share (actual)	23		27.58		33.10

SUBSIDIARIES

The statement of significant accounting policies on pages 2 to 5 and accompanying notes on pages 15 to 20 form part of these Financial Statements.



## PRESTIGE ASSURANCE PLC

### REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2009

	2009 N	2008 N
<b>IN RESPECT OF ACCIDENT INSURANCE BUSINESS</b>		
Premiums (direct)	411,892,940	694,473,158
Inward reinsurance premiums	306,754,497	74,709,794
Gross premiums written	718,647,437	769,182,952
Decrease/(Increase) in provision for unexpired risks	(120,571,906)	(12,734,354)
Gross premiums earned	598,075,531	756,448,598
Outward reinsurance premiums	(310,707,760)	(570,791,632)
Decrease/(Increase) in prepaid reinsurance	93,775,364	-
Reinsurance Cost	(216,932,396)	(570,791,632)
Net premium Earned	381,143,135	185,656,966
Commission received	99,905,493	139,220,221
<b>TOTAL INCOME</b>	<b>481,048,628</b>	<b>324,877,187</b>
Claims paid (direct)	72,383,280	97,964,104
Inward claims paid	1,918,125	-
Gross claims paid	74,301,405	97,964,104
Increase/(Decrease) in outstanding claims	21,585,125	(687,511)
Gross claims incurred	95,886,530	97,276,593
Outward reinsurance recoveries	(66,829,722)	(45,161,625)
Net claims incurred	29,056,808	52,114,968
Acquisition cost	122,195,838	90,372,832
Maintenance expenses	100,504,530	103,441,971
Profit to Profit and Loss Account	229,291,452	78,947,416
	<b>481,048,628</b>	<b>324,877,187</b>

**PRESTIGE ASSURANCE PLC**

**REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2009 (Contd...)**

	2009 N	2008 N
<b>IN RESPECT OF WORKMEN COMPENSATION INSURANCE BUSINESS</b>		
Premiums (direct)	56,657,891	37,475,730
Inward reinsurance premiums	220,144	-
Gross premiums written	56,878,035	37,475,730
Decrease/(Increase) in provision for unexpired risks	(3,195,318)	4,775,691
Gross premiums earned	53,682,717	42,251,421
Outward reinsurance premiums	-	-
Decrease/(Increase) in prepaid reinsurance	-	-
Reinsurance Cost	-	-
Net premiums earned	53,682,717	42,251,421
Commission received	-	-
<b>TOTAL INCOME</b>	<b>53,682,717</b>	<b>42,251,421</b>
Claims paid (direct)	27,226,383	33,913,961
Inward claims paid	3,395,597	-
Gross claims paid	30,621,980	33,913,961
Increase/(Decrease) in outstanding claims	(15,955,500)	22,627,000
Gross claims incurred	14,666,480	56,540,961
Outward reinsurance recoveries	-	-
Net claims incurred	14,666,480	56,540,961
Acquisition cost	6,365,367	5,157,439
Maintenance Cost	7,954,527	5,039,846
Profit/(Loss) to Profit and Loss Account	24,696,343	(24,486,825)
	<b>53,682,717</b>	<b>42,251,421</b>

**SUBSIDIARIES**



## PRESTIGE ASSURANCE PLC

### REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2009 (Contd...)

	2009 N	2008 N
<b>IN RESPECT OF MOTOR INSURANCE BUSINESS</b>		
Premiums (direct)	342,122,123	299,927,220
Inward reinsurance premiums	3,307,976	3,314,762
Gross premiums written	345,430,099	303,241,982
Decrease/(Increase) in provision for unexpired risks	(39,920,654)	3,523,437
Gross premiums earned	305,509,445	306,765,419
Outward reinsurance premiums	(2,779,022)	(3,882,822)
Decrease/(Increase) in prepaid reinsurance	-	-
Reinsurance Cost	(2,779,022)	(3,882,822)
Net Premiums earned	302,730,423	302,882,597
Commission received	486,328	-
<b>TOTAL INCOME</b>	<b>303,216,751</b>	<b>302,882,597</b>
Claims paid (direct)	83,792,782	80,993,214
Inward claims paid	-	-
Gross claims paid	83,792,782	80,993,214
Increase/(Decrease) in outstanding claims	(15,551,250)	24,674,650
Gross Claims incurred	68,241,532	105,667,864
Outward reinsurance recoveries	-	-
Net Claims incurred	68,241,532	105,667,864
Acquisition cost	22,495,709	20,433,891
Maintenance expenses	48,309,210	40,780,868
Profit to Profit and Loss Account	164,170,300	135,999,974
	<b>303,216,751</b>	<b>302,882,597</b>

**PRESTIGE ASSURANCE PLC**

**REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2009 (Contd...)**

	2009 N	2008 N
<b>IN RESPECT OF MARINE AND AVIATION INSURANCE BUSINESS</b>		
Premiums (direct)	835,678,607	741,010,835
Inward reinsurance premiums	104,417,059	63,922,276
Gross premiums written	<u>940,095,666</u>	<u>804,933,111</u>
Decrease/(Increase) in provision for unexpired risks	<u>(100,605,620)</u>	<u>(23,798,472)</u>
Gross premiums earned	<u>839,490,046</u>	<u>781,134,639</u>
Outward reinsurance premiums	<u>(483,546,207)</u>	<u>(373,102,002)</u>
Decrease/(Increase) in prepaid reinsurance	<u>9,513,902</u>	<u>-</u>
Reinsurance Cost	<u>(474,032,305)</u>	<u>(373,102,002)</u>
Net Premiums earned	365,457,741	408,032,637
Commission received	<u>86,192,240</u>	<u>60,966,644</u>
<b>TOTAL INCOME</b>	<u><b>451,649,981</b></u>	<u><b>468,999,281</b></u>
Claims paid (direct)	-	177,455,664
Inward claims paid	<u>287,020,785</u>	<u>-</u>
Gross claims paid	<u>287,020,785</u>	<u>177,455,664</u>
Increase/(Decrease) in outstanding claims	<u>5,058,328</u>	<u>56,353,649</u>
Gross Claim Incurred	<u>292,079,113</u>	<u>233,809,313</u>
Outward reinsurance recoveries	<u>(231,202,138)</u>	<u>(115,745,644)</u>
Net Claims incurred	<u>60,876,976</u>	<u>118,063,669</u>
Acquisition cost	<u>77,617,867</u>	<u>42,499,360</u>
Maintenance expenses	<u>131,474,585</u>	<u>108,249,757</u>
Profit to Profit and Loss Account	<u>181,680,554</u>	<u>200,186,495</u>
	<u><b>451,649,981</b></u>	<u><b>468,999,281</b></u>

**SUBSIDIARIES**



## PRESTIGE ASSURANCE PLC

### REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2009 (Contd...)

	2009 N	2008 N
<b>IN RESPECT OF FIRE INSURANCE BUSINESS</b>		
Premiums (direct)	1,253,821,482	1,063,821,649
Inward reinsurance premiums	130,574,080	29,735,178
Gross premiums written	1,384,395,562	1,093,556,827
Decrease/(Increase) in provision for unexpired risks	(222,552,968)	(15,704,162)
Gross premiums earned	1,161,842,594	1,077,852,665
Outward reinsurance premiums	(809,468,045)	(484,497,817)
Decrease/(Increase) in prepaid reinsurance	200,481,738	-
Reinsurance Cost	(608,986,307)	(484,497,817)
Net Premiums earned	552,856,287	593,354,848
Commission received	120,686,733	135,771,187
<b>TOTAL INCOME</b>	<b>673,543,020</b>	<b>729,126,035</b>
Claims paid (direct)	543,787,676	544,562,233
Inward claims paid	1,781,326	-
Gross claims paid	545,569,002	544,562,233
Increase/(Decrease) in outstanding claims	63,423,070	(38,446,810)
Gross claims incurred	608,992,072	506,115,423
Outward reinsurance recoveries	(365,474,543)	(481,873,803)
Net Claims incurred	243,517,529	24,241,620
Acquisition cost	133,847,435	128,776,012
Maintenance expenses	193,610,968	147,064,718
Profit to Profit and Loss Account	102,567,088	429,043,685
	<b>673,543,020</b>	<b>729,126,035</b>

**PRESTIGE ASSURANCE PLC**

**STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER, 2009**

ASSETS	2009		2008	
	N	N	N	N
<b>Cash Flows from Operating Activities</b>				
Premium received from policy holders	3,606,456,123		2,901,041,264	
Commission received	307,270,794		335,958,052	
Other operating receipts	18,143,186		3,869,499	
Reinsurance receipts in respect of claims	732,255,208		431,241,768	
Cash paid to and on behalf of employees	(383,038,259)		(313,946,542)	
Reinsurance premium paid	(1,731,137,671)		(1,610,499,212)	
Other operating cash payments	(754,475,236)		(552,056,498)	
Claims paid	(978,520,823)		(937,283,487)	
IT Development Levy paid	(10,000,204)		(9,015,693)	
Company Income Tax paid	(300,833,074)		(259,179,900)	
<b>Net cash provided by operating activities</b>		<b>506,120,045</b>		<b>(9,870,749)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant & equipment	(485,797,313)		(445,251,371)	
Purchase of investments	(6,852,168)		(380,151,194)	
Realisation of //(Addition to) other investments	(434,144,028)		352,109,865	
Sale of property, plant & equipment	1,771,724		2,165,698	
Dividend received	28,631,289		41,130,759	
Interest received	339,947,546		333,811,194	
Lease rental received	528,724,211		418,027,422	
Refund on Deposit for Investments	-		87,397,187	
Profit on sale of investment	37,423,256		120,251,513	
<b>Net Cash provided by investing activities</b>		<b>9,704,517</b>		<b>529,491,073</b>
<b>Cash Flows from Financing Activities</b>				
Expense of Script issue & Filing fees	(255,000)		(9,291,018)	
Dividend paid	(429,996,932)		(452,988,863)	
<b>Net cash provided by financing activities</b>		<b>(430,251,932)</b>		<b>(462,279,881)</b>
<b>Increase in cash and cash equivalents</b>		<b>85,572,630</b>		<b>57,340,443</b>

**SUBSIDIARIES**

The accompanying notes form part of this Statement of Cash Flows.



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## PRESTIGE ASSURANCE PLC

### STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER, 2009 (Contd...)

	2009 N	2008 N
<b>1. Reconciliation of Operating Profit to the Cash provided by operating Activities</b>		
Operating profit before tax	873,416,512	990,020,208
Stamp duty and Filing fees	255,000	9,291,018
Investment income	(936,498,026)	(911,465,769)
Depreciation	439,225,228	439,032,565
Increase /(Decrease) in unearned premiums	486,846,466	43,937,860
Increase /(Decrease) in creditors	65,319,440	(45,320,561)
Increase /(Decrease) in claims provisions	532,873,002	64,520,978
(Increase) /Decrease in debtors	216,541,432	(326,240,282)
(Increase) /Decrease in deferred acquisition expenses	(82,941,500)	(5,451,173)
(Increase) /Decrease in outstanding claims recoverable	(474,313,227)	-
(Increase) /Decrease in prepaid reinsurance premium	(303,771,004)	-
IT Development levy paid	(10,000,204)	(9,015,693)
Tax paid	(300,833,074)	(259,179,900)
Cash provided by operating activities	<u>506,120,045</u>	<u>(9,870,749)</u>

### 2 Analysis of Changes in Cash and Cash Equivalents and other liquid Investments

	Cash & Cash Equivalents	Investment	Total	2008
	N	N	N	N
Balance as at 1 January 2008	237,945,206	3,220,895,067	3,458,840,273	4,135,706,444
Net cash inflow	85,572,628	-	85,572,628	57,340,443
Purchase of investments	-	433,497,174	433,497,174	28,041,329
Sales of Investment	-	-	-	(91,318,004)
Investments revaluation Surplus	-	(217,638,069)	(217,638,069)	(670,929,939)
	<u>323,517,834</u>	<u>3,436,754,172</u>	<u>3,760,272,006</u>	3,458,840,273

### 3. Analysis of the Balance of cash and cash equivalents and other liquid investments

	2009	2008	Change during the year
	N	N	N
Total cash and cash equivalents	323,517,834	237,945,206	85,572,628
Investments	3,436,754,172	3,220,895,067	215,859,105
	<u>3,760,272,006</u>	<u>3,458,840,273</u>	<u>301,431,733</u>

**PRESTIGE ASSURANCE PLC**

**NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009**

	2009 N	2008 N
<b>1. SHORT TERMS INVESTMENT</b>		
Commercial Papers	783,111,111	128,000,000
Bankers Acceptances	1,516,831,434	1,572,311,077
Bond (Market value N37.5m)	37,500,000	75,000,000
Call Deposits	82,370,213	217,856,675
	<u>2,419,812,758</u>	<u>1,993,167,752</u>
<b>2 DEBTORS</b>		
Outstanding Premiums	603,359,563	582,816,455
Amounts due from Re-Insurance and Insurance Companies	705,706,268	774,455,073
Amounts due from Insurance Brokers and Agents	542,095,148	564,384,726
Sundry Debtors & Prepayments	65,407,133	52,190,436
	<u>1,916,568,112</u>	<u>1,973,846,690</u>
Provision on doubtful debts	<u>(543,687,580)</u>	<u>(384,424,726)</u>
	<u>1,372,880,532</u>	<u>1,589,421,964</u>
<b>3 DEFERRED ACQUISITION EXPENSES</b>		
Deferred Acquisition Expenses	<u>118,503,599</u>	<u>35,562,100</u>
<b>4 LONG TERM INVESTMENTS</b>		
These comprise of:		
<b>(i) Quoted investments</b>		
<b>Ordinary shares</b>		
Balance brought forward-COST	613,568,990	448,083,852
Reclassified Balance	-	(68,407)
Addition during the year	6,852,168	256,871,549
Disposal during the year	-	(91,318,004)
	<u>620,421,158</u>	<u>613,568,990</u>
Transferred to investment revaluation reserve (Note 12)	<u>(28,659,553)</u>	<u>188,978,516</u>
Balance Carried Forward	<u>591,761,605</u>	<u>802,547,506</u>
<b>(ii) Unquoted investments at cost</b>		
Ordinary shares		
Balance brought forward	425,179,809	301,831,757
Reclassified Balance	-	68,407
Additions during the year	-	123,279,645
	<u>425,179,809</u>	<u>425,179,809</u>
	<u>1,016,941,414</u>	<u>1,227,727,315</u>
<b>5. STATUTORY DEPOSIT</b>	<u>300,000,000</u>	<u>300,000,000</u>

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 2009.

This represents deposit with the Central Bank of Nigeria, the sum of N300m (2008 N300m).

This is in accordance with section 10(2) of the Insurance Act, 2003.



## PRESTIGE ASSURANCE PLC

### NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)

#### 6. PROPERTY, PLANT & EQUIPMENT.

	Plant & Machinery N	Leasehold Land & Building N	Furniture Fixtures & Fittings N	Computer Equipment N	Motor Vehicles N	Assets On Lease N	Total N
<b>Cost :</b>							
At 1st January,2009	21,432,435	160,208,570	29,932,162	47,003,543	74,982,489	1,100,317,177	1,433,876,376
Additions	678,000	5,166,753	2,456,844	6,827,616	2,595,000	468,073,100	485,797,313
Disposal	-	-	-	-	(1,800,000)	(96,449,900)	(98,249,900)
At 31st December,2009	22,110,435	165,375,323	32,389,006	53,831,159	75,777,489	1,471,940,377	1,821,423,789
<b>Depreciation:</b>							
At 1st January,2009	13,711,155	16,642,619	17,843,020	39,071,401	47,380,461	737,603,504	872,252,160
Charge for the year	1,476,206	2,909,371	2,121,980	7,436,514	14,381,750	410,899,407	439,225,228
Disposal	-	-	-	-	(1,800,000)	(96,449,900)	(98,249,900)
At 31st December,2009	15,187,361	19,551,990	19,965,000	46,507,915	59,962,211	1,052,053,011	1,213,227,488
<b>Net book value :</b>							
At 31st December, 2009	6,923,074	145,823,333	12,424,006	7,323,244	15,815,278	419,887,366	608,196,301
At 31st December,2008	7,721,280	143,565,951	12,089,142	7,932,142	27,602,028	362,713,673	561,624,216

The leasehold land and buildings with a netbook value of N145,823,333 were professionally valued at N400,000,000 on the 16th November 2009 by Messrs Obasi & Co., Estate Surveyors and Valuers on the basis of open market value of N600,000,000. In line with the National Insurance Commission's guideline, this can only be brought into the books of account after 3 years of the valuation.

#### 7. CREDITORS

	2009 N	2008 N
Amounts Falling due within one year:		
Amounts due to Re-Insurance and Insurance Companies	82,965,813	207,602,450
Amounts due to Insurance Brokers and Agents	94,175,991	111,887,012
Amounts due to Policy Holders	119,350,848	76,565,716
Sundry Creditors and Accrued charges	473,086,419	308,204,452
Dividend Payable (Note 20)	-	36,158,577
	<b>769,579,070</b>	<b>740,418,207</b>

**PRESTIGE ASSURANCE PLC**

**NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)**

8. INSURANCE FUNDS	2009 N	2008 N
Unexpired Risks:		
Accident	168,881,852	48,309,946
Fire	281,012,272	58,459,305
Workmen's Compensation	10,679,655	7,484,337
Motor	93,111,421	53,190,767
Marine and Aviation	152,879,225	52,273,604
	<u>706,564,425</u>	<u>219,717,959</u>
Outstanding Claims:		
Accident	121,895,362	36,661,143
Fire	405,003,500	19,828,930
Workmen's Compensation	21,769,000	37,724,500
Motor	27,538,500	43,089,750
Marine and Aviation	188,577,459	94,606,496
	<u>764,783,821</u>	<u>231,910,819</u>
<b>Total Insurance Funds</b>	<u><b>1,471,348,246</b></u>	<u><b>451,628,778</b></u>
<b>9. SHARE CAPITAL</b>		
4,000,000 Ordinary Shares of 50k each	2,000,000,000	2,000,000,000
<b>ISSUED AND FULLY PAID:</b>		
2,149,984,660 Balance as at 1 January	1,074,992,330	859,993,864
- Bonus issue allotted	-	214,998,466
	<u>1,074,992,330</u>	<u>1,074,992,330</u>
<b>10. SHARE PREMIUM</b>		
Balance as at end of the year	1,349,985,726	1,349,985,726
<b>11. STATUTORY CONTINGENCY RESERVE</b>		
At 1 January	783,264,667	585,260,625
Additional provision made during the year	174,683,302	198,004,042
At 31 December	<u>957,947,969</u>	<u>783,264,667</u>
<b>12 INVESTMENTS REVALUATION RESERVE</b>		
At 1 January	188,978,516	859,908,455
Movement during the year	(217,638,069)	(670,929,939)
	(28,659,553)	188,978,516
Diminution Transferred to Profit and loss account	28,659,553	-
At 31 December	<u>-</u>	<u>188,978,516</u>
<b>13. GENERAL RESERVE</b>		
At 1 January	972,402,724	811,771,430
NITDA	-	(9,015,693)
Dividend declared/paid	(429,996,932)	(343,997,546)
Retained Earnings	418,389,005	513,644,533
At 31 December	<u>960,794,797</u>	<u>972,402,724</u>



## PRESTIGE ASSURANCE PLC

### NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)

	2009 N	2009 N	2008 N	2008 N
	NET PREMIUM EARNED	UNDER- WRITING PROFIT/ (LOSS)	NET PREMIUM EARNED	UNDER- WRITING PROFIT
<b>14. NET PREMIUM EARNED AND UNDERWRITING PROFITS</b>				
Accident Insurance Business	381,143,135	229,291,452	185,656,966	78,947,416
Fire Insurance Business	552,856,287	102,567,088	593,354,848	429,043,685
Workmen's Compensation Insurance Business	53,682,717	24,696,343	42,251,421	(24,486,825)
Motor Insurance Business	302,730,423	164,170,300	302,882,597	135,999,974
Marine and Aviation Business	365,457,741	181,680,554	408,032,637	200,186,495
	<u>1,655,870,303</u>	<u>702,405,738</u>	<u>1,532,178,469</u>	<u>819,690,745</u>
<b>15. UNDERWRITING EXPENSES</b>			<b>2009 N</b>	<b>2008 N</b>
Acquisition Cost:				
- Commission Paid			362,522,216	287,239,534
- Maintenance Expenses			481,853,819	404,577,159
			<u>844,376,035</u>	<u>691,816,693</u>
<b>16. OTHER OPERATING INCOME</b>				
Sundry Income			1,741,537	3,869,499
Gain on exchange			16,401,649	-
			<u>18,143,186</u>	<u>3,869,499</u>
<b>17. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				
This is stated after Charging and (Crediting):				
Directors' Remuneration:				
Fees			950,000	750,000
Gratuity			1,272,000	1,200,000
Other remuneration			1,642,350	15,644,144
Depreciation of property, plant & equipment			439,225,228	439,032,565
Auditors' Remuneration			3,500,000	3,500,000
Exchange Loss (Gain)			(16,401,649)	7,493,709
(Profit) /loss on disposal of fixed assets			(1,771,724)	(2,165,698)
Lease Rental Income			(528,724,211)	(418,027,422)

**PRESTIGE ASSURANCE PLC**

**NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)**

	2009 N	2008 N
<b>18. TAXATION</b>		
<b>18.1 PER PROFIT AND LOSS ACCOUNT</b>		
Profit and Loss Account-		
Income Tax on Profit for the year	238,758,417	261,971,138
Education Tax	25,636,997	25,651,753
Under/Over provision-prior year	-	3,320,333
Information Technology Tax	8,734,165	10,000,204
	<u>273,129,579</u>	<u>300,943,428</u>
Deferred Taxation (19.3)	7,214,625	(12,571,591)
	<u>280,344,204</u>	<u>288,371,837</u>
<b>18.2 PER BALANCE SHEET</b>		
Balance at 1st January	326,858,290	285,094,762
Charge for the Year (Income Tax and Education Tax)	264,395,414	290,943,224
Information Technology Tax	8,734,165	10,000,204
Payment during the year	(310,833,278)	(259,179,900)
Balance at 31 December	<u>289,154,591</u>	<u>326,858,290</u>
The charge for taxation in these accounts is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 as amended and the Education tax CAP E4 LFN 2004		
<b>18.3 DEFERRED TAXATION</b>		
At 1 January	56,919,315	69,490,906
Provision made in the year	7,214,625	(12,571,591)
At 31 December	<u>64,133,940</u>	<u>56,919,315</u>

The company has adopted the Statement of Accounting Standard SAS 19 on deferred taxation which is now computed using the liability method.

**19. INFORMATION TECHNOLOGY DEVELOPMENT**

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12(2a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.



## PRESTIGE ASSURANCE PLC

### NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)

	2009 N	2008 N
<b>20 DIVIDEND</b>		
At 1 January	36,158,577	145,149,894
Declared during the year	429,996,932	343,997,546
Payments during the year	(466,155,509)	(452,988,863)
At 31 December	-	36,158,577
A final dividend of 10k per 50k share held has been proposed.		
This is subject to shareholders' ratification at the Annual General Meeting.		
<b>21 INFORMATION REGARDING DIRECTORS AND EMPLOYEES</b>		
<b>i) EMPLOYEES</b>		
Number of persons employed in the financial year and staff costs were as follows:	<b>2009 Number</b>	<b>2008 Number</b>
Managerial	4	6
Senior Staff	40	42
Junior Staff	38	40
	<u>82</u>	<u>88</u>
<b>ii) ANALYSIS OF STAFF COSTS</b>	<b>N</b>	<b>N</b>
Salaries and welfare	<b>322,148,270</b>	247,334,649
Staff gratuity and pension	<b>24,359,901</b>	26,572,063
	<u>346,508,171</u>	<u>273,906,712</u>
Medical	<b>18,008,215</b>	11,872,629
Training	<b>18,521,873</b>	28,167,201
	<u>383,038,259</u>	<u>313,946,542</u>
<b>Gratuity</b>		
At 1 January	<b>30,029,873</b>	20,029,873
Provision during the year	-	10,000,000
Payment during the year	<b>(10,000,000)</b>	-
At 31 December	<u>20,029,873</u>	<u>30,029,873</u>

**PRESTIGE ASSURANCE PLC**

**NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)**

	2009 N	2008 N
<b>iii) CHAIRMAN'S AND DIRECTORS' EMOLUMENTS, PENSIONS AND COMPENSATION FOR LOSS OF OFFICE:</b>		
Emoluments:		
Chairman	150,000	150,000
Other Directors	600,000	600,000
Gratuity	1,290,000	1,200,000
Other Emolument of Executives	16,426,351	15,644,144
Emolument of highest paid director	<u>16,426,351</u>	<u>15,644,144</u>

The table below shows number of directors of the Company excluding the chairman whose emoluments fell within bands shown below:

	N	N	Number	Number
	10,001	20,000	Nil	Nil
	20,001	30,000	Nil	Nil
	50,001	60,000	Nil	Nil
	70,001	80,000	Nil	Nil
	Above	80,000	<u>6</u>	<u>6</u>
<b>iv) EMOLUMENTS WAIVED</b>				
Number of directors who have waived their rights to receive emoluments			Nil	Nil

**v) SCALE OF EMPLOYEES REMUNERATION**

The number of employees in respect of emoluments within the following ranges were:

	N	N	Number	Number
	250,000	300,000	3	14
	300,001	350,000	23	15
	350,001	400,000	10	14
	400,001	450,000	5	9
	450,001	500,000	6	8
	500,001	and above	35	28
			<u>82</u>	<u>88</u>

**22. PROPOSED DIVIDEND**

In respect of the current year, the directors proposed that a dividend of 10kobo per ordinary share will be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in the financial statements in accordance with the statement of accounting standard 23. The proposed dividend is subject to withholding tax at the appropriate tax rate



## PRESTIGE ASSURANCE PLC

### NOTES ON THE ACCOUNTS YEAR ENDED AT 31 DECEMBER, 2009 (Contd...)

and is payable to shareholders whose name appear in the register of members at closure date. The gross dividend to be paid is N214,998,466.

#### 23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders the number of ordinary shares in issue during the year.

	2009 N	2008 N
Profit after tax for the year attributable to ordinary shareholders	593,072,308	711,648,575
Ordinary shares in issue	2,149,984,660	2,149,984,660
Basic Earnings per share (kobo)	<u>27.58</u>	<u>33.10</u>

#### 24. CHANGE IN ACCOUNTING TREATMENT

In compliance with the directive of the National Insurance Commission (NAICOM) to all Insurance Companies, the treatment of :

- Outstanding Claims
- Reserve for unexpired Risks have been brought into the books on Gross basis rather than the former treatment of net basis, and
- Re-insurance costs have been apportioned on time basis.

#### 25. FINANCIAL COMMITMENTS

There is capital commitment of N755million for the building of the Company's new head office for a period of 60 weeks.

#### 26. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December, 2009.

#### 27. POST BALANCE SHEET EVENTS

No events 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.

#### 28. RECLASSIFICATION OF BALANCES

Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the statement of Accounting Standard No.2 (SAS 2).

29 Prestige Assurance Plc is a subsidiary of the New India Assurance Co. Ltd., Mumbai, India.

#### 30. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors on 11 June 2010.

**PRESTIGE ASSURANCE PLC**

**STATEMENT OF VALUE ADDED YEAR ENDED 31 DECEMBER, 2009**

	2009 N	%	2008 N	%
Premium Earned	1,655,870,303		1,532,178,469	
Commissions - Net	(55,251,422)		48,718,518	
	1,600,618,881		1,580,896,987	
Claims incurred and other services expenses-Local	(868,314,259)		(753,232,940)	
	732,304,622		827,664,047	
Investment Income	936,498,026		911,465,769	
Other Operating Income	18,143,186		3,869,499	
<b>VALUE ADDED</b>	<b>1,686,945,834</b>	<b>100</b>	<b>1,742,999,315</b>	<b>100</b>
<b>Applied as follows:</b>				
To pay employees:				
Salaries, wages and other benefits	383,038,259	23	313,946,542	18
<b>To pay Provider of Capital:</b>				
Contingency Reserve	174,683,302	10	198,004,042	11
<b>To pay Government:</b>				
Taxation	264,395,414	16	290,943,224	17
To provide for assets replacement and growth				
Depreciation	439,225,228	26	439,032,565	25
Retained for Company's growth	418,389,006	25	513,644,533	29
Deferred Taxation	7,214,625		(12,571,591)	-
	1,686,945,834	100	1,742,999,315	100

**SUBSIDIARIES**



## PRESTIGE ASSURANCE PLC

### FIVE YEAR FINANCIAL SUMMARY YEAR ENDED 31 DECEMBER

	2009 N'000'	2008 N'000'	2007 N'000'	2006 N'000'	2005 N'000'
<b>ASSETS EMPLOYED</b>					
Net Current Assets	3,954,065	2,788,821	2,629,351	2,697,986	865,222
Investments	1,016,941	1,227,727	1,609,824	768,055	496,768
Statutory Deposit	300,000	300,000	300,000	20,000	20,000
Fixed Assets	608,196	561,624	555,405	495,627	348,043
	<b>5,879,203</b>	4,878,172	5,094,580	3,981,668	1,730,033
Insurance Funds	(1,471,348)	(451,629)	(343,170)	(298,041)	(268,784)
Deferred Taxation	(64,134)	(56,919)	(69,491)	(66,272)	(40,697)
	<b>4,343,721</b>	4,369,624	4,681,919	3,617,355	1,420,552
<b>FINANCED BY:</b>					
Share Capital	1,074,992	1,074,992	859,994	797,652	366,122
Bonus Issue	-	-	-	-	-
Reserve	-	-	214,998	-	91,530
Share Premium	1,349,986	1,349,986	1,349,986	1,335,829	94,173
Statutory Contingency Reserve	957,948	783,265	585,261	404,947	284,850
Investment Revaluation Reserve	-	188,978	859,909	466,928	259,196
General Reserve	960,795	972,403	811,771	611,999	324,681
	<b>4,343,721</b>	4,369,624	4,681,919	3,617,355	1,420,552
<b>SHAREHOLDERS FUNDS</b>					
	<b>4,343,721</b>	4,369,624	4,681,919	3,617,355	1,420,552
<b>INCOME AND PROFIT</b>					
Gross Premium	3,445,447	3,008,391	2,260,710	1,539,098	1,269,048
Net Premium	2,958,600	1,576,116	1,180,858	889,602	627,968
Premium Earned	1,655,870	1,532,178	1,163,192	881,121	608,473
Investment and other Income	954,641	915,335	752,780	488,677	387,470
	<b>873,417</b>	1,000,020	901,569	600,484	424,250
Profit before taxation	873,417	1,000,020	901,569	600,484	424,250
Taxation	264,395	290,943	263,485	193,068	139,778
Profit after taxation	593,072	711,649	638,084	407,416	284,472
Proposed dividend/paid	-	429,997	343,998	257,998	87,869
Statutory Contingency Reserve	174,683	198,004	180,314	120,097	84,850
Retained Profits	418,389	513,645	457,770	287,319	111,753

**PRESTIGE ASSURANCE PLC**

**FIVE YEAR FINANCIAL SUMMARY YEAR ENDED 31 DECEMBER (Contd...)**

	<b>2009</b> N'000'	2008 N'000'	2007 N'000'	2006 N'000'	2005 N'000'
Earning per 50k share (actual)	<b>27.58</b>	33.10	39.48	41.91	38.85
Earnings per 50k share (adjusted)	-			-	38.85
Dividends per 50k share (actual)	-			-	12.00
Dividends per 50k share (adjusted)	-			-	12.00

During the five years period the following bonus shares were approved for allotments:

20 January 2004 one for every four shares	N41,132,813
23 August 2005 one for every two shares	N122,040,564
27 July 2006 one for every four shares	N91,530,423
31 July 2008 one for every four shares	N214,998,466

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary Shareholders by the number of ordinary shares in issue during the year.



Estbd. 1919

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THE NEW INDIA ASSURANCE CO. LTD.

## OFFICE IN INDIA

SR NO	REGIONAL OFFICE	DIVISIONAL OFFICE	BRANCH OFFICE	DIRECT AGENT BRANCH	EXTENTION COUNTERS	TOTAL
1	MUMBAI - I	14	1	1	0	16
2	MUMBAI - II	15	8	4	0	27
3	MUMBAI - III	10	2	0	0	12
4	MUMBAI - IV	10	0	0	0	10
5	PUNE	25	33	1	2	61
6	NAGPUR	10	18	0	0	28
7	AHMEDABAD	15	14	1	2	32
8	BARODA	10	6	0	1	17
9	SURAT	9	6	1	0	16
10	DELHI - I	20	15	0	0	35
11	DELHI - II	15	32	2	5	54
12	JAIPUR	11	21	1	0	33
13	CHANDIGARH	18	36	1	3	58
14	LUDHIANA	17	31	1	3	52
15	KANPUR	22	55	2	0	79
16	BHOPAL	19	29	1	0	49
17	KOLKATA	20	29	1	0	50
18	GUWAHATI	9	22	0	2	33
19	PATNA	10	29	1	0	40
20	BHUBANESHWAR	10	23	1	3	37
21	HYDERABAD	20	18	2	0	40
22	VISHAKHAPATNAM	12	23	1	1	37
23	BENGALURU	23	40	0	0	63
24	CHENNAI	20	21	4	1	46
25	COIMBATORE	18	35	0	0	53
26	ERNAKULAM	13	44	1	0	58
	<b>TOTAL</b>	<b>395</b>	<b>591</b>	<b>27</b>	<b>23</b>	<b>1036</b>

TOTAL NO OF OFFICES : (26+395+591+27+23) = 1062

## FOREIGN OFFICES

### A. FOREIGN BRANCHES

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

### 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 (One)	3. Bahrain	1959
4.	Kuwait (One)	4. Kuwait	1953
5.	Oman (One)	5. Muscat	1975
6.	Dutch Caribbean (One)	6. Aruba	1963
7.	Netherlands Antilles (One)	7. Curacao	1954



**C. SUBSIDIARY COMPANIES**

	Country		Year of Commencement of Operations
1.	Nigeria	1. Lagos 2. Kano 3. Port Harcourt	1970
2.	Trinidad & Tobago	1. Port of Spain 2. St. Lucia (Castries) 3. Dominica (Roseau) 4. St. Maarten (Philipsburg)	1966
3.	Sierra Leone	1. Freetown	1973

**D. ASSOCIATE COMPANIES**

1. India International Insurance Pvt. Ltd., Singapore
2. Kenindia Assurance Co. Ltd., Kenya
3. United Insurance Co. Ltd., Jordan
4. Saudi Indian Company for Co Operative Insurance, Riyadh

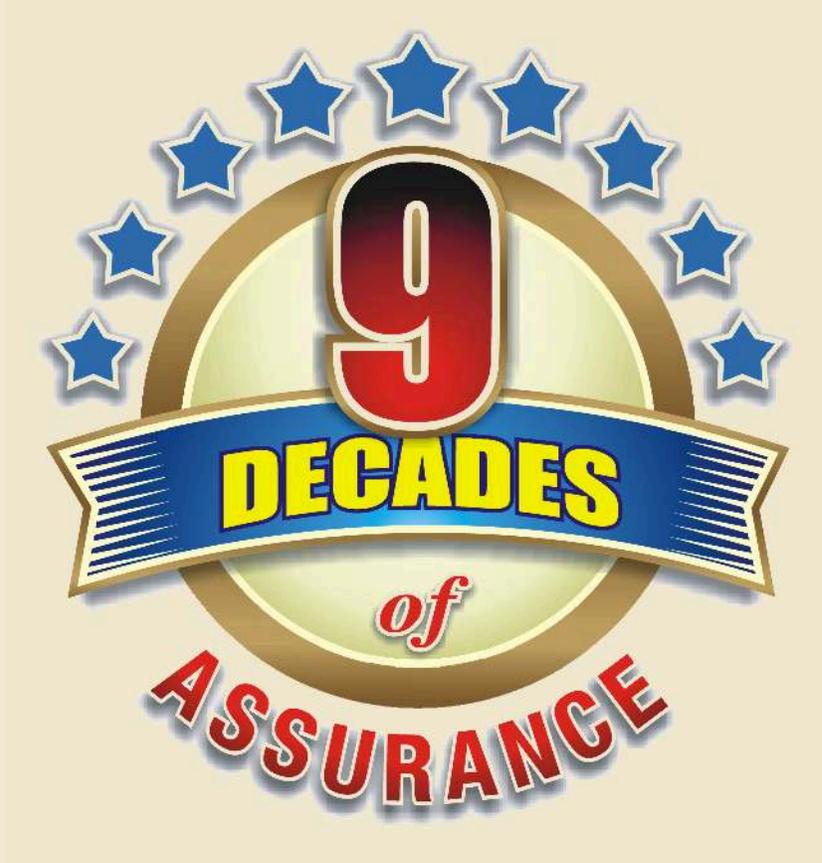


**प्रबंधन टीम**

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**Management Team**

Asha Nair, S.B.L. Gour, I.S. Phukela, M. Ramadoss (CMD), A.R. Sekar & S. Gopalakrishnan



दि न्यू इंडिया एश्योरन्स कं. लि.



THE NEW INDIA ASSURANCE CO. LTD.

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