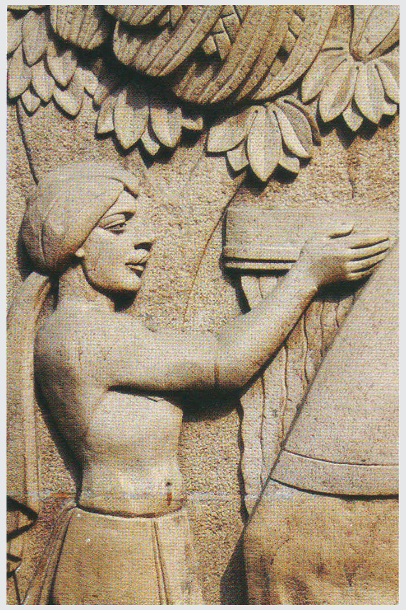


दि न्यु इंडिया एश्योरन्स कं. लि.

The New India Assurance Co. Ltd.

Registered & Corporate Office : The New India Assurance Building, 87, M. G. Road, Fort, Mumbai - 400 001.

वार्षिक प्रतिवेदन

ANNUAL REPORT 2013-14

GROUNDED
IN LEGACY
SHAPING
THE FUTURE

दि न्यु इंडिया एश्योरन्स कं. लि.

The New India Assurance Co. Ltd.

प्ररूप बी.वि.प्रा./द6
FORM IRDA/R6

522

बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

रजिस्ट्रीकरण के नवीकरण का प्रमाणपत्र
Certificate of Renewal of Registration

रजिस्ट्रीकरण संख्या
Registration Number 190

रजिस्ट्रीकरण के नवीकरण की तारीख
Date of Renewal of Registration: 01-04-2014

________ (बीमाकर्त्ता का नाम) का रजिस्ट्रीकरण, बीमा अधिनियम, 1938 की धारा 3क के अधीन वर्ष ________ से ________ के लिए नवीकृत किया जाता है।

तारीख 20 को हैदराबाद में जारी।

The certificate of registration of THE NEW INDIA ASSURANCE COMPANY LIMITED
(Name of Insurer)
is hereby renewed under section 3A of the Insurance Act, 1938, for the year 2014 to 2015
Issued at Hyderabad on 25TH day of FEB 2014

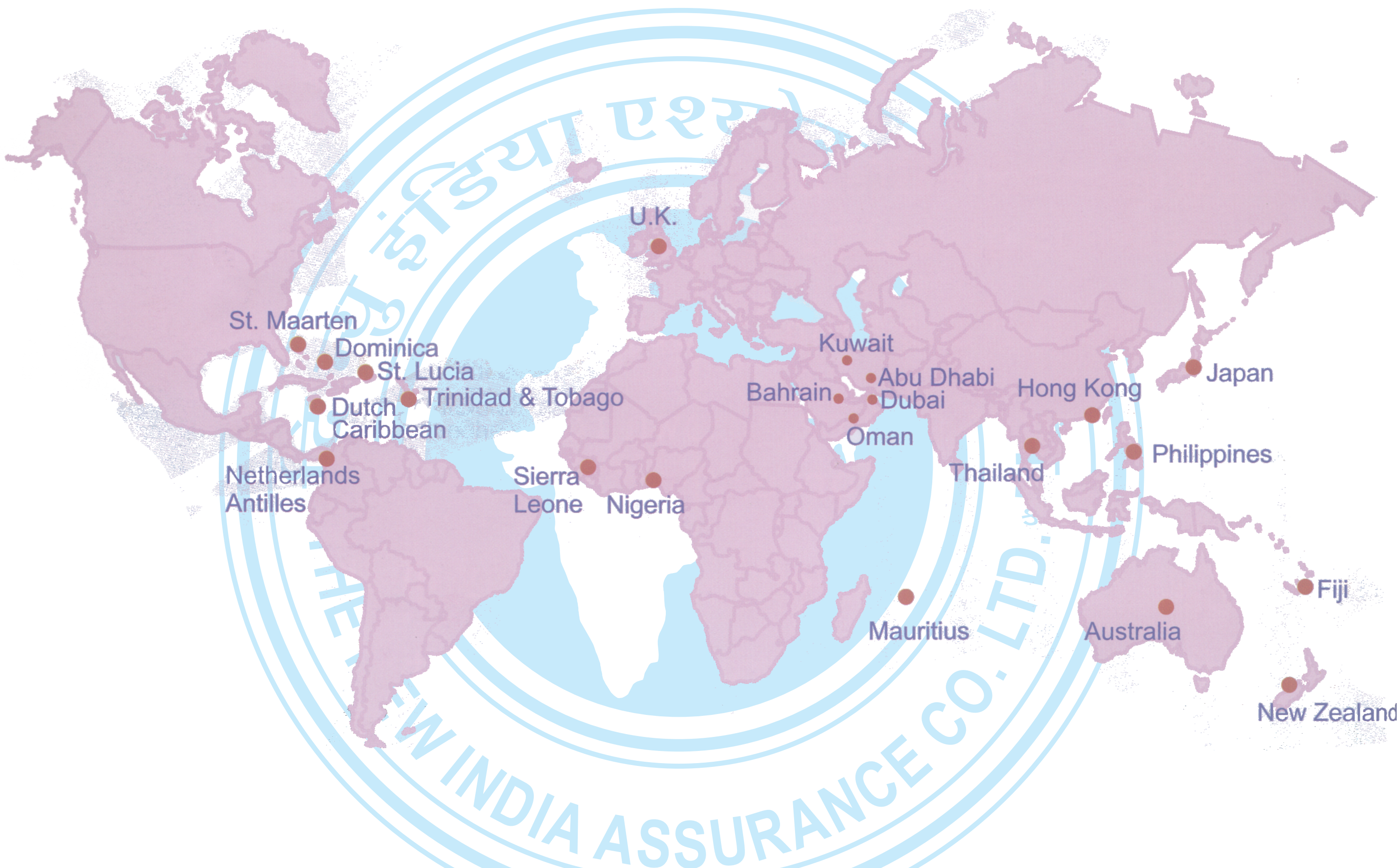
(प्राधिकारी की मुद्रा)
(Seal of the Authority)

(प्राधिकृत हस्ताक्षरकर्त्ता)
(Authorised Signatory)

Regional Managers Conference at Chennai


"The Customer is the most important visitor
on our premises. He is not dependent on us. We
are dependent on him. He is not an interruption
in our work. He is the purpose of it. He is not an
outsider in our business. He is a part of it. We
are not doing him a favour by serving him. He is
doing us a favour by giving us an opportunity to
do so."
— Mahatma Gandhi

Overseas Presence



Japan	U.K.	Dutch Caribbean
Hong Kong	New Zealand	Netherlands Antilles
Philippines	Abu Dhabi (U.A.E.)	Nigeria
Thailand	Dubai (U.A.E.)	Trinidad & Tobago
Australia	Bahrain	St. Lucia
Fiji	Kuwait	Dominica
Mauritius	Oman	St. Maarten
		Sierra Leone

INDEX

ANNUAL REPORTS OF SUBSIDIARIES

COMPANY'S FINANCIAL SUMMARY SINCE NATIONALISATION (From 1st JANUARY 1973)

(₹ IN CRORE)

Year	Gross Premium Indian	Gross Premium Foreign	Gross Premium Total	Net Premium Total	Unexpired Risk	Earned Premium	Net incurred claims	Commission & Operating exp/income	U/W (profit '+'/loss -)	Investment income	Net profit PBT	Net profit PAT	Share capital	Dividend	General Reserve	Total Assets	Net Worth	Solvency
1973	44.45	8.18	52.63	49.18	4.10	45.08	24.12	14.25	4.91	5.51	6.90	4.06	3.84	0.46	13.98	114.81	16.04	
1974	55.64	10.23	65.87	58.91	6.49	52.42	29.53	17.19	5.72	6.06	10.98	4.93	3.85	1.19	18.90	135.60	23.94	
1975	67.61	12.10	79.71	70.17	7.30	62.87	36.52	19.31	7.30	8.38	14.61	7.02	3.85	2.31	25.00	162.45	30.02	
1976	77.58	15.87	93.45	81.42	7.38	74.04	36.58	21.84	15.60	10.70	24.81	14.88	7.70	2.70	32.99	191.59	41.88	
1977	81.51	15.76	97.27	89.29	4.64	84.65	45.59	25.49	13.57	12.91	21.03	8.45	7.70	2.70	38.75	220.97	51.57	
1978	92.54	17.32	109.86	99.53	5.91	93.62	57.77	25.65	10.20	14.31	24.39	11.88	7.70	3.85	47.93	259.51	61.53	
1979	105.15	16.24	121.39	105.48	3.22	102.26	65.15	30.96	6.15	16.39	18.23	7.10	11.00	3.85	47.89	258.95	69.13	
1980	127.48	20.02	147.50	126.86	11.26	115.60	73.61	32.35	9.64	19.13	23.09	8.37	11.00	3.85	52.42	291.58	78.75	
1981	164.72	26.20	190.92	162.13	22.00	140.13	98.16	34.43	7.54	23.76	24.70	8.86	11.00	3.85	57.42	350.24	89.86	
1982	206.73	25.59	232.32	187.66	11.55	176.11	115.42	38.34	22.35	31.91	48.14	16.61	18.50	6.48	62.68	457.99	108.74	
1983	248.78	25.59	274.37	225.60	23.77	201.83	131.80	42.48	27.55	48.84	75.17	29.11	18.50	7.40	85.32	583.59	132.40	
1984	287.10	28.70	315.80	253.48	16.16	237.32	168.87	42.35	26.10	51.19	76.87	31.00	18.50	7.40	108.92	699.68	156.01	
1985	338.41	31.80	370.21	296.98	25.87	271.11	199.94	65.86	5.31	63.14	68.90	39.40	18.50	7.40	133.52	828.52	180.61	
1986	393.52	40.30	433.82	341.67	26.61	315.06	224.14	75.87	15.05	74.82	87.92	46.13	25.90	9.06	163.19	977.35	217.68	
1987	446.93	55.70	502.63	398.63	31.70	366.93	258.28	90.07	18.58	86.62	104.00	53.27	25.90	9.06	207.39	1095.94	261.88	
1988-89	660.22	73.32	733.54	576.75	35.84	540.91	423.30	147.65	-30.04	129.51	99.48	64.56	25.90	11.33	279.73	1325.34	334.21	
1989-90	648.13	69.27	717.40	569.66	63.46	506.20	392.69	142.80	-29.29	130.76	101.18	70.94	25.90	9.06	351.12	1644.30	405.60	
1990-91	837.22	88.65	925.87	710.55	79.54	631.01	532.98	152.18	-54.15	166.42	112.89	80.01	40.00	14.00	418.37	1889.23	486.90	
1991-92	983.02	165.21	**1148.23**	942.08	135.11	806.97	656.42	197.65	-47.10	224.19	148.53	92.84	40.00	14.00	519.56	2411.63	588.08	
1992-93	1175.06	211.73	1386.79	1047.96	58.25	989.71	760.26	220.04	9.41	260.33	269.07	158.43	40.00	14.00	669.53	2908.07	738.05	
1993-94	1362.63	253.89	1616.52	1198.07	84.32	1113.75	831.84	245.01	36.90	285.81	322.41	193.48	40.00	14.00	876.25	3391.89	944.83	
1994-95	1524.49	252.44	1776.93	1333.45	66.64	1266.81	1194.94	249.30	-177.43	342.19	168.27	118.30	40.00	14.00	1012.87	4094.58	1081.39	
1995-96	1867.48	264.55	2132.03	1616.66	156.45	1460.21	1129.53	358.10	-27.42	432.91	395.08	241.40	40.00	20.00	1248.71	4688.00	1317.23	
1996-97	2174.36	259.28	2433.64	1806.93	93.27	1713.66	1263.04	529.57	-78.95	456.35	365.54	196.69	40.00	24.00	1434.00	5281.10	1502.52	
1997-98	2433.73	254.84	2688.57	1945.00	60.51	1884.49	1389.34	438.02	57.13	573.90	620.66	470.94	40.00	30.00	1923.76	6071.67	1964.87	
1998-99	2729.48	288.16	3017.64	2186.92	121.76	2065.16	1561.61	490.37	13.18	589.41	564.69	375.00	40.00	30.00	2483.12	6727.72	2524.23	
1999-00	2979.53	327.00	3306.53	2477.45	146.16	2331.29	1906.25	603.02	-177.98	685.74	435.32	287.29	40.00	30.00	2818.74	7664.71	2859.86	
2000-01	3041.17	451.88	3493.05	2671.48	95.02	2576.46	2279.74	742.76	-446.04	737.55	238.84	173.54	100.00	20.00	2966.28	8291.90	3067.39	3.94
2001-02	3512.33	685.73	4198.06	3068.23	209.36	2858.87	2555.14	854.35	-529.60	752.00	208.19	142.00	100.00	20.00	3088.28	12273.02	3189.39	2.74
2002-03	3921.24	891.55	4812.79	3516.43	219.27	3297.16	2699.51	1087.91	-490.26	762.14	312.82	255.81	100.00	40.00	3302.89	12984.75	3404.00	3.45
2003-04	4045.68	875.79	4921.47	3634.94	45.49	3589.45	2713.58	1554.18	-678.31	1249.66	647.89	590.21	100.00	45.00	3843.50	17510.44	3943.50	3.47
2004-05	4210.81	892.35	**5103.16**	3895.11	127.94	3767.17	2904.98	1520.76	-658.57	1450.73	797.88	402.23	150.00	80.00	4166.41	19827.19	4161.69	3..22
2005-06	4791.49	884.05	5675.54	4342.66	221.66	4121.00	3632.01	1688.31	-1199.32	2010.79	855.57	716.38	200.00	130.00	4622.79	27025.58	4706.87	3.09
2006-07	5017.20	919.58	5936.78	4751.76	216.65	4535.11	3643.61	1544.78	-653.27	2251.35	1613.93	1459.95	200.00	292.00	5741.11	27444.57	5972.55	3.57
2007-08	5276.91	874.55	6151.46	4914.28	102.86	4811.42	4177.48	1478.33	-844.39	2344.62	1521.46	1401.13	200.00	283.00	6772.17	31944.14	6972.80	3.84
2008-09	5508.83	946.95	6455.78	5500.31	251.01	5249.30	4671.86	2017.28	-1439.84	1686.82	297.22	224.14	200.00	45.00	6898.72	26930.76	7328.00	3.41
2009-10	6042.51	1056.63	7099.14	6002.66	291.80	5710.86	5132.45	2298.15	-1719.74	2139.69	359.29	404.69	200.00	85.00	7203.95	36832.91	7430.21	3.55
2010-11	7097.14	1128.37	8225.51	7192.23	718.90	6473.33	6524.87	2591.91	-2643.45	2329.99	-411.37	-421.56	200.00	Nil	6782.71	39621.27	7111.54	2.90
2011-12	8542.86	2098.24	**10641.10**	8771.21	896.62	7874.59	7087.53	2963.31	-2286.29	2344.42	156.16	179.31	200.00	40.00	6864.71	42162.74	7057.61	2.00
2012-13	10037.96	2466.63	**12504.59**	10274.17	823.53	9450.64	8143.07	3217.26	-1834.85	2791.05	1011.22	843.66	200.00	170.00	7439.17	45670.40	7737.36	2.50
2013-14	11540.06	2763.78	**14303.84**	12078.61	881.74	11196.87	9380.95	3802.96	-1951.86	3192.77	1294.40	1088.96	200.00	220.00	8313.13	53010.85	8621.30	2.61

Brand Excellence Award in the Insurance Sector

Board of Directors

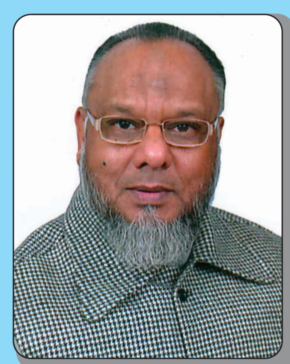
Mr. G. Srinivasan
Chairman-cum-Managing Director

Mr. Rajesh Khullar
Director

Smt. V. R. Iyer
Director

Mr. S. Ganapathi Subramanian
Director

Mr. Prakash Bakliwal
Director



Mr. Salamat Ullah
Director

Mr. K. Sanath Kumar
Director

Corporate Managment

Mr. G. Srinivasan
Chairman-cum-Managing Director

Mr. K. Sanath Kumar
Director & General Manager

Mr. K.L.R. Babu
General Manager

Mr. P. Nayak
General Manager

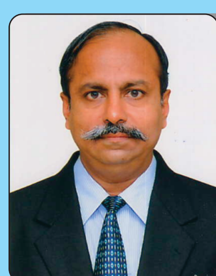
Mr. Segar Sampathkumar
General Manager

Mr. Rafi Ahmed
General Manager

Mr. Rakesh Kumar
General Manager

Mr. V. Hari Srinivas
General Manager & FA

Mr. Anil Kumar
General Manager



Mr. Rajasekharan
General Manager

Mr. Mohd. Zafir Alam
General Manager

Mr. Lalit Kumar Vaid
General Manager & CVO

Mr. Sharad Ramnarayanan
Appointed Actuary

Mrs. Jayashree Nair
Company Secretary

Board of Directors

Chairman cum Managing Director

G. Srinivasan

Directors

Rajesh Kumar Khullar, IAS (from 05/06/2014)

Arvind Kumar, IAS (from 11/05/2012 to 05/06/2014)

A.R. Sekar (from 05/03/2007 to 31/03/2014)

V.R. Iyer

S.Ganapathi Subramanian

Prakash Bakliwal

Salamat Ullah

K. Sanath Kumar

Financial Advisor

A.R. Sekar (from 01/05/2013 to 31/03/2014)

V. Hari Srinivas (from 01/04/2014)

Chief Vigilance Officer

Lalit Kumar Vaid

Chief Financial Officer

S.N. Rajeswari

Appointed Actuary

Sharad Ramanarayanan

Company Secretary

Jayashree Nair

General Managers

K.L.R. Babu

K. Sanath Kumar

N.Tobdan *

P. Nayak

Segar Sampathkumar

Rafi Ahmed

Aswathanarayan*

Rakesh Kumar

V. Hari Srinivas

K. Surya Rao *

Anil Kumar

Rajasekharan

Mohd.Zafir Alam

Deputy General Managers

C. Narambunathan

N. Toppo

Surjit Singh Hira

Girish Radhakrishnan*

A.P. Mittal*

Narinder Kumar

C.J. Philip

Mita Bhattacharjee*

G.C. Sharma

A.N. Jha

K.V. Krishna

Dinesh Waghela

K.P. Dash

Renjit Gangadharan

S.L. Khosa

B. Rajamohan

S.Pradhan*

Sushmita Mukherjee

Tajinder Mukherjee

S.N. Rajeswari

K. Ravishankar

D.S. Sarma

S. Venkatachari

P.K. Sinha

V.R. Bhailume

J.K. Garg

R.M. Singh

J.S. Dahiya

G. Shobha Reddy

Athiappan Raman

Sanjiv Singh

I.V. Amaladoss

R.K. Purohit

BallaSwamy

G.K. Patil

S. Shankar

*On deputation to other Companies / Foreign offices

STATUTORY AUDITORS

S.R. Goyal & Co.	JCR & CO.	J. Singh & Associates
Chartered Accountants	Chartered Accountants	Chartered Accountants

Overall Outstanding Performance Award in General Insurance (PSU) for 2013 from Dalal Street Investment Journal

Chairman's Message

Greetings to all,

The year 2013-14 saw New India Assurance consolidating its indomitable market leadership in the general insurance industry, in business, in profits and in reserves. The year also saw the Company growing above the industry growth levels and increasing its market share. This is quite remarkable, when viewed against a weak economy and dip in the non-life industry growth. We have been able to buck the trend and produce superior performance .

Your company achieved a global turnover of ₹ 14,300 crore at a growth rate of 15.85 %. The Indian premium crossed ₹ 11,540 crore growing at 15%. Our market share in India grew to 15.52% . The growth came from all the Zones, and from all distribution channels. The Health & motor insurance were the major drivers .

The company's operations produced an operating profit of ₹ 187 Cr up from ₹ 25 Cr in the previous year, as the business operations became quite self-sustaining. The improved investment climate also contributed to our overall PAT at ₹ 1,089 Cr . This is a record by itself as no general insurer in India has touched this profit figure before. Another feather in your Company's crown.

Your company has declared a dividend of ₹ 220 crore for the year 2013-14. The net worth of the company rose to ₹ 8621 crores from ₹ 7737 crores of the previous year. The Asset base of the company has crossed ₹ 53,000 crores as at the end of the year

The year 2013-14 brought many awards and accolades coming to us especially Golden Peacock Award, Award from Dalal street investment journal, Digital inclusion Award from Skoch foundation ,IBN Lokmat and Maharashtra chamber of commerce, Industry and Agriculture Award for general insurance.

We had brought out many innovative and new policies, adding to our impressive stable of more than 175 products . The exclusive health insurance covers for women account holders of Bharathiya Mahila Bank, the customized cover for domestic servants for members of Indian Merchants' Chambers and the market friendly add ons to our Motor portfolio are some of them. Your Company greeted the women of India on Woman's Day by bringing out Asha Kiran Policy packing attractive features to a family with girl children. Our new Family Floater Insurance, hit the market and has become a best seller ! You would see more of such initiatives in the coming months .

Riding on a robust Technology platform, your Company added many products to its ' New India – Assurance Online, its online product brand. The Year also saw us offering more and more portals to Agents , Brokers , Motor OEMs and also engaging in many B2B relationship's. We have increased our SMS services to our customers at various trigger points , including issuance of policy & intimation & settlement of claims. We have moved to complete electronic payment in all our customer / vendor dealings. Our policies now comes with an embedded QR code and is digitally signed for authentication and security

The company has more than 2000 offices all over the country including more than 1000 micro offices (manned by one person) to ensure better reach to non- penetrated parts of the country. We also recruited more than 15,000 agents to increase our customer connect points . More than 1000 youth are joining our Company every year.

Our full results are given in this Report, and we have captured some bas-reliefs of our heritage HO building on the cover. My sincere thanks to our Board of Directors, Ministry, intermediaries, the insurance regulator and our valued customers and look forward to their continued support in successful operation of the company.

My special thanks and appreciation goes to the employees of the company at all levels for their hard work, dedication and continued commitment.

You would find that the theme of our report this year is our rich legacy and our attempts to shape the future of the modern non-life Industry. With a global operation in 22 other countries , with seminal positions in many countries, New India Assurance , today is poised to become a major Indian multinational in Financial services. We are determined that we live up to the tag line. 'Leadership & Beyond' as " beyond" is full of excitement, potential and expansion.

G. SRINIVASAN

NOTICE OF THE 95th ANNUAL GENERAL MEETING

To,

ALL SHAREHOLDERS / DIRECTORS / STATUTORY AUDITORS

NOTICE is hereby given that the **95th Annual General Meeting of the members of The New India Assurance Company Limited will be convened on Thursday, the 19th of June 2014,at 11.00 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 and adopt the Balance sheet of the company as at 31st March 2014, Profit and Loss Account for the year ended 31st March 2014 and the report of the Board of Directors for the period covered by the Accounts.

2. To receive the auditors' report on the Balance Sheet and Accounts for the year ended 31st March 2014 along with C&AG comments/observations, if any.

3. To declare dividend for the year 2013-14

4. To appoint Director in place of Mr. S. Ganapathi Subramanian (DIN No. 02738182), who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Director in place of Mr. PrakashBakliwal (DIN No. 03626250), who retires by rotation and being eligible, offers himself for re-appointment.

6. To authorize the Board of Directors to fix the remuneration of Auditors to be appointed by the C&AG for the year 2014-15.

By Order of the Board

Jayashree Nair
COMPANY SECRETARY

Dated : 13th June 2014
Place : Mumbai

Note :
A Member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member of the company. Proxies, in order to be effective, must be lodged with the company at its registered office at least 48 hours before the commencement of the meeting. of the meeting.

DIRECTORS' REPORT 2013-14

RERPORT 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 have immense pleasure in presenting the ninety fifth Annual Report of the company together with the audited statement of accounts and balance sheet for the year ended 31st March 2014.

I. CLASS-WISE PERFORMANCE SUMMARY:

₹ in crore

			Fire	Marine	Misc	Total
			1411.77	**711.46**	**9416.83**	**11540.06**
			1332.68	669.93	8035.35	10037.95
	(% Growth)	**CY**	**5.93**	**6.20**	**17.19**	**14.96**
		PY	15.80	10.47	18.42	17.50
	Outside India	**CY**	**725.41**	**119.83**	**1342.30**	**2187.55**
		PY	595.46	103.40	1136.67	1835.53
	(% Growth)	**CY**	**21.82**	**15.89**	**18.09**	**19.18**
		PY	39.28	(34.19)	20.11	19.89
	Global	**CY**	**2137.18**	**831.30**	**10759.13**	**13727.61**
		PY	1928.14	773.33	9172.02	11873.49
	(% Growth)	**CY**	**10.84**	**7.50**	**17.30**	**15.62**
		PY	22.16	1.28	18.62	17.86
Reinsurance Premium Accepted	**India**	**CY**	**92.81**	**16.86**	**151.91**	**267.00**
		PY	83.64	8.72	114.79	207.15
	Outside India	**CY**	**655.15**	**55.85**	**154.71**	**865.71**
		PY	679.98	46.44	137.63	864.06
	Global	**CY**	**747.96**	**72.71**	**306.62**	**1127.29**
		PY	763.62	55.16	252.42	1071.20
Reinsurance Premium Ceded	**India**	**CY**	**733.38**	**396.73**	**1075.62**	**2205.73**
		PY	584.69	321.82	1236.57	2143.08
	Outside India	**CY**	**385.43**	**54.76**	**130.37**	**570.56**
		PY	341.87	45.64	139.93	527.44
	Global	**CY**	**1118.81**	**451.49**	**1205.99**	**2776.29**
		PY	926.56	367.46	1376.50	2670.52
Net Premium	**India**	**CY**	**771.20**	**331.59**	**8493.12**	**9595.91**
		PY	831.63	356.82	6913.57	8102.02
	(% Growth)	**CY**	**(7.27)**	**(7.07)**	**22.85**	**18.44**
		PY	23.60	15.98	15.67	16.45
	(% to Gross Premium)	**CY**	**54.63**	**46.61**	**90.19**	**83.15**
		PY	62.40	53.26	86.04	80.71
	Outside India	**CY**	**995.13**	**120.92**	**1366.64**	**2482.69**
		PY	933.58	104.20	1134.37	2172.15

		Fire	Marine	Misc	Total
(% Growth)	**CY**	**6.59**	**16.05**	**20.48**	**14.30**
	PY	23.20	25.96	16.42	19.75
(% to Gross Premium)	**CY**	**137.18**	**100.91**	**101.81**	**113.49**
	PY	156.78	100.77	99.80	118.34
Global Net Premium	**CY**	**1766.33**	**452.52**	**9859.76**	**12078.61**
	PY	1765.21	461.02	8047.94	10274.17
(% Growth)	**CY**	**0.06**	**(1.84)**	**22.51**	**17.56**
	PY	23.44	18.10	15.78	17.14
(% to Gross Premium)	**CY**	**82.65**	**54.44**	**91.64**	**87.99**
	PY	91.55	59.62	87.74	86.53
Addition / Reduction in Un-expired Risks Reserves	**CY**	**(53.48)**	**(8.50)**	**908.53**	**846.55**
	PY	111.62	70.65	566.42	748.69
(% to Net Premium)	**CY**	**(3.03)**	**(1.88)**	**9.21**	**7.01**
	PY	**6.32**	**15.32**	**7.04**	**7.29**
Earned Premium	**CY**	**1819.81**	**461.02**	**8951.23**	**11232.06**
	PY	1653.59	390.37	7481.52	9525.48
Incurred Claims Net	**CY**	**1530.06**	**214.32**	**7636.57**	**9380.95**
	PY	1266.51	194.57	6681.99	8143.07
(% to Earned Premium)	**CY**	**84.08**	**46.49**	**85.31**	**83.52**
	PY	76.59	49.84	89.31	85.49
Commission Net	**CY**	**318.47**	**48.59**	**805.55**	**1172.61**
	PY	241.33	47.73	554.11	843.17
(% to Earned Premium)	**CY**	**17.50**	**10.54**	**9.00**	**10.44**
	PY	14.59	12.23	7.41	8.85
Operating Expenses	**CY**	**518.98**	**121.89**	**1989.49**	**2630.36**
	PY	502.04	115.77	1756.28	2374.09
(% to Earned Premium)	**CY**	**28.52**	**26.44**	**22.23**	**23.42**
	PY	30.36	29.66	23.47	24.92
U/W Results	**CY**	**(547.70)**	**76.22**	**(1480.38)**	**(1951.86)**
	PY	(356.29)	32.30	(1510.86)	(1834.85)
(% to Earned Premium)	**CY**	**(30.10)**	**16.53**	**(16.54)**	**(17.38)**
	PY	(21.55)	8.27	(20.19)	(19.26)

		Fire	Marine	Misc	Total
Investment Income- Policy Holders	**CY** PY	**441.63** 420.38	**111.97** 102.43	**1585.67** 1337.28	**2139.27** 1860.09
Revenue (Policy Holder) Account Surplus	**CY** PY	**(106.07)** 64.09	**188.19** 134.73	**105.29** (173.58)	**187.41** 25.24
Investment Income- Share Holders	**CY** PY				**1053.50** 930.96
Other Income less Outgo	**CY** PY				**53.49** 55.02
Profit before Tax	**CY** PY				**1294.40** 1011.22
Provision for Tax	**CY** PY				**205.44** 167.56
Profit after Tax	**CY** PY				**1088.96** 843.66
Dividend (Proposed)	**CY** PY				**220.00** 170.00
Dividend Tax	**CY** PY				**37.39** 28.89
Transfer to Reserves	**CY** PY				**876.54** 603.53

II PERFORMANCE REVIEW (Global) **(₹ in crore)**

		2013-14	2012-13
A	**Gross Direct Premium (India)** **% change over previous year** **Gross Premium (Foreign)** **% change over previous year** **Gross Global Premium**	**11540.06** **14.96** **2763.79** **12.04** **14303.85**	**10,037.96** **17.50** **2,466.63** **17.60** **12,504.58**

Gross Direct Premium (GDP) in India has increased from ₹ **10037.96** crore in 2012-13 to ₹ 11540.06 crore in 2013-14 recording a good growth of 14.96% in 2013-14. The company continues to be the market leader in India and is scaling new heights. Both Indian and foreign offices have performed very well during the year. Good growth has been achieved by all the regions. Motor, Fire and Health segments have recorded substantial growth apart from growth in other segments too. The company crossed ₹ 11000 crore in Indian market itself in 2013-14.

B	**Net Premium** **% change over previous year**	**12078.61** 17.56	**10,274.17** 17.14

The net premium income of the company grew by ₹ 1804.44 crore from ₹ 10274.17 crore to ₹ 12078.61 crore. The retention ratio of the company almost remains the same.

C	**Additional Un-expired Risk Reserves** **% change over previous year**	**846.55** 01	**748.69** **7.29**
D	**Incurred Claims (Net)** **Percentage to earned premium**	**9380.95** **83.52**	**8,143.07** **85.49**
Global net incurred claims has shown an increase of ₹ 1237.88 crore. Incurred loss ratio on earned premium for 2013-14 is 83.52% compared to 85.49% of 2012-13 recording a significant reduction during current year.			
E	**Commission (Net)** **Percentage to earned premium** **Operating Expenses** **Percentage to earned premium**	**1172.61** **10.44** **2630.36** **23.42**	**843.17** **8.85** **2,374.09** **24.92**
During the year, the company's operating expenses ratio to net earned premium has come down to 25.12% against 26.23% of 2011-12			
F	**Underwriting Results** **Percentage to earned premium**	**(1,951.86)** **(17.38)**	**(1,834.85)** **(19.26)**
	I Investment Income (Less Provision) Apportioned to policyholders Apportioned to Shareholders Total	 2139.27 1053.5 92.77	 1860.09 930.96 2791.05
G	**Revenue (Policyholders) Account Results** **Percentage to earned premium**	**187.41**	**25.24**
The company has made an operating profit of ₹ 187 crore during the year as against an operating loss of ₹ 25.24 crore in the previous year			
H	**Other Income/Outgo**	53.49	55.02
I	**Profit Before Tax (PBT)**	1294.40	1,011.22
J	**Profit After Tax (PAT)**	1088.96	843.66
K	**Proposed Final Dividend**	220.00	170.00
L	**Dividend Tax**	37.39	28.89
M	**Paid-up Capital**	200.00	200.00
N	**Reserves and Surplus**	9493.42	8,322.75
O	**Total Assets**	53010.86	45,375.52
P	**Investments (at cost)**	21011.00	17,882.00
Q	**Solvency Margin** **i. Required sovency margin under IRDA regulations (Global)** **ii. Available solvency margin (Global)** **iii. Required solvency margin under IRDA regulations (Indian)** **iv. Available solvency margin (Indian)**	 **2822.02** **7355.82** **2616** **9310**	 **2,349.56** **5,866.02** **1,969.33** **6,595.77**
The company's Global solvency ratio is 2.61 times (PY 2.50 times) and Indian solvency ratio is 3.56 times (PY.3.35 times)			
U	**Compliance with Section 40C** **i. Expenses prescribed under the act (excluding commission)** **ii. Actual expenses (excluding commission)** **iii. Difference**	 **2272.49** **2366.67** **94.18**	 **1,974.18** **2,137.24** **163.06**

PREVAILING ECONOMIC CONDITIONS VIS-À-VIS PERFORMANCE OF GENERAL INSURANCE INDUSTRY

In 2013-14, the country's growth was not as robust as that of the previous years and there has been a visible slowing down due to various domestic & global factors . The final growth rate for the year 2013-14 is expected to be below 5 % as indicated in Q3 & Q4 of the fiscal. The industrial growth slipped into the negative zone once again with output contracting by 1.9 per cent in February 2014 compared to year-ago level. Production fell in spite of the mining and the electricity sector performing well. A major reason for the industrial fall was the manufacturing sector, which suffered a 3.7 per cent year-on-year fall in output.

The road infrastructure services sector witnessed announcement of 83 new projects worth ₹ 117 billion during the year ended 2013-14, recording a steep decline from 129 projects worth ₹ 322 billion proposed in 2012-13.

However stalling of projects during the quarter ended March 2014 at ₹ 1 trillion dropped by 38 per cent over its year ago level. It was also significantly lower than the quantum of projects scrapped in the preceding two quarters ending September 2013 and December 2013.

Automobile Industry also was impacted in 2013-14. Passenger vehicles (including cars, utility vehicles & vans) grew almost 6 % lower than previous year. While passenger cars suffered a drop of 4.65 %, it was 5.01% for utility vehicles segment. Sales of trucks and buses declined about a fifth in the year due to a weak economy and high interest rates. Almost 43 % of the premium for general insurance industry comes from Motor Insurance creatinga cascading effect.

The general insurance business grew at 18.86 % in 2012-13. In the current fiscal, the growth rate, which started with 22.01 % in April 2013, started going down and ending up with 13 % for the year. The reduction in the growth is clearly linked to the slowness, seen in the economy as a whole and especially in automobile & other manufacturing sectors. The Industry completed ₹ 72,853 Cr (without specialized insurers – ECGC & AIC) and public sector companies mopped up a share of 53 % , which was lower than 54.14 %. One new general insurance company, started functioning in 2013-14, in the stand alone health insurance segment.

The health insurance segment grew at 14.84 %, constituting 23 % of the total premium , while motor insurance which accounts for 43 % of the business grew at 13.75 %. These two segments continued to be the major drivers of the Industry.

New India Assurance Company, could buck the trend of slowing growth and grew at 15 %, above the market and increased its market share.

III. OVERVIEW OF COMPANY'S OPERATIONS

INDIAN OPERATIONS :

Gross direct premium in India has increased from ₹ 10037.95 crore in 2012-13 to ₹ 11540.06 crore in 2013-14 recording a growth of 14.96% during 2013-14. The growth is observed in all geographical segments as well as all classes of business.

INDIAN OPERATIONAL RESULTS

₹ in crore

Sr. No	PARTICULARS	2013-14		2012-13	
		₹	%	₹	%
1	Gross premium	11540.06	14.96	10037.95	17.50
2	Net premium	9866.01	18.39	8333.53	15.45
3	Increase in unexpired risk reserve	703.88	-	551.08	-
4	Net earned premium	9162.13	-	7782.46	-
5	Commission	580.69	6.37	343.62	11.40
6	Incurred claims	8059.23	87.96	6971.66	90.01
7	Management expenses	2476.50	27.03	2229.91	26.23
8	U/W (loss)	(1954-29)	(21.33)	(1762.73)	(29.03)
9	Other income (net of outgo)	43.92	0.48	52.61	0.68
10	Investment income	3066.70	33.47	2667.35	34.27
11	Profit before tax (PBT)	1156.33	12.62	957.22	12.30

Note : Percentage shown in sr. no. 1 & 2 indicates the growth over previous year and the percentage shown in sr. no. 5 to 11 is percentage to 'Net Earned Premium.'

B. FOREIGN OPERATIONS :

Armed with the reiteration of the AM Best A- Excellent (Stable outlook) from AM Best , the premier global Insurance rating agency, New India's foreign operations continued its growth story and generated profits. The Company has equity holdings, of various levels, at Asia Reinsurance Corporation, Bangkok, United Insurance Co, Jordan, Oriental Capital Assurance, Malaysia, Ken India Insurance co, Nairobi, India International Insurance, Singapore, Prestige Assurance Ltd, Lagos, Nigeria, Wafa Insurance (Forency SICCI), Riyadh, New India Assurance Co Ltd , Sierra Leone & New India Assurance (Trinidad & Tobaggo). The Company had received regulatory approvals for its entry into Qatar, Myanmar & Canada. In Oman, New India Assurance, was selected as the best non-life insurance company in 2013, by World Finance , Insurance awards . We have a desk at Lloyds , the citadel of global Insurance, for about 10 years now, manned by senior underwriters. Our operations in London date back to 1920.

The Gross Underwritten premium from all direct foreign operations, other than subsidiaries and associates, grew by 12.04% to Rupee equivalent of ₹ 2763.79 Cr in 2013-14 from ₹ 2466.63 Cr in previous fiscal.

The Company's foreign operations have commenced decades back and today it operates in 22 countries through subsidiaries, agency operations and direct branches. The Operations could also bring down the ICR from 95.20 % to 60.40 %.

Company is looking at the markets of Myanmar, Qatar & Canada for entry. New India intends to significantly increase the extent and spread of its foreign operations in future.

OVERSEAS OPERATIONAL RESULTS

₹ in crore

Sr. No	PARTICULARS	2013-14		2012-13	
		₹	%	₹	%
1	Gross premium (Gross Direct plus Accepted)	2763.79	12.04	2466.63	17.6
2	Net premium	2212.61	14.01	1940.63	24.96
3	Increase in unexpired risk reserve	142.67	-	197.63	-
4	Net Earned Premium	2069.94	-	1743.01	-
5	Incurred claims	1321.72	63.85	1171.46	67.21
6	Commission	591.93	26.80	499.55	28.66
7	Expenses of management	153.86	7.43	144.18	8.27
8	Underwriting Profit/Loss after Reserve Strain	2.43	0.12	(72.18)	(4.14)
9	Other outgo	9.57	0.46	2.41	014
10	Investment income	126.08	5.7	123.70	6.4
11	Net Profit/Loss	131.08	5.9	53.97	2.4

Note : (i) Percentage shown in Sr. No. 1 & 2 indicates the growth over previous year and percentage shown in Sr. no. 5 to 12 is percentage to net earned premium.

(ii) Agency/branch wise details of the foreign operations attached as per annexure I to the report.

ORGANISATION STRUCTURE

The Company has entered a phase of consolidation and restructuring of offices and have 64 specialized offices to take care of bancassurance, brokers and auto tie-ups.

To have deeper penetration in the unexplored rural areas the company has opened 486 Micro Offices in this financial year, totaling to 1041 Micro Offices opened by the Company upto 31st March 2014.

As on 31.03.2014, the company has a network of 28 Regional Offices, 4 Large Corporate Offices, 412 Divisional Offices, 583 Branch Offices, 27 Direct Agents Branches and 1041 Micro Offices, totaling 2097.

The company operates in 22 countries.

REINSURANCE

The International Reinsurance market in 2013-14 was relatively stable in absence of any major catastrophe events. On the domestic side, except Uttarakhand Floods, there was no other major Catastrophic event. New India was least effected due to Uttarakhand Floods. Further the losses are recoverable from our proportional and Non-proportional treaties. No major Risk losses were reported during 2013-14. The Reinsurance capacity was adequate and no significant change was observed in pricing of Reinsurance renewals.

The renewal of all treaties was completed as per schedule. This year several reinsurers evinced keen interest in re-entering the Indian market in anticipation of improved economic and Insurance Industry.The company has underwritten and completed the placement of Reinsurance of the prestigious Satellites, GSAT 7 and Insat 3D.

We have continued our Inward Reinsurance acceptances on Treaty and Facilitative basis selectively and this portfolio is growing steadily.

Overall, the year saw reinsurance capacities maintained with adequate capital from well rated markets, from all over the world.

TECHNO MARKETING

Techno Marketing Department is specially created at corporate office, as a single window facility for underwriting of Large Risks. With the help of dedicated offices set up at select centers, Techno Marketing department continued to maintain its number one position in the Indian market for underwriting maximum number of operational large risks in terms of numbers and premium volume.

Apart from operational large risk policies, Techno Marketing department also underwrites (as an exclusive function) large project policies, petrochemical plants, infrastructure projects including major power plants which have global participation. This department plays a key role in offering project policies of international standards and New India's presence is dominant in this sector. Techno Marketing department also exclusively underwrites Stand Alone Terrorism policies, which are reinsurance driven.

Downward trend in world economy continued this year also and did influence adversely the investments in new projects. Few major thermal power project proposals were finalized but did not start due to coal linkage issues, both imported as well as indigenous. In effect, new business opportunities got reduced. On the other hand, with more number of insurers operating with increased capacity, competition became stiffer.

The company will continue to maintain the lead position in future by underwriting more projects as well as operational large risks on the strength of underwriting capacity, technical competence and experience.

FIRE AND ENGINEERING INSURANCE

The Company has traditionally seen Fire and Engineering portfolios as flagship LOBs and the Indian Market has also traditionally recognized the Company's domain expertise and leadership in this area. While these two portfolios have been robust ones over the years, both have been facing challenges in the last three years by twin blows, namely, the overall slowing down of economic activity and growth in the country and the price based driven competition in the insurance market in the country. However, even in the face of all this, the Company has been able to show 6% growth in Fire in 2013-14. It is widely believed that the economy will soon bounce back into a high growth trajectory, and the Company expects to continue being in the vanguard of the property insurance market.

The year was also marked by several unexpected large losses, notably the tragic flood and landslide losses in Uttarakhand during the last monsoon. Mindful of our responsibility in the time of an extraordinary national calamity, we also quickly put in place emergency protocols for settlement of claims and it is a matter of satisfaction to report that over ninety percent of the claims were settled quickly and in a hassle-free manner. In most claims where final settlements were not possible, interim "on account" payments have been made.

HEALTH INSURANCE

The Company has retained its leadership in Health Insurance business showing an accretion of 21.62%. The total health premium stands at ₹ 3349.39 crore in 2013-14 (as against ₹ 2753.94 crore in 2012-13), accounting for 28.73% of total company's business.

New India has been consolidating its position as Preferred insurer for major corporates. The Company launched a new improved individual Health policy named Mediclaim 2012 with added benefits. New India's presence in the Floater Policy market also received a boost by the launch of two new products - New India Floater Mediclaim Policy covering the extended family and New India Asha Kiran policy designed specially for families having only girl children. All these policies have been well received by the public and we expect to see a spurt in retail volumes in the coming years.

As part of claims control measures, Head Office teams were formed for intensive audit of TPAS The PPN network, which has shown good results in the last three years, has been extended to include Coimbatore. To facilitate our customers for a hassle free claim we have established help desk in various Hospitals. As a result of various claims management initiatives, the incurred loss ratio came down to 96.76% as against 103.61% in 2012-13

During the year, IRDA has issued revised Health Insurance guidelines which included standardization of many terms under the policy and various other regulations. The policy wordings of all our Health products were revised to be compliant with new regulations and the same were duly approved by IRDA.

The Company has successfully started and stabilized centralised payment of all Health Insurance claims to TPAs from Head Office.

MARINE CARGO AND HULL INSURANCE

New India continues to maintain its leadership in Marine line of business with highest market share in Cargo as well as Hull in Indian market. With a domestic premium income of ₹ 711.46 crores as against ₹ 670 crores previous year the portfolio has achieved a balance growth with profitability. Despite downturn in marine business globally Company's foreign office premium has shown over 15% growth and profitability is maintained.

A series of marine workshops for our marketing personnel, customer seminars, broker meets in major centres across the country resulted in not only retaining our renewal business but also gaining new clientele resulting in growth. New India is the only PSU company which has registered positive growth in marine cargo this year. A major initiative of the department was bringing out "**Guide Book on Marine Cargo Insurance**" for corporate customers and brokers which has been highly appreciated in the market. Marine Hull has shown good increase of approximately 13% with Energy and Offshore risks being the main growth drivers of Hull portfolio.

The Cargo Portfolio remains profitable with ICR of 48 % on earned premium whereas the Hull ICR on 38%. Underwriting results have improved in Marine Department due to organizing number of Workshops and training sessions at various Regional Offices and also doing prudent Underwriting in case of large risks. The rates in Marine Cargo Department continue to be low due to soft market. However, claims management and recovery have shown visible improvement.

As regards Hull, with improvement in deductibles and rates ,not only the loss ratio has decreased but premium has also grown.

The Projection for year 2014-2015 is 10% growth while maintaining the profitability of the Portfolio. The department has streamlined the claims settlement and customer service guidelines. Online issuance of marine certificate has been made available to customers.

The overall performance in marine department in the context of global market conditions is satisfactory and with a renewed thrust on customer services and marketing it is hoped to achieve the growth rate of 10%.Energy offshore risks will continue to be main growth drivers in the Hull department, where as in cargo online issuance of documents and improvement in delivery system is expected to drive growth in small and medium risk segment

AVIATION INSURANCE

Right from our first Aviation insurance policy issued to cover the first commercial flight by an Indian operator (Mr. Tata's historic flight from Karachi to Bombay in 1932), the Company has been not only considered itself as the pioneer in Aviation insurance in the country, but has also been acknowledged so by the market.

The Company continues to be the largest Aviation insurer in the country in terms of net retained premiums. The Company is also a recognized and sought-after reinsurer in the international market today, lending its support to about 230 international airline programs including some of the most famous names like British Airways and Lufthansa.

New India continues to be the lead insurer of India's national carrier Air India and the most admired airline, IndiGo. It is also co-insures all the other airlines in India.

Auto Tie-Up

Auto Tie-up assumes significance in the current environment as Motor Insurance accounts for more than 40% business in General Insurance and Auto tie-up continues to be the main source of new vehicles business as well as one to two year old vehicles business through dealer points. The Company has emerged as a leading player in Auto Tie-up business. and our Tie-ups includes the biggest names in the Automobile manufacturers like Maruti, Hyundai, Chevrolet, Ford India, HMSI, Tata Motors, Ashok Leyland, Volvo-Eicher etc.
In the concluded Financial year the Company established five important OEM Tie-ups. We registered more than 40% growth in Auto tie-up business.

The Company has extended the facility of Dealer Portal to Auto-Dealers all over India and also arranged cash-less claim service to at all auto dealers in the tie-up so that more and more customers continue to be benefited with value added services at single-point contact.

The Company is in the process of entering into more Tie-ups with Automobile Manufacturers, Financiers, and Dealers in the coming financial year which will generate higher volumes.

Motor

During the year, in Motor O.D. segment the Company outperformed the industry registering double the growth of the industry. Our Motor OD premium grew @ 17.55%, against the industry growth rate of 8.76% in the segment. This enabled the Company to become the No. 1 player in Motor O.D. business.

The Motor OD portfolio continued to register U/W Profit in 2013-14 as well.

The Claim settlement Ratio also increased from 93% to 94% reflecting improved Customer Service.. of The number of outstanding claims were brought down, though there were significant increase in the business, through faster disposal of claims. As at the end of the year, we have claims hubs settling claims of 637 offices (including micro offices).

To provide cash less service to customers other than those serviced through auto tie-up dealers, we have tied up with Mahindra First Choice. Our private car customers can now avail cash-less service through Mahindra First Choice workshops all over India. This is in addition to such facility with Carnation workshops which is already existent.

The Motor TP premium again recorded a healthy growth of 25.5% during the year, due to the renewed marketing efforts and also the premium increase in some classes of vehicles.

We have been successful in reducing the number of claims outstanding at the end of the year by around 18,000 compared to the previous year. Taking in full spirit the Hon'ble Finance Minister's call to settle more claims through Lok Adalats etc. we settled 24,245 cases through conciliation during the year, a record of sorts. Thus more than 26% of the claims settled in the year was through conciliation, thereby setting the trend of the main mode of settlement of Motor T.P. cases in the coming days. Incidentally, this conciliatory settlement of ours has been the highest by any company in the general insurance sector.

The Company also activated In-house committees such as DICC, TPHICC and RICC so as to constitute the permanent and active mechanism of the company to settle Motor T.P. claims continuously through conciliation. To facilitate such settlements a board approved 'Compromise Manual' was also provided to all offices. Thus a lot of thrust has been given to settlement through conciliation which will certainly bring down the long pendency as well as the high ICR in Motor T.P. claims.

Motor T.P. claims being the highest outgo affecting the bottom-line of the Company, the Management continued its focus on more effective management of these claims including the reduction in the pendency. Company intends to continue its focus on conciliation through alternate dispute reddressal mechanisms. The business plans of the Company has major focus in augmenting its Motor business through wider reach and better customer services.

MISCELLANEOUS AND LIABILITY INSURANCE

New India is market leader in Liability insurance for the fourth consecutive year. This year company has achieved a domestic premium of ₹ **250.91** crore in Liability line of business. Miscellaneous portfolio has been showing consistent profitability over the last 5 years. This portfolio offers a very wide range of corporate, niche, customized as well as retail products suitably packaged to suit the needs of the clients. The company has achieved a gross direct premium completion of ₹ 856.77 crore with a favourable incurred claim ratio of 27.86% in the year 2013-14.

BROKERS AND BANCASSURANCE

Brokers' Channel has given a continuous growth over 40% in the last three financial years. 317 brokers have placed business with the company during 2013-14. Brokers Meet were successfully organized in Mumbai, Delhi, Chennai, Hyderabad, Pune and Kolkatta where the brokers were informed about the various new measures undertaken by the brokers' vertical for a good and sustainable growth of brokers' business. Technical Meets for brokers were also organized at metro cities Hyderabad and Pune. Thirteen Broker Specialised Offices cater exclusively to brokers with posting of designated Brokers' Relationship Managers to foster business growth through the channel.

On the Bancassurance Channel, company has tie-up with 3 national level banks viz. Union Bank of India, Corporation Bank and Catholic Syrian Bank Ltd and with 8 Co-Operative Banks. During the year 2013-14 company tied up with Bhartiya Mahila Bank, soon to be company's corporate agent. Company releases centralized commission to its Bancassurance tie-up partners. Bancassurance channel has generated a premium of ₹ 112.93 crore with ICR 41%. The company has created 23 Bancassurance Specialised Offices across the country to render focused service to all the banks' branches. Company is focused on expanding its corporate tie-up with more banks.

AGENCY DEVELOPMENT PROGRAMME – 2013-14 :

With effect from April 2013, all agents working in the company were brought under the ambit of Agency Development. With the target of one lac individual agent by end 2015 and growth of agency channel @ 50%, Agents Manager – Single window solution for servicing to agents is being provided in all operating offices. During the year, 9433 new agents have been recruited and at present total no. of agents in the company is 63265. The agency business has grown to ₹ 6223.75 crores with a growth rate of 11.74%. To provide better services to customer agents has been empowered with the **PORTAL FACILITY** to have 24 X 7 access to our CWISS System from where they can issue policies of certain retail products. During the year total 2120 portals were issued PAN INDIA and 52408 policies were generated with a premium income of ₹10.78 crs. Agent's Manual with details of all products was complied and printed in Hindi, English and Guajarati. With a view to have understanding their roles as Agent Manager, a 3 days centralized training for 4 batches of Agents Manager was conducted in 2013-14 where 361 Agents Manager were imparted training. The process is a continuous process and all remaining Agents Managers will be trained in 2014-15. Agents were given corporate E-mail ID for interacting with clients under New India Parivar Domain and we are the first company to provide such facility. The CMD Agent's club National Meet for the year 2010-11 and 2011-12 was conducted in October 2013 at Hyderabad and for the year 2012-13 at Bhopal in Jan 2014.

RURAL AND SOCIAL SECTOR AND MICRO INSURANCE :

Company has been a major player in the Rural & social sector Insurance business in India, with a range of products offering protection to a wide variety of activities like sericulture , farming of cattle / goat/ camel/ poultry, Agricultural pump set, fish farming in fresh & brackish water , bullock carts , horticulture & flori culture and others. We also have low cost offerings in personal accident & health segments like Janata & Gramin Personal accident , Jan Arogya Bima, Universal Health insurance & Janata mediclaim.

New India got approval from IRDA for 15 Micro-Insurance Products from IRDA to add benefits to the rural and BPL Families. Our Company also issued **Jan Suraksha Laghu Bima Policies** to the rural and BPL families.

Company has participated in the welfare activities for 4218 Cattle owners in drought affected area in Maharashtra State by Pune RO collecting a nominal premium. Company's Regional Office has participated in covering birds at Ramoji Film City imported from Thailand & other countries. The variety of birds are ostriches, free ranging birds, large caged birds, walk through aviary birds numbering 350 for total Sum Insured of ₹ 1.88 Crore. Company's Regional Office at Jaipur has entered into an agreement with State Government of Rajasthan, Agriculture Department for Insurance of Solar Energy Pumpsets to the manufacturers/suppliers.

In order to facilitate General Insurance spread and education we have translated most of the policy documents in regional language – Marathi and provided to all the distribution channels in the region. This literature has been widely welcomed by six Grampanchayats involved in spread of General Insurance market and strengthening of agency channel.

MICRO OFFICES – A STEP TOWARDS FINANCIAL INCLUSION :

Govt of India had embarked upon a project to create brick & mortar presence of non life Insurance Companies in areas, hitherto unrepresented and New India Assurance, being the largest , has been actively participating in this venture.. Hon'ble Finance minister has announced in the Budget for 2013-14 that all towns having a population of more than 10,000 would have an office of at least one Public sector general Insurer and this would be completed by 31st March 2014. New India Assurance has opened 486 micro offices in this financial year in various parts of the country to meet this laudable objective of Government of India.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES :

In the year 2013-14 New India Assurance in its CSR initiative has adopted 20 under privileged cancer children for free treatment of cancer through Cancer Patients AIDS Society Mumbai, provided drinking water facility at village Nenmeni and Thathkudi in Shivagange district of Tamilnadu, arranged for skilled development program for the youth of Kendriya Nehru Yuva Sangathan at Gurdaspur (Punjab), Puducherry (T.N.) and Solapur (M.S) and also provided for financial assistance for construction of residential school building project to rural development agency at Anantpuram (Andhra Pradesh). Skilled Development Program for the youth of Kendriya Nehru Yuva Sangathan at Gurdaspur (Punjab), Puducherry (T.N.) and Solapur (M.S). Micro insurance training was imparted for more than 200 youths.

Company would be stepping up the CSR activities in the coming year with formation of CSR Committee and adoption of CSR Policy for the company in adherence to The Companies Act 2013.

PROJECT NEW ENERGY

The Business re-engineering process of the Company, named 'New Energy', continued to be the corner stone of its business strategy. Business verticals formed under New Energy, drove the initiatives in Large Corporate & Broker's business, Agency build up, Bancassurance segment, single window facilities to small & medium brokers, centralized units for quick processing of non- suit claims, specialized infrastructure for Motor Third party & other suit claims and internal communications. In the year, CMD, sent out greetings to all the employees on festivals and occasions, and directly communicated, the quarterly results, information on various awards and other matters on direct corporate communications. The 34 Hubs for non-suit claims across the country carried on an intense claims drive in the last quarter of the financial year, 13-14, to ensure that the pendency of claims are significantly brought down and TAT improved. The 44 Third Party Claim hubs also ensured that the MACT claims are settled fast through various conciliatory methods.

CUSTOMER CARE

Customer Service 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 dealing with the issues raised by company's customers. Online information on the Company's various products are provided in the website http://newindia.co.in, for the benefit of the public.

The Company's Call Center established in 2010 forms an integral part of Customer Relationship Management Activity. The toll free number of the company 1800-209-1415 is available to the customer 24x7 for inquiries of various products, tracking status of Motor Claims and Grievances, both in Hindi and English. Service requests for further follow up are replied/resolved by company's respective operating offices. This endeavor of 'Customer Service' is key element of our business strategy to continuously grow in the general insurance field with value added products keeping the needs of customers in the forefront.

Company's CRM Module is integrated with IRDA's IGMS site. Every grievance is registered by New India/Customers through CRM Module and the same is reflected in the IGMS site.

The Grievance Redressal position for the period 1.4.2013 to 31.03.2014 is as under :

Outstanding grievances as on 01.04.2013	197
Registered (from 01.04.2013 to 31.03.2014)	3715
Resolved (from 01.04.2013 to 31.03.2014)	3786
Outstanding as on 31.03.2014	126
Disposal ratio	96.8%

The grievance disposal ratio has been achieved by the company on account of the regular interaction the department had with different ROs through Video Conferencing facility.

ENTERPRISE RISK MANAGEMENT

The task of risk management has become a very complex one for any organization in today's fast changing world and this all the more so for an organization like this company whose function itself is to provide risk solutions for the risks faced by its customers.

The company has decided in 2011-12 to set up a full-fledged Enterprise Risk Management system guided by two developments. The first one was the regulatory directive to set up efficient ERM system in all insurance companies. The second was the growing realization that in the interconnected global financial markets of today where crises have severely impacted some major insurance companies too, a company of New India's size and scale with diverse global exposures has to think beyond the traditional risk control systems that the company has been using till now.

The company has a designated Chief Risk Officer who reports to the Risk Management Committee of the board of the company. During the year 2013-14, all the major line of businesses and departments have conducted a detailed study of their own operational risks, identified risk areas, put forth solutions and action plans to manage and mitigate these risks. Considering the scale and complexity of the exercise of setting up an ERM structure and embedding it in the day-to-day functional ecosystem of the company, it has been decided to appoint a consultant so as to bring in not only outside experience and expertise but also an outsider's perspective. In this regard, company has floated a tender for appointment of a Risk Management Consultant.

CLAIMS MANAGEMENT

The company had kept target of 91% claims settlement in respect of Non-suit Claims. The actual ratio of settlement in respect of Non-suit claims in 2013-14 was 95.50%.

However the overall claim settlement ratio including suit claims (comprising mainly of Motor TP Claims) was 87.73% in 2013-14.

Number of Claims Outstanding as on 01.04.2013	3,18,783
Number of Claims Intimated during 2013-14	18,84,901
Number of Claims Settled during 2013-14	19,33,323
Number of Claims Outstanding as on 31.03.2014	2,70,367

Age-wise classifications of outstanding claims as on 31.03.2014 are given here under:

Claims Outstanding for less than three months	74,035
Claims Outstanding for more than three months but less than one year	33,752
Claims Outstanding for more than one year	1,62,580
Total	2,70,367

PUBLICITY

Publicity plays a vital role in building up company's brand image and reaching out to the ultimate customer about the company's products and services.

Outdoor Media and Print Media has been effectively used all over the country to promote company's brand and to thank our Esteemed customers whose trust in the company motivated it to achieve Global Premium of ₹ 14304 crore and retain the Top-Most position in General Insurance Business.

Advertising in Electronic Media i.e. Television and Radio has been utilized on Pan India basis during national festivals to promote company's brand by appealing to large mass of audience thus enabling the company to get a greater visibility.

Press conferences are organized to apprise the press fraternity of various financial achievements made and milestones achieved by the company during the year. Wide coverage of these achievements are given in all major publications.

Hoardings, Glow Signs and Neon Signs have been placed at many major road junctions, highways, railway stations and airports. Advertisements have also been displayed on transit media like buses, trains keeping in mind the demography.

The company has been participating as a sponsor in various Customer Seminars and Awareness Camps to expand our customer base by educating the client on the services/products provided by the organization. Banner displays in various regional festivals, fairs, exhibitions, musical and cultural events have enhanced company's presence within the masses and helped us in getting wide mileage.

RIGHT TO INFORMATION ACT

The Central Public Information Cell set up at Head Office in 2005 continued to process the requests for information as well as disposal of appeals promptly and efficiently. The cell continues to put the company in a high image of transparency and accountability keeping in conformity with the grand objectives of the RTI Act. The Central Public Information Officers (CPIOs) of 28 Regional Offices also joined the campaign for promoting the ideals of the Act under the umbrella of CPI Cell at Head Office.

With a view to maintaining uniformity, consistency and improved standard of approach the function of FAA was centralized at Head Office w.e.f. 1st June 2012 and has been vested in the rank of Deputy General Manager.

In compliance with the directive of CIC, company has appointed Transparency Officer in the rank of General Manager to monitor proper implementation of the mandate of RTI Act. Maximum information on website u/s 4(1)(b) has been uploaded.

Total number of RTI requests have shown a 13% decline during the FY 2013-14 from 2478 to 2159. Percentage of First Appeal and Second Appeal to requests received is 17.23% and 2.82% respectively.

The Company's official website as per CIC guidelines ,is up-dated from time to time as far as RTI Act is concerned.

The CPI Cell, Head Office has arranged various workshops for CPIOs, Office-in-charges and other officers of Regional Offices wherein they were sensitized on the latest amendments in the RTI Act and landmark decisions given by the honorable Supreme Court, High Courts and CIC, New Delhi. This was done to educate and assist them in taking reasoned, appropriate as well as time bound decisions as stipulated in the Act.

Performance in 2013-14 :	Requests	First Appeals	Second Appeals at CIC
Opening balance as on 01.04.2013	44	0	0
Received during the year including case transferred to other Public Authorities	2159	372	61
No. of cases transferred to Public Authorities	110	-	-
Decisions where request/appeals rejected	462	-	-
Decisions where requests/appeals disposed off	1597	372	61
Closing balance as on 31.03.2014	34	0	0

ANTI MONEY LAUNDERING

The company has been complying with the Prevention of Money Laundering Act (PMLA) 2002 since it has been made applicable to insurance companies w.e.f. 01.08.2006. Amendments issued by IRDA are adopted by the board from time to time. The Principal Compliance Officer posted at Corporate Office monitors the compliance of AML guidelines.

INDUSTRIAL DISPUTES AND DISCIPLINE DEPARTMENT

Industrial Disputes and Discipline Department has set in place online submission of Annual Property Returns w.e.f. 01.04.2014. The Industrial Disputes and Discipline Department has synchronized the reciprocal flexibility between Regional Offices and Head Office by decentralizing to the day to day whetting of Charge-sheets and Penalty Orders, within their Authority - for speedy enforcement of discipline. The Department is now working totally in consonance to eGovernance as prescribed by the Ministry of Finance - DFS, in relation of most of the Communications - other than important Court papers. The Industrial Disputes and Discipline Department is also servicing aspects of Harassment of Women in Work Place. Three important issues were approved by the Board of Directors of the company, viz: (a) Conduct, Discipline & Appeals Rules (b) Rigor Effect of Penalties and (c) Terminal Benefits payable upon different stages of disciplinary action. Strict action on fake caste certificate cases, wherever proved by 'Authorities' - are being taken. With a 'Proactive Top Management', the IR level has tremendously improved.

INFORMATION TECHNOLOGY

New India Assurance has been completely on Core Insurance solutions for almost 3 years now. All the 2000 plus offices are working on this platform connected to a central data base, through an MPLS VPN Cloud of BSNL. All the products of the Company, more than 170 of them, are issued through the system, numbering more than 20 million policies, in a year. Almost 2 million claims are processed annually. The company work on Oracle Platform and TCS is the system integrator and domain solutions provider. The HRMS & the Customer relations are also integrated real time to the Centralized Web Based Insurance software solutions (CWISS.

In 2013-14, Company augmented its 'New India – *Assurance online'* brand of online policies and facilities by adding more products to its Customer & Agent portals. It also added many more interfaces with Motor Vehicle OEMs and other motor vehicle dealers. Today a range of 16 products in 4 lines of business are available through the Customer Portal , online.newindia.co.in , The agent's portals facilitates on line business of 21 products, in 5 lines of business. The portals allow collection of premium by credit / debit cards and electronic transfer from Bank accounts. Company added one more app for Mobile solutions, "New India Agent" intended for agents, to help them to collect cash / cheque payments for fresh policies and agents.

New India Assurance has put in place multiple options for renewal of policies. An SMS is sent to customers alerting them of the renewal and also providing the Customer ID & the quote number. The Customer can access either the Quick renewal facility on the online portal or use the Mobile app to renew, quickly and effortlessly, making payment online. The customer also can renew their policy anywhere in India, and if required keeping the Policy at the original office itself. We also provide, to the registered on line customers, the facility to place all their policies on their site, by linking facility.

Company also has set up SMS communicating to the customer, various stages of product cycle, like issuance of Policy, intimation of claim, appointment of surveyor and settlement of claims and others. The newly modified Web site of the Company is very informative and keeps the customers updated with happenings and events and product details. The Company has introduced QR code in all policies, increasing the authentication of its documents. Its B2B initiatives saw business arrangements with Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost accountants of India, BPCL, leading brokers and other institutions. Company had resorted to using Cloud services in some of these businesses.

The year also saw the Company leveraging the People Soft & Siebel's software f or HRMS and CRM provide additional facilities for employees and also for Grievance Management and services requests from Customers .

HUMAN RESOURCES DEVELOPMENT AND PERSONNEL

- **Staff Welfare Schemes**

The Company in keeping with it's policy of employees' welfare, has continued to implement welfare schemes for it employees viz. Group Savings Linked Life Insurance, Group Term Life Insurance, Employees Deposit Linked Life Insurance, Group Mediclaim Policy covering employees and family members and Lumpsum payment for Domiciliary treatment, Housing Loan and Vehicle Loans at subsidized rate of interest, Retirement Benefit and Death Relief Schemes managed by Mutual Benefit Society for employees, Leave Travel Subsidy and other schemes. There are other schemes which provide 24 hours cover to employees against accidental death or permanent disablement.

Employee strength as of 31st March 2014:

Category of employees	Male	Female	Total
Class I	5149	1471	6620
Class II (Marketing & Administration)	1953	58	2011
Class III	6037	2005	8042
Class IV (Excluding Part Time Sweepers)	1535	484	2019
Part Time Sweepers	19	3	22
TOTAL	**14693**	**4021**	**18714**

Recruitment and Reservation:

The number of employees recruited during the 2013-14 year is as follows:

Category of employees	SC	ST	OBC	Total	Ex-Ser*	PWD*
Class I	1	0	1	10	NIL	NIL
Class II (Marketing & Administration)	NIL	NIL	NIL	NIL	NIL	NIL
Class III	30	25	203	528	7	14
Class IV (Excluding Part Time Sweepers)	NIL	NIL	NIL	NIL	NIL	NIL
Part Time Sweepers	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL	**31**	**25**	**204**	**538**	**7**	**14**

* Ex-Servicemen and PWD included in Total

Representations of Scheduled Caste and Scheduled Tribe employees under various cadres as on 31.03.2014 are as under:

Category/Level	Total Number	Number and Percentage			
		SC	%	ST	%
Group A (Officers)	6620	1388	20.97	419	6.33
Group B (Development Officers - Marketing and Administration)	2011	161	8.01	47	2.34
Group C (Clerical)	8042	1789	22.25	637	7.92
Group D (Sub staff)	2019	943	46.71	161	7.97
Part Time Sweepers	22	17	77.27	2	9.09
Total	**18714**	**4298**	**22.97**	**1266**	**6.76**

The Company strictly adheres to Brochure provisions and Government DoPT guidelines on regular basis regarding reservations & concessions in the matter of recruitment and promotion and safeguards the interest of employees belonging to SC/ST/OBC/PWD/and Ex-servicemen.

A separate Reservation cell is actively functioning at Head office and Regional office level for SC/ST/OBC/PWD/Ex-Servicemen employees. Liaison Officers under the charge of Chief Liaison Officer assists this cell at Head Office, whereas, Assistant Liaison Officer heads the cell at various Regional Offices.

A well-defined mechanism has been provided under which, on yearly basis, the liaison officer from the Head Office inspects the Rosters pertaining to recruitment and promotions at all regional offices. The inspection report with observations of liaison officer, are put up to the Chief Liaison Officer & General Manager (Personnel) for further directions and sent back to respective Regional offices with necessary advices. Based on the inspection report, efforts are taken by the concerned Regional office in coordination with Head Office to rectify the shortcomings in procedure, if any, observed by the Liaison Officer.

Special attention is given to the complaints/grievances received from SC/ST/OBC employees and they are resolved within the shortest possible time. Pre- promotional training programmes were duly imparted to all eligible SC/ST employees for promotion to various cadres. Similarly, for Class III and for Class III to I promotional exercise, pre-promotional training is imparted to SC/ST/OBC employees under Dr. B. R. Ambedkar Welfare Trust. Regular training programmes are also conducted for SC/ST employees of various cadres. Various benefits under Dr. B. R. Ambedkar Welfare Trust have been given to SC/ST/OBC employees. SC /ST employees have been nominated for NIA training programme Pune on regular basis.

The Company is providing financial support on behalf of Dr. B. R. Ambedkar Welfare Trust, to various SC/ST/OBC welfare activities which are aimed towards welfare of people of the community on the eve of Mahaparinirvan day i.e. 6th December of Dr. Babasaheb Ambedkar at Chaitya Bhomi, Dadar, every year.

GENDER ISSUES AND EMPOWERMENT OF WOMEN

The Company has a strong women force and provides adequate opportunities for self and career development. A significant number of women officers, as on 31.03.2014, are holding senior positions in our offices –

Deputy General Manager	Four (4)
Regional Manager/Chief Manager	Twelve (12)

- Women executives are nominated for various programmes organised by the Forum of Women in Public Sector (WIPS) and other institutions.
- Women officers are also nominated in large numbers to the Programme for Women Managers conducted by National Insurance Academy, Pune.
- Women's Committees are constituted at Head Office and various Regional Offices and are actively involved in resolving all gender-related issues/cases referred to them.
- International Women's Day was celebrated in offices all over India. Special programmes were organised at various centres on topics such as Women's Health, Rights of women under various laws of the country, new law for Protection of Women at Workplace etc.

TRAINING:

The Company nominates its officers and staff for various programmes at in-house training centres and external institutions to equip them with knowledge and skills needed to face the challenges in the current market scenario.

The Company regularly nominates employees to programmes organised by National Insurance Academy-Pune, Insurance Institute of India, Institute of Public Administration – Bangalore, CII, ASSOCHAM, Princeton Academy, Dale Carnegie India, IICM, Institute of Actuaries of India, etc. on a variety of technical subjects besides personality development programmes, policy awareness programmes, conferences and summits on specialized topics and current issues affecting the market. A Programme on Reservation Management was organized by IPA at Bangalore, and around 40 participants including ALOs from across the country participated. We also nominate women executives for various seminars organized by WIPS.

In addition to the above, Induction Training programme was arranged for newly recruited Assistants in 2013-2014 and also for two batches of Specialist Scale-I officers recruited during the same period.

The details of training programmes attended by the employees at External training institutions and at Corporate Training College during the period from 01/04/2013 to 31/03/2014 are as under:-

CENTRES	Total no. of programmes conducted	Total no. of participants
NATIONAL INSURANCE ACADEMY, PUNE	133	707
EXTERNAL INSTITUTES	37	169
TRAINING ABROAD	9	14
CORPORATE TRAINING COLLEGE	18	439
TOTAL	**197**	**1329**

OFFICIAL LANGUAGE IMPLEMENTATION

The Official Language Department works under the guidelines issued by the Official Language Section of Minstry of Home Affairs and Department of Financial Services.

The activities of the Department includes holding Hindi Workshops, Inspections of various offices , holding Official language Implementation committee meetings at Head office and various regional offices, translation of various documents, policies & circulars into Hindi & conducting training for officers and staff .

The third Sub- Committee of Parliamentary Committee on Official Language visited Head Office on 23.09.2014 and Valsad D.O. under Surat R.O. on 14.01.2014. In both inspections our company was the co-ordinator . Members of Parliamentary Committee found New India's progress in Hindi is satisfactory.

Company celebrated Hindi month from 16th of September to 15th October 2013 , holding competition in the skills in Hindi , leading to the celebration of Hindi Diwas. Cash incentives were provided to more than 1000 employees for work done in Hindi.

This year Hindi Officers Conference was organised at Lucknow under Kanpur R.O. on 29th- 30th November, 2013 and Dr.Surya Prakash Dixit - Retd. Department Head Of Hindi Deptt., of Lucknow University and renowned writer in Hindi was Company's Chief Guest. Rajbhasha Shield's were awarded to Kanpur, Dehradun, Bhopal, Ahmedabad, Mumbai R.O- 5, Ludhiana and Bhubaneshwar.

The issue of Corporate House Magazine " Arjan " was published in which employees from various Offices of our company contributed. TOLIC of Mumbai PSU awarded Ist Prize for our this issue.

For Implementing Hindi in a best way this year Official Language Department of Ministry of Home, Government of India, awarded Amritsar D.O. under Ludhiana R.O

Noting done by Officers in their routine day to day work was uploaded on Hindi Portal by Hindi Department. All important documents of Hindi Deptt were also uploaded. Glossary will also be uploaded soon in the coming year.

INTERNAL AUDIT

Internal Audit has been playing a pivotal role in strengthening the Corporate Governance and complying with management objectives to strengthen internal controls.

The Department has been instrumental in detecting and reporting to the Management for rectification of systems and procedural lapses. IAD has also helped in enhancing the performance of Audit Compliance Cells at the various operating offices for speedy resolution of pending audit queries – both internal and CAG. IAD has ensured that all operating offices are audited at least once in the financial year.

All pending Board and CMD level queries are examined age-wise, type-wise, and with reasons for their pendency by the IAD and the feedback is being presented periodically to the Audit Committee of the Board (ACB) The performance of the Divisional Office is reviewed and based on their performance on various parameters, offices are graded. At the end of the financial year, the performance of the IAD is consolidated in the form of Annual Report and the same is placed before the Audit Committee of the Board for their review.
IAD has also introduced the system of conducting quarterly workshops for resolving number of pending queries besides the usual workshops for resolving Board, CMD and CAG level queries.

IAD has conducted 20 HO level audit workshops, 65 RO level workshops and 2 CAG workshops. Surprise Inspections were also conducted on random basis which helped in keeping the systems and procedures in line with the management objectives. In order to audit at least one quarter of the current financial year, IAD introduced the system of second audit to ensure that audit of transactions for the current financial year are also covered.

LEGAL DEPARTMENT

The focus of this department is to enhance the claims settlement ratio, minimize the scope for policyholders grievance escalating to disputes in consumer forum, to centralize the handling of consumer disputes in ROs' and extract data for consumer cases from CWISS by introducing modules for the same. During the year under review, 2000 consumer cases were settled by award/judgment and on compromise basis with settlement ratio approximately 20%, 9 workshops were held during the year and 12 Regional Offices were visited for review of pending consumer cases.

VIGILANCE

The vigilance department working under Chief Vigilance Officer has units in all the Regional Offices. The department is driven by a well defined Mission which includes 'to create an atmosphere conducive to zero-corruption functioning with role clarity and clear sense of direction'. In order to achieve this mission, the department conducted 378 surprise inspections, 81 vigilance workshops, creating and circulating guidelines on contemporary areas more susceptible to frauds.

Vigilance Awareness Week was observed from 28th October to 2nd November, 2013. The theme for the year was 'Promoting Good Governance - Positive - Positive Contribution of Vigilance '.Quarterly in house magazine on Vigilance "nia VIGIL" was launched during Vigilance Awareness Week.

All India Annual Conference for Vigilance Officers was held at Bhopal on 3rd and 4th March, 2014. Inputs and experiences shared during the conference was very useful to many newly inducted Vigilance Officers.

The project of online submission of Annual Property Returns has been made operative during the year. Vigilance clearance for obtaining passport, renewal of passport and going abroad has also been made operative online during 2013-14.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT 1956

The particulars of employees drawing remuneration of ₹ 60 lakh and above for the year ended 31st March 2014 as required under Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, are as under :

Name of Employee	Service in Yrs.	Designation	Remune -ration(‘)	Qualification	Date of joining	Age	Last employment held	Place
B. Balachandra	30	Chief Operating Officer	84,05,986	BSC, AIII	06/01/1983	54	Glaxo Ltd.	Sydney
Philip Scott	38	Underwriter	1,24,30,088	ACII	01/08/2011	57	Assicurazione Generali Spa	London
James Dey	31	Treaty Underwriter	1,44,26,415	ACII	19/09/2011	50	BRIT	London
S. Ratnasabapathy	37	Chief Accountant	68,54,948	FCEA	17/06/1995	60	Henley Industries	London
James Baker	29	Deputy Underwriter	60,51,081		03/07/1905	46	Scan re. London	London
M.V. Krishna	33	General Manager	63,74,951	B.Com, ACII,	18.09.2007 FIII	55	Oriental Ltd. Insurance Co.	London
Meera Batra	26	Chief Operating Officer	66,72,370	M.Com, AIII	19.09.1988	50	New India Assurance Co. Ltd.	Hong Kong

FINANCIAL RATING

Rating was upgraded by AM Best Company, a premier rating agency for Insurers and reinsurers across the world to A- (Excellent) with Stable Outlook in the year 2013.

CERTAIN EXPENSES OF MANAGEMENT

Expenses of management of the company include:

(a) Entertainment (Indian & Foreign): ₹ 1.31 crore (previous year – ₹ 0.99 crore)
(b) Foreign tours undertaken by the executives: ₹ 1.19 crore (previous year – ₹ 0.87crore).
(c) Publicity and advertisement: ₹ 39.30 crore (previous year – ₹ 31.46 crore)

FOREIGN EXCHANGE EARNINGS & OUTGO

The company’s foreign exchange earning for the year 2013-14 is ₹ 637.91 crore i.e. ₹ 633.57 crore pertaining to re-insurance transactions and ₹ 4.34 crore from dividend (previous year – ₹ 381.78 crore) whereas the outgo in foreign currency has been ₹ 1115.25 crore (previous year – ₹ 906.39 crore).

The reasons for increase in foreign exchange outgo are mainly steep currency variations and more payments against re-insurance premium and claims during the year.

CORPORATE GOVERNANCE

Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfil its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the board of directors, management, shareholders to customers, employees and society. The management of the company hence assumes the role of a trustee for all the others.

The Board meets atleast once a quarter to review the quarterly, financial, operational and investment performance of the Company. The company's philosophy on corporate Governance lays strong emphasis on transparency, accountability and integrity. Corporate governance is concerned with the establishment of a system whereby the Directors are entrusted with responsibilities and duties in relation to the directions of corporate affairs. It is concerned with accountability of who are managing it. It is concerned with morals, ethics, values, parameters, conduct and behavior of the company and its management.

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 31st March, 2014 is as under:

1. Mr. G. Srinivasan, Chairman-cum-Managing Director
2. Mr. Arvind Kumar, IAS, Director
3. Smt. V. R. Iyer, Director
4. Mr. S. Ganapathi Subramanian, Director
5. Mr. Prakash Bakliwal, Director
6. Mr. Salamat Ullah, Director
7. Mr. A. R. Sekar, Director
8. Mr. K. Sanath Kumar, Director

The Board underwent the following changes in its composition since the date of last directors' report, i.e., 30th April 2013:

- Mr. A.R. Sekar Director, General Manager and Financial Advisor on attaining superannuation, ceased to be director of the company w.e.f. 31st March 2014.
- Mr. Rajesh Kumar Khullar, IAS, Joint Secretary, Ministry of Economic Affairs has been appointed as Government Nominee Director w.e.f. 5th June 2014, vice Shri Arvind Kumar, Joint Secretary, Department of Financial Services.

BOARD MEETING DETAILS :

During the year, the Board met Eight (8) times on 30th April 2013, 1st July 2013, 31st July 2013, 29th September 2013, 31st October 2013, 23rd December 2013, 31st January 2014 and 23rd March 2014. The attendance of the Directors at the said meeting is as below :

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. G. Srinivasan	8	8
2.	Mr. Arvind Kumar	8	7
3.	Smt. V. R. Iyer	8	5
4.	Mr. S. Ganapathi Subramanian	8	8
5.	Mr. Prakash Bakliwal	8	8
6.	Mr. Salamat Ullah	8	2
7.	Mr. A. R. Sekar	8	8
8.	Mr. K. Sanath Kumar	8	8

Mr. Sharad Ramnarayanan Appointed Actuary was present in all the Board meetings held during the year.

The Board also met on 28.04.2014, for approval of audited accounts of the company for the financial year 2013-14.

AUDIT COMMITTEE DETAILS :

The Audit Committee inter-alia oversees the financial statements and financial reporting before submission to the Board, internal audit function and the work of the statutory auditors. It also reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. During the year under review, the Audit Committee met seven (7) times on 30th April 2013, 1st July 2013, 31st July 2013, 21st September 2013, 31st October 2013, 23rd December 2013 and 31st January 2014.

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. S. Ganapathi Subramanian	7	7
2.	Mr. Arvind Kumar	7	7
3.	Mr. Prakash Bakliwal	7	7

INVESTMENT COMMITTEE MEETING DETAILS :

The composition of the Investment Committee is in accordance with the provisions of the IRDA (Investment) Regulations 2000 as amended and the Guidelines issued thereunder by IRDA from time to time. During the year, the Investment Committee met six (6) times on 1st July 2013, 31st July 2013, 30th October 2013, 23rd December 2013, 30th January 2014 and 23rd March 2014.

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. G. Srinivasan	6	6
2.	Smt. V. R. Iyer	6	1
3.	Mr. S. Ganapathi Subramanian	6	6
4.	Mr. Prakash Bakliwal	6	6
5.	Mr. A. R. Sekar	6	6

AS per IRDA guidelines, Mr. Sharad Ramnarayanan Appointed Actuary, Smt. S. N. Rajeswari, Chief Financial Officer and Mr. K. R. Sethuraman, Chief Investment Officer were present in all meetings of the Investment committee held during the year.

RISK MANAGEMENT COMMITTEE MEETING DETAILS :

The Risk Management Committee has during the year ensured that risk management was further embedded into day-to-day business and enabling processes. Under the guidance of the Risk Management Committee, Company has floated a tender for appointment of a consultant for risk management of operational, financial and strategic risks of the company. During the year the RMC met four (4) times on 1st July 2013, 31st October 2013, 31st January 2014 and 24th March 2014.

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. G. Srinivasan	4	4
2.	Mr. Arvind Kumar	4	3
3.	Mr. S. Ganapathi Subramanian	4	4
4.	Mr. Salamat Ullah	4	-
5.	Mr. A. R. Sekar	4	4
6.	Mr. K. Sanath Kumar	4	4

Mr. Sharad Ramnarayanan Appointed Actuary and Mr. Girish Radhakrishnan Chief Risk Officer were present in all meetings of the Risk Management committee held during the year.

POLICYHOLDERS PROTECTION COMMITTEE MEETING DETAILS :

The Committee reviews the process being followed by the company in redressal of policyholder grievances and suggests measures for quick redressal of grievances/complaints from policyholders. During the year under review, the committee met four (4) times on 1st July 2013, 31st October 2013, 31st January 2014 and 24th March 2014.

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. G. Srinivasan	4	4
2.	Mr. S. Ganapathi Subramanian	4	4
3.	Mr. Prakash Bakliwal	4	4
4.	Mr. Salamat Ullah	4	-
5.	Mr. A. R. Sekar	4	4

INFORMATION TECHNOLOGY COMMITTEE MEETING DETAILS :

The company aims to be in the forefront of providing digitally enabled products and services to its customers, agents, brokers and other stake holders, in tune with its market leadership in business. The IT Committee thus reviews the IT proposals before submission to the board. During the year under review, the committee met three (3) times on 7th June 2013, 30th October 2013 and 30th January 2014.

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. G. Srinivasan	3	3
2.	Mr. S. Ganapathi Subramanian	3	3
3.	Mr. Prakash Bakliwal	3	3
4.	Mr. A. R. Sekar	3	3
5.	Mr. K. Sanath Kumar	3	3

REMUNERATION COMMITEEE DETAILS :

The Remuneration Committee constituted in compliance with the Government directives met once during the year on 24th December 2013.

	Director	No. of Meeting held	No. of Meetings attended
1.	Mr. Arvind Kumar	1	1
2.	Smt. V. R. Iyer	1	1
3.	Mr. S. Ganapathi Subramanian	1	1

Remuneration to Directors :

During the year under review, company had three independent directors on the Board. The Remuneration paid to independent directors during the year 2013-14 is as under :

1.	Mr. S. Ganapathi Subramanian	₹ 2,05,000/-
2.	Mr. Prakash Bakliwal	₹ 1,80,000/-
3.	Mr. Salamat Ullah	₹ 20,000/-

The Remuneration includes sitting fees only for attending Board and Committee meetings of the company. No sitting fees is payable to Chairman-cum-Managing Director, whole time directors and directors representing Govt. of India and banks.

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/Risk Management Committee to determine 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. Company has a vigilance department which takes care of this aspect.
- Solvency Margin of the company for the year 2013-14 global is 2.61 times (PY 2.5 times) and Indian is3.56 times (PY 3.35 times).

AUDITORS

Under Section 619 of the Companies Act, 1956, the Comptroller and Auditor General of India, appointed M/s. S. R. Goyal & Co., M/s. JCR & CO., and J. Singh and Associates, as the Central Statutory Auditors of the Company for the year 2013-14. Branch auditors for the various Regional Offices, Divisional Offices and claims hubs in India and for the foreign branch/agency 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.

RENEWAL OF LICENCE BY THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

The company has received the certificate of renewal of registration dated 25.02.2014 for the year 2014-15.

SUBSIDIARY COMPANIES

The Company has 3 Subsidiary Companies. The names and details of New India shareholding are as under:

S. 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 N I A 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	100.00
3.	Prestige Assurance Plc. Nigeria	2,508,315,437	1,279,314,265	51.00

The performance of subsidiaries for the year ended 31st December 2013 is summarized below:

(Figures in ₹ 000)

Name of the subsidiary	Curr-ency	U/w Profit/Loss		Investment		Other Income		Profit before tax		Dividend	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
NIA (T&T) Ltd.	$	14985	14233	4173	4801	597	917	19755	19951	2612	2612
NIA (S..Leone)Ltd.	Le	(20036)	(18447)	26783	68547	NIL	NIL	6747	50100	NIL	NIL
Prestige Assurance	N	12792	(276157)	397313	531032	312298	906947	127484	879759	NIL	50166

- All the subsidiary companies follow the calendar year for finalisation of accounts. Therefore, performance has been given for the year ended 31st December 2013.

- The New India Assurance Company (Sierra Leone) Limited has closed down business operations with effect from 1st January 2003 due to the civil disturbances prevailing in that country. The Company has not declared any dividend for the year 2013-14.

- 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.

ADOPTION OF ACCOUNTS BY SHAREHOLDERS

The Company's Annual Accounts for the year 2012-13 were adopted by the shareholders at the Annual General Meeting held on 17th June 2013.

GENERAL BODY MEETING

The last three Annual General Body meetings (AGMs) of the company were held at the Registered office of the company at 87, M. G. Road, Fort, Mumbai – 400 001 on the following dates

Monday, 17th June 2013
Monday, 27th August 2012
Wednesday, 14th September 2011

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 2012-13 along with the Directors' Report was placed before Lok Sabha on 13.12.2013 and Rajya Sabha on 17.12.2013 as per the requirement of Section 619A read with Section 619B of the Companies Act, 1956.

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 31st March, 2014 on 'going concern' basis.

AWARDS AND ACCOLADES

New India has been showered with awards and recognitions in the year 2013-14, as many organizations and selection forums recognized the best in class performance of the company.

- Indian Insurance Award for Technology Innovation
- IPE BFSI Award for Underwriting Initiative of the Year
- IPE BFSI Award for Best Insurance Company in Public Sector
- IPE BFSI Award for Claims Initiative of the year
- CMO Asia Star Award for Premium Online Payment Brand
- IBN Lokmat & Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA) for Exemplary Achievement in Financial Services- General Insurance (Large Enterprise) & for Noteworthy Contribution to the State of Maharashtra
- 33rd SKOCH Consultancy Award for Digital Inclusion Technology
- Golden Peacock Award 2013 for Excellence in Corporate Governance
- ABP News Brand Excellence Award in Insurance Sector (supported by World Brand Congress)
- Hyundai Vendor Convention Award 2014 for outstanding Performance
- ABP BFSI Award for Best General Insurer of the year
- ABP BFSI Award for Best Underwriting Initiative of the Year
- Overall Outstanding performance in General Insurance (PSU) for 2013 from Dalal Street Investment Journal.

These rich recognitions has increased company's determination to excel in its operations and customer service.

These rich recognitions has increased company's determination to excel in its operations and customer service.

PLANS FOR 2014-15

Domestic :

The core theme of New India's business strategy is 'Leadership and Beyond'. The company has drawn an action plan for the financial year 2014-15 to improve its performance in all parameters. New India is strong in retaining its large corporate customers by following sound underwriting practices and strong technical support built over a period of time. Customer service is the top most priority of the company in underwriting the Business, prompt issuance of policies and settlement of claims through various claims hubs. The company has planned to tap the vast retail business available by bringing out new products, effectively utilising all business channels.

Company's core strength remains the Brand Image built over many years. Added to this the company has a strong network of offices, dedicated manpower, in addition to huge underwriting capacity. Company plans to make use of this capacity to spread its wings and with the support of its business partners, will retain the undisputed leadership status for years to come.

With the active support of stabilised CWISS, Company plans to leverage the software to establish good support systems to its business partners by providing web portals to intermediaries like Brokers, Bancassurance, corporate and individual agents. In the changing scenario, company will also utilize web aggregators to host its products with competitive premium rates and reach to the present day web savvy customers.

Under financial inclusion project of Government of India, company has planned to open Micro Offices to cater to the citizens, who are living in Tier III and Tier IV Cities and canvass more personal lines of insurance policies. Company is also in the process of converting Banking Business correspondents as their Micro agents and canvass its 16 Micro products.

Foreign :

Company plans to achieve ₹ 3100 crore gross premium for 2014-15.

Company is looking at the markets of Myanmar, Qatar & Canada for entry . New India intends to significantly increase the extent and spread of its foreign operations in coming years.

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.

ACKNOWLEDGEMENT

The Board of directors thanks Government of India, Ministry of Finance, Department of Financial Services (Insurance Division), Insurance Regulatory & Development Authority (IRDA), General Insurers' (Public Sector) Association of India (GIPSA) and other government and regulatory agencies for their valuable guidelines and continuous support provided to the company throughout the year.

The Board of directors are also grateful to the valued customers, bankers, agents, surveyors, stakeholders and public at large for the patronage and confidence reposed in the company.

The Board of directors places on record their appreciation for the commitment, sense of involvement and dedication exhibited by each staff member in the overall development and growth of the company and look forward to the continued support and whole-hearted cooperation for the realization of the corporate goals in the year ahead.

For and on behalf of the Board

G. SRINIVASAN

Chairman cum Managing Director

Place : Mumbai

Dated : 28th April 2014

Name of the Director	Qualification	Category of directorship	Directorship
Mr. G. Srinivasan	B.Com, FIII, ACMA	Chairman cum Managing Director	1. GIC Housing Finance Ltd. 2. Prestige Assurance Plc, Lagos Nigeria 3. The New India Assurance Co.(Trinidad and Tobago) Ltd.,Port of Spain. 4. India International Pte, Singapore. 5. National Insurance Academy Pune 6. Insurance Information Bureau. 7. GIC Re 8. Health Insurance TPA Ltd.
Mr.Rajesh Khullar, IAS	PG in Physics & Public Policy International Economics	Government Nominee Director	Nil
Mrs. V.R. Iyer	M.Com, CAIIB	Chairman cum Managing Director of Bank of India	1. Bank of India 2. Export Import Bank of India 3. BOI Shareholding Ltd.
Mr. S. Ganapathi Subramanian	Chartered Accountant	Part Time Non Official Director	1.The Karur Vysya Bank Ltd. 2. Price Patt & Co.
Mr. Prakash Bakliwal	B.Com., LLBB.	Part Time Non Official Director	1. SIDBI
Mr. Salamat Ullah	B.Com	Part Time Non Official Director	Nil
Mr. K. Sanath Kumar	BSC, LLB, Diploma in Insurance Law and Associate of FIII	Director and General Manager	Prestige Assurance Plc, Lagos Nigeria

CERTIFICATE ON FINANCIAL STATEMENTS

This is to certify that the financial statements of the company for the year ended 31st March 2014 placed before the board of directors for adoption and approval, do not contain any false or misleading statements or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

S. N. Rajeswari
Chief Financial Officer

G. Srinivasan
Chairman cum Managing Director

Place : Mumbai
Dated : 28th April 2014

Certificate of Compliance of the Corporate Governance Guidelines

I, Jayashree Nair 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.

Jayashree Nair
Company Secretary

Place : Mumbai
Dated : 28.04.2014

ANNEXURE I - TO DIRECTORS' REPORT

COUNTRY		GROSS PREMIUM	NET PREMIUM	CLAIMS		COMMISSION		MGT. EXP.		RES. STR.		INCOME		U/W PROFIT		INVESTMENT INCOME		NET PROFIT	
		₹	₹	₹	%	₹	%	₹	%	₹	%	₹	%	₹	%	₹	%	₹	%
ABU DHABI	C.Y.	136.29	100.44	76.98	76.64	28.63	28.50	1.31	1.30	2.29	2.28	0.00	0.00	-8.77	-8.73	2.18	2.17	-6.59	-6.56
	P.Y.	112.37	93.23	78.98	84.72	28.15	30.19	1.09	1.17	10.64	11.41	0.00	0.00	-25.63	-27.49	2.15	2.31	-23.48	-25.19
DUBAI	C.Y.	330.64	253.97	166.11	65.41	81.17	31.96	3.61	1.42	24.15	9.51	0.08	0.03	-20.99	-8.26	5.21	2.05	-15.78	-6.21
	P.Y.	275.46	213.38	139.79	65.51	66.45	31.14	4.87	2.28	25.64	12.02	0.09	0.04	-23.28	-10.91	5.83	2.73	-17.45	-8.18
BAHRAIN	C.Y.	96.06	70.82	30.85	43.56	22.72	32.08	3.28	4.63	5.39	7.61	0.00	0.00	8.58	12.12	3.43	4.84	12.01	16.96
	P.Y.	80.28	61.27	30.27	49.40	19.08	31.14	2.03	3.31	7.74	12.63	0.00	0.00	2.15	3.51	2.35	3.84	4.50	7.34
KUWAIT	C.Y.	63.51	56.05	52.12	92.99	19.41	34.63	1.02	1.82	-4.19	-7.48	0.00	0.00	-12.31	-21.96	0.47	0.84	-11.84	-21.12
	P.Y.	69.08	65.07	65.06	99.98	21.94	33.72	0.94	1.44	2.40	3.69	0.00	0.00	-25.27	-38.84	0.64	0.98	-24.63	-37.85
MUSCAT	C.Y.	466.03	414.59	265.64	64.07	100.60	24.26	3.04	0.73	39.38	9.50	1.02	0.25	6.95	1.68	12.59	3.04	19.54	4.71
	P.Y.	388.97	340.40	212.24	62.35	81.21	23.86	0.82	0.24	38.33	11.26	0.27	0.08	8.07	2.37	11.80	3.47	19.87	5.84
SAUDI	C.Y.	0.00	0	0.41															
ARABIA	P.Y.	0.00	0	0.08															
ARUBA	C.Y.	64.69	53.75	15.28	28.43	22.29	41.47	1.65	3.07	2.76	5.13	-0.07	-0.13	11.70	21.77	6.31	11.74	18.01	33.51
	P.Y.	57.79	48.15	22.85	47.46	19.51	40.52	1.43	2.97	2.46	5.11	-0.32	-0.66	1.58	3.28	4.80	9.97	6.38	13.25
CURACAO	C.Y.	27.34	24.14	32.83	136.00	7.77	32.19	1.39	5.76	0.99	4.10	0.15	0.62	-18.69	-77.42	0.56	2.32	-18.13	-75.10
	P.Y.	24.89	22.15	10.02	45.24	7.13	32.19	1.32	5.96	1.19	5.37	0.14	0.63	2.63	11.87	0.51	2.30	3.14	14.18
TOTAL FOR AGENCIES	**C.Y.**	**1184.56**	**973.76**	**640.22**	**65.75**	**282.59**	**29.02**	**15.34**	**1.58**	**70.77**	**7.27**	**1.18**	**0.12**	**-33.98**	**-3.49**	**30.75**	**3.16**	**-3.23**	**-0.33**
	P.Y.	**1008.84**	**843.65**	**559.29**	**66.29**	**243.47**	**28.86**	**12.52**	**1.48**	**88.45**	**10.48**	**0.18**	**0.02**	**-59.90**	**-7.10**	**28.08**	**3.33**	**-31.82**	**-3.77**
MAURITIUS	C.Y.	63.26	52.81	19.06	36.09	7.10	13.44	7.26	13.75	2.45	4.64	0.00	0.00	16.94	32.08	7.06	13.37	24.00	45.45
	P.Y.	58.16	47.71	24.96	52.32	7.03	14.73	4.80	10.06	-1.56	-3.27	1.91	4.00	14.39	30.16	7.10	14.88	21.49	45.04
HONGKONG	C.Y.	57.95	56.67	28.24	49.83	19.59	34.57	4.10	7.23	4.97	8.77	0.00	0.00	-0.23	-0.41	0.89	1.57	0.66	1.16
	P.Y.	47.79	46.57	23.8	51.11	16.06	34.49	3.50	7.52	4.84	10.39	0.08	0.17	-1.55	-3.33	0.89	1.91	-0.66	-1.42
PHILIPPINES	C.Y.	42.38	31.52	38.1	120.88	5.94	18.85	2.45	7.77	2.35	7.46	0.11	0.35	-17.21	-54.60	2.65	8.41	-14.56	-46.19
	P.Y.	36.74	27.81	24.69	88.78	7.11	25.57	2.67	9.60	2.73	9.82	0.00	0.00	-9.39	-33.76	3.04	10.93	-6.35	-22.83
THAILAND	C.Y.	11.39	2.35	-36.92	-1571.06	1.59	67.66	3.28	139.57	-0.88	-37.45	-0.86	-36.60	34.42	1464.68	2.48	105.53	36.90	1570.21
	P.Y.	12.59	4.33	0.95	21.94	1.56	36.03	2.38	54.97	-0.18	-4.16	0.08	1.85	-0.30	-6.93	1.89	43.65	1.59	36.72
AUSTRALIA	C.Y.	48.19	23.88	-4.05	-16.96	7.58	31.74	5.35	22.40	1.98	8.29	-0.14	-0.59	12.88	53.94	10.86	45.48	23.74	99.41
	P.Y.	71.47	19.54	17.89	91.56	10.72	54.86	4.98	25.49	-1.67	-8.55	-0.36	-1.84	-12.74	-65.20	12.60	64.48	-0.14	-0.72
FIJI	C.Y.	122.03	101.41	118.72	117.07	12.07	11.90	5.62	5.54	10.30	10.16	5.43	5.35	-39.87	-39.32	7.77	7.66	-32.10	-31.65
	P.Y.	99.45	82.27	61.52	74.78	11.65	14.16	6.01	7.31	14.23	17.30	0.21	0.26	-10.93	-13.29	7.33	8.91	-3.60	-4.38
AUCKLAND	C.Y.	66.92	39.85	7.33	18.39	5.05	12.67	4.51	11.32	-3.87	-9.71	0.05	0.13	26.88	67.45	5.87	14.73	32.75	82.18
	P.Y.	69.30	47.47	1.56	3.29	5.02	10.58	3.53	7.44	2.93	6.17	0.06	0.13	34.49	72.66	3.43	7.23	37.92	79.88
JAPAN	C.Y.	261.95	202.87	113.3	55.85	40.87	20.15	54.00	26.62	2.67	1.32	-0.02	-0.01	-7.99	-3.94	3.45	1.70	-4.54	-2.24
	P.Y.	265.09	197.65	140.14	70.90	41.27	20.88	63.96	32.36	6.10	3.09	0.05	0.03	-53.77	-27.20	4.35	2.20	-49.42	-25.00
UNITED	C.Y.	905.16	727.49	397.72	54.67	209.55	28.80	54.20	7.45	51.93	7.14	0.86	0.12	14.95	2.06	54.17	7.45	69.12	9.50
KINGDOM	P.Y.	797.20	623.63	316.65	50.78	155.66	24.96	41.74	6.69	81.74	13.11	0.67	0.11	28.51	4.57	53.87	8.64	82.38	13.21
TOTAL FOR BRANCHES	**C.Y.**	**1579.23**	**1238.85**	**681.5**	**55.01**	**309.34**	**24.97**	**140.77**	**11.36**	**71.90**	**5.80**	**5.43**	**0.44**	**40.77**	**3.29**	**95.20**	**7.68**	**135.97**	**10.98**
	P.Y.	1457.79	1096.98	612.16	55.80	256.08	23.34	133.57	12.18	109.16	9.95	2.70	0.25	-11.29	-1.03	94.50	8.61	83.21	7.59
RUN-OFF &	C.Y.	-	-	-		-		1.73		-		3.21		1.47		1.12		2.59	
OTHERS	P.Y.	-	-	-		-		1.66		-		(1.91)		(3.57)		0.14		(3.43)	
TOTAL (₹)	**C.Y.**	**2763.79**	**2212.61**	**1321.7**	**59.74**	**591.93**	**26.75**	**156.56**	**7.08**	**142.67**	**6.45**	**5.27**	**0.24**	**5.00**	**0.23**	**126.08**	**5.70**	**131.08**	**5.92**
	P.Y.	**2466.63**	**1940.63**	**1171.46**	**60.4**	**499.55**	**25.7**	**147.8**	**7.6**	**197.61**	**10.2**	**6.09**	**0.3**	**-69.72**	**-3.6**	**123.7**	**6.4**	**53.98**	**2.8**

ANNEXURE II - DIRECTORS' REPORT 2013-14

RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEME

Policy Details	Year	No of Polices Sold	No of Persons Covered	Amount of Premium (Rs. In Lacs)	No of Claims Reported	No of Claims Settled	Amount of Claims (Rs. In Lacs)	Claims Ratio(%)
	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
Cattle Insurance	2010-11	305469	605270	3562.28	23182	11147	1656.91	46.51
	2011-12	114806	407679	4519.87	17060	14663	2593.11	57.37
	2012-13	121180	586799	6987.10	18101	18937	3677.14	52.63
	2013-14	90898	424912	4763.33	17929	18168	4283.10	89.92
	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
Livestock Insurance	2010-11	57897	252313	473.84	2619	2493	183.51	38.73
	2011-12	25210	419273	745.09	9579	7483	302.41	40.59
	2012-13	26655	606385	1072.97	18720	18691	632.00	58.90
	2013-14	21003	511649	144.94	15703	16194	518.05	357.42
	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
Agricultural Pumpset	2010-11	11367	12916	35.14	109	121	4.66	13.26
	2011-12	10023	11895	37.48	106	94	3.71	9.90
	2012-13	6405	7954	36.87	91	101	2.72	7.38
	2013-14	4361	4836	23.65	60	63	1.85	7.82
	2007-08	608708	6463304	1243.77	4458	4012	1187.96	95.51
	2008-09	781527	7647701	1317.89	1701	1698	1805.60	137.01
Janta Personal Accident	2009-10	846569	8284173	1427.57	4790	2131	1357.21	95.07
	2010-11	1049351	4421513	1500.03	1879	1640	1075.62	71.71
	2011-12	214084	10652087	3712.11	3634	2576	2415.32	65.07
	2012-13	225317	1398497	3967.54	8563	7881	3065.38	77.26
	2013-14	171747	1063420	2374.17	7181	8193	2295.08	96.67
	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
Gramin Personal Accident	2010-11	32454	136747	46.39	58	50	54.74	118.00
	2011-12	5649	187129	15.97	68	54	4.93	30.87
	2012-13	3157	44771	5.13	28	31	2.35	45.81
	2013-14	2080	10820	3.02	7	9	0.34	11.26
	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
Universal Health Insurance Scheme	2010-11	8973	287098	399.96	13474	11596	418.89	104.73
	2011-12	6365	32953	42.89	493	495	28.42	66.26
	2012-13	1765	9548	11.81	398	389	13.47	124.99
	2013-14	-	-	-	-	-	-	-
	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	1446268	6095223	152695.80	743754	734492	149597.25	97.97
Mediclaim	2010-11	1613626	7166982	199920.82	608009	551733	182320.47	91.20
	2011-12	1591086	9531815	234229.47	590376	607484	199182.57	85.04
	2012-13	1624002	12207167	275227.19	877821	828192	258204.28	93.81
	2013-14	1623524	12363886	329229.61	1110535	1E+06	282147.88	85.70
	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
Jan Arogya Bima Policy	2010-11	7525	16375	15.03	768	684	19.46	129.47
	2011-12	12274	54307	51.76	1762	1561	60.44	116.77
	2012-13	10435	67411	55.63	1780	1805	60.16	105.91
	2013-14	10274	70755	58.37	1525	1548	63.26	108.38

Addendum to Directors' Report dated 28th April 2014
As per Section 217 (3) of the Companies Act – 1956
Response to qualifications in Auditor's Report dated 28th April 2014

The Management's explanations for qualifications mentioned in the above report, which are not explained by way of note, are as follows:

1 Para 1 a. of Auditors' Report regarding non availability of confirmation of loans and investments.

Demand notices to State governments for outstanding dues are sent on half yearly basis, indicating balances outstanding on account of principal as well as over due of interest. And these have not been disputed by the respective state governments. As regards term loan accounts, which are restructured, reconciliation of balances as per the company records and borrowers' records is carried out and accounts are suitably modified already. Hence there is no material impact on the financial statements.

2 Para 1 b. of Auditors' 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 required 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 the company to incorporate any reversal of impairment loss recognized in earlier years.

The company as per its internal guidelines, as also guidelines issued by GIC, then Holding Company, 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.

3 Para 1 c of Auditors' Report regarding pending reconciliation/confirmation of balances due to/from bodies carrying on Insurance business, balances of Inter Office accounts and other Premium collection control accounts.

The Company initiated special drive in the last three years and has reconciled and accounted non moving balances for more than five years to a greater extent.

Regarding Outward Treaty placement, Statement of Accounts stands exchanged up to fourth quarter of FY 2013-14. All major Re-insurer's accounts balance confirmations are received either up to second or third Quarter of 2013-14. However, this is an ongoing process and reconciliation of current balances for all other parties is being carried out under routine activities.

For Inward Treaty Accounts all transactions are booked on the basis of advices received from the re-insured till the date of closing the account, which do not require separate confirmation. These balances are also getting reconciled and settled at regular intervals.

Inter office balances mainly pertain to Inter office transfer of fund and inter office transfer of employee balances. Inter office Accounts have been reconciled and outstanding items are being followed up. Inter office Accounts reconciliation is a continuous process.

4 Para 2 of Auditors' Report regarding strengthening in the areas of Audit, Coverage and Compliance

The Company is working towards building stronger system control and introducing Exception reporting as a tool for better control, in the Software so that errors and irregularities are minimized. The new Software is being continuously fine tuned in this regard. Apart from regular Audit of all Offices, surprise inspections and anti fraud audits have also become an integral part of the Company's Internal Audit System. TPA Audit, TP Claims Audit with special emphasis on Pay & recover cases continued in as one of the important steps of Internal control during 2013-14 also. To enhance the effectiveness, efforts have been made by the Internal Audit to reduce the time gap between the conduct of the audit and submission of report to two weeks. System Audit and Risk Based Audit Practices are inculcated in the Audit practices of Internal Audit Department of the Company. The Internal Audit Department has conducted 20 HO Level workshops, 65 RO level workshops & 2 CAG workshops during 2013-14. This has resolved many Audit Paras and bought down considerably the number of Outstanding Paras. With all these steps the Internal Audit Department of the Company is geared up to meet the audit needs of the Company. The Department continues to review its role in tune with the value and volume of operations of the Company and systemic improvements are being carried out in consultation with various departments at Head Office Level. In addition, the Investment operations are subjected to concurrent Audit by an Independent professional.

For and On Behalf of the Board

G Srinivasan
Chairman Cum Managing Director

Date : 28-4-2014
Place : Mumbai.

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 2014-2015

2. We confirm that all known and undisputed 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 to the best of our belief the assets set forth in the Balance Sheet are shown in the aggregate 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 ₹ 200 crores PML per risk except in respect of certain risks in which cases there are exposures of ₹ 500 crores PML per policy. The same has been approved by the Board. We have made adequate reinsurance arrangements to mitigate the losses arising out of any major claims.

8 We have overseas operations in 22 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 non - suit claim settlement time during the preceding five years is as under:

Year	No. of days
2013-14	116
2012-13	57
2011-12	54
2010-11	51
2009-10	48

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 amortisation of additional actuarial liability for Gratuity as per I.R.D.A. circular no. IRDA/F&A/CIR/ACT/069042011 dated 18.04.2011 and deferment of additional liability in respect of motor pool claims on dismantling of pool as per IRDA circular no. IRDA/F&A/ORD/MTPP/070/03-2012 dated 22nd March 2012.

(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.

Jayashree Nair	**K. Sanath Kumar**	**S Ganapathi Subramanian**	**G. Srinivasan**
Company Secretary	Director	Director	Chairman-Cum- Managing Director

Place: Mumbai
Date: April 28, 2014

AUDITORS' REPORT

To
The Members.
The New India Assurance Company Limited
Report on the Financial Statements:

We have audited the accompanying financial statements of The New India Assurance Company Limited (the Company), which comprise the Balance Sheet as at 31st March, 2014 and the annexed the revenue accounts of Fire, Marine and Miscellaneous Insurance Business (collectively known as 'Revenue Accounts'), Profit and Loss Account and Receipts and Payments Account of the Company for the year then ended and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are:

(a) Returns from Thirty Two Regional Offices(including 4 LCO's), Four Hundred and Twelve Divisional Offices audited by the other firms of Auditors appointed by the Central Government ;

(b) Returns from Nine Foreign Branches audited by local Auditors appointed by the Company ;

(c) Returns from Seven Foreign Agencies audited by local Auditors appointed by the Company; and

(d) Returns of Eight Unaudited and One Audited run-off Foreign Agencies

(In all covering total premium of ₹ 13727.61 crores and Incurred Claims of ₹ 10428.25 crores)

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Insurance Act 1938, the Accounting Principles as prescribed in the Insurance Regulatory and Development Authority ('IRDA') (Preparation of financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 and orders or direction issued by the Insurance Regulatory and Development Authority and accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of 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 judgments, 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 control relevant to the Company'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 the 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 qualified audit opinion.

Emphasis of Matter:

Without qualifying our opinion, attention is invited to Notes to Accounts:

a. Note number 8(a), 8(b) (ii) and 8(c) in Schedule 16 B regarding non-compliance of Insurance Regulatory and Development Authority (IRDA) Regulations during the year.

b. Note number 12 in Schedule 16 B, which describe deferment of gratuity liability of the company to the extent of Rs. 3431.20 lakhs, pursuant to the circular dated 18-04-2011 of IRDA to Public sector insurance companies.

c. Note number 8 (b) (i) in Schedule 16 B, non-disclosure of segment reporting in respect of Public and Product Liability of Foreign Business.

Basis for qualified opinion

1. 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. (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 and other premium collection control accounts are pending for reconciliation/confirmation as stated in Note number 3 (a) and (c) of Notes to accounts, in schedule 16 B. Consequential effect, if any, is not ascertainable.

2. The Company's internal audit system requires strengthening in the areas of audit coverage and compliance.

3. Overall impact of the above Para I (a) to (c) and the consequential effects on Revenue Accounts, Profit and Loss Accounts and Reserve and Surplus as on 31st March, 2014 are not ascertainable.

Opinion:

In our opinion and to the best of our information and according to the information and explanation given to us **except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph 1 (a) to (c) above;** the said accounts 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 for the insurance companies, give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014;

(ii) In case of revenue accounts of the loss in Fire and profit in Marine and Miscellaneous Business for the year ended on that date;

(iii) In Case of Profit and Loss Account of the Profit for the year ended on that date, and

(iv) In case of Receipts and payments Account, of the receipts and payments for the year ended on that date.

Report on Other Legal and Regulatory Matters:

1. The Balance Sheet, Profit and Loss Account, Revenue Accounts and Receipts and Payment Account are prepared in accordance with the requirements 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.

2. We report that:

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 accounts, as required by law, have been kept by the Company so far as appears from our examination of those books.

c. The reports of the regional auditors consolidating divisional auditors' reports, reports of the foreign branches and foreign agencies auditors audited under section 228 by a person other than the company's auditor has been forwarded to us as required by clause (c) of sub – section (3) of section 228 and have been dealt with in preparing our report in the manner considered necessary by us;

d. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in agreement with the books of accounts.

e. 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, 2014, have 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.

f. 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.

g. The Balance Sheet, Profit and Loss Account, Revenue Accounts and Receipts and Payment Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013 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.

h. 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.

i) 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 :

i) We have reviewed the management report attached to the financial statements for the year ended 31st March, 2014 and there is no apparent mistake or material inconsistency with the financial statements; and

ii) Based on 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 S. R. GOYAL & Co.	**For JCR & CO.**	**For J SINGH & ASSOCIATES**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Firm Registration no: 001537C	Firm Registration no:105270W	Firm Registration no: 110266W
Anurag Goyal	**Saiprabha R.**	**J. Singh**
Partner	Partner	Partner
Membership No. 412538	Membership No.034716	Membership No. 042023

Place : Mumbai

Date : 28th April, 2014

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 2014

The preparation of financial statements of the New India Assurance Company Limited for the year ended 31st March 2014 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 Auditors 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 Standards on Auditing 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 28th April 2014.

I, on 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 31st March 2014. 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 Auditors' report under Section 619 (4) of the Companies Act, 1956.

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

(Y.N.Thakare)
Principal Director of Commercial Audit &
ex-officio Member, Audit Board-1, Mumbai

Place: Mumbai
Date : 06 June 2014

Comments of CAG

Certificate for the year ended 31st March, 2014 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:

a) Investments in equity shares having book value of ₹ 0.92 lakhs are under objection.
b) Equity shares and Debentures/Bonds amounting to ₹ 7.80 lakhs and ₹ 66.32 lakhs 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 ₹ 32.31 lakhs, ₹ 0.26 lakhs and ₹ 6.67 lakhs, 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 ₹ 122.06 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.

For S. R. GOYAL & Co.
Chartered Accountants
Firm Registration no:001537C

Ajay K Atolia
Partner
Membership No.077201

For JCR & CO.
Chartered Accountants
Firm Registration no:105270W

Saiprabha R.
Partner
Membership No.034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Registration no: 110266W

J. Singh
Partner
Membership No.042023

Fire Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1. Premium Earned (Net)	1	**17846263**	15787472
2. Profit on Sale or Redemption of Investments (Policy Holders)	-	**1556717**	1474743
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3. Interest, Dividend and Rent (Gross)	-	**2890471**	2727431
4. Premium Deficiency		**351941**	748441
Total (A)		**22645392**	20738088
1. Claims Incurred (Net)	2	**15300619**	12665095
2. Commission	3	**3184666**	2413338
3. Operating Expenses Related to Insurance Business	4	**5186762**	5015177
4. Others - Foreign Taxes		**2990**	5233
Amortisation, Write off, Provisions - Investments		**30917**	(1636)
Total (B)		**23705954**	20097207
Operating Profit/ (Loss) **C=(A-B)**		**(1060563)**	640881
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)	-	**(1060563)**	640881
Transfer to Catastrophic Reserves	-	**0**	0
Transfer to Other Reserves	-	**0**	0
Total		**(1060563)**	640881
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

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
Chartered Accountants
Firm Reg No.001537C

Anurag Goyal
Partner
Membership Number 412538

For JCR & Co.
Chartered Accountants
Firm Reg. No.105270W

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

Marine Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1. Premium Earned (Net)	1	**4610226**	3903709
2. Profit on Sale or Redemption of Investments (Policy Holders)	-	**394681**	359321
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3. Interest, Dividend and Rent (Gross)	-	**732833**	664538
4. Premium Deficiency		**0**	0
Total (A)		**5737740**	4927568
1. Claims Incurred (Net)	2	**2143198**	1945739
2. Commission	3	**485925**	477290
3. Operating Expenses Related to Insurance Business	4	**1218890**	1157693
4. Others - Foreign Taxes		**0**	0
Amortisation, Write off, Provisions - Investments		**7838**	(398)
Total (B)		**3855851**	3580324
Operating Profit/ (Loss) C=(A-B)		**1881889**	1347244
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)	-	**1881889**	1347244
Transfer to Catastrophic Reserves	-	**0**	0
Transfer to Other Reserves	-	**0**	0
Total		**1881889**	1347244
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

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
Chartered Accountants
Firm Reg No.001537C

Anurag Goyal
Partner
Membership Number 412538

For JCR & Co.
Chartered Accountants
Firm Reg. No.105270W

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

Miscellaneous Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1. Premium Earned (Net)	1	**89512257**	74815208
2. Profit on Sale or Redemption of Investments (Policy Holders)	-	**5589431**	4691333
Loss on Sale or Redemption of Investments (Policy Holders)		**0**	0
3. Interest, Dividend and Rent (Gross)	-	**10378308**	8676281
4. Premium Deficiency		**0**	0
Total (A)		**105479996**	88182821
1. Claims Incurred (Net)	2	**76365732**	66819879
2. Commission	3	**8055467**	5541051
3. Operating Expenses Related to Insurance Business	4	**19893416**	17559161
4. Others - Foreign Taxes		**1437**	3648
Amortisation, Write off, Provisions - Investments		**111008**	(5206)
Total (B)		**104427060**	89918533
Operating Profit/ (Loss) C=(A-B)		**1052936**	(1735712)
Appropriations			
Transfer to Share Holders Account (Profit and Loss Account)	-	**1052936**	(1735712)
Transfer to Catastrophic Reserves	-	**0**	0
Transfer to Other Reserves	-	**0**	0
Total		**1052936**	(1735712)
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

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
Chartered Accountants
Firm Reg No.001537C

Anurag Goyal
Partner
Membership Number 412538

For JCR & Co.
Chartered Accountants
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Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

Profit and Loss Account for the year ended 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
1. Operating Profit / (Loss)			
a. Fire Insurance	-	**(1060563)**	640881
b. Marine Insurance	-	**1881889**	1347244
c. Miscellaneous Insurance		**1052936**	(1735712)
2. Income from Investments			
a. Interest Dividend and Rent (Gross) - Share Holders		**6895234**	6040086
b. Profit on Sale of Investment - Share Holders	-	**3713556**	3265922
Less: Loss on Sale of Investment - Share Holders	-	**0**	0
3. Other Income Misc Receipts - Credit Balances Written Back		**193112**	137171
	Total (A)=1+2+3	**12676164**	9695592
4. Provisions (Other Than Taxation)			
a. Others - Amortisation Provision For Thinly Traded Shares - Shareholders	-	**42840**	18239
b. For Doubtful Debts - Investments(Shareholders)	-	**9246**	(48765)
c. For Doubtful Debts - Operations		**(65455)**	(68869)
d. For Dimunition In Value Of Investments (Shareholders)	-	**21666**	26903
5. Other Expenses(Other Than Those Related To Insurance Business)			
a. Others - Interest On Income/Service Tax	-	**(275954)**	(340577)
b. (Profit)/Loss On Sale Of Assets		**(353)**	(4067)
c. Penalty For Breach Of Tariff		**0**	500
	Total (B)=(4+5)	**(268010)**	(416636)
Profit Before Tax (A-B)	-	**12944174**	10112229
Provision For Taxation - Current Tax	-	**2283986**	1709256
Deferred Tax		**(243202)**	(49145)
Wealth Tax		**13576**	15526
Profit After Tax		**10889814**	8436592
Transfer from General Reserves for Equalization / Contingency Reserves for Foreign Branches		**25834**	290756
Transfer from Contingency Reserves for Unexpired Risk (created in 2009-10)		**449500**	0
Appropriations			
a. Proposed Final Dividend	-	**(2200000)**	(1700000)
b. Dividend Distribution Tax.	-	**(373890)**	(288915)
c. Transfer to General Reserves	-	**(8765424)**	(6035328)
d. Transfer to Equalization / Contingency Reserves for Foreign Branches	-	**(25834)**	(703105)
• Profit / (Loss) Carried Forward to The Balance Sheet	-	0	0
Basic and diluted earnings per share (₹) {Refer Note 11 B to notes to accounts in Schedule 16 B}		**54.45**	**42.18**
Significant Accounting Policies and Notes to Accounts	16		

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

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
Chartered Accountants
Firm Reg No.001537C

Anurag Goyal
Partner
Membership Number 412538

For JCR & Co.
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Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

Balance Sheet

Balance Sheet as at 31st March, 2014

Particulars	Schedule	Current year ₹ (000)	Previous year ₹ (000)
A. Sources of Funds			
1. Share Capital	5 & 5A	**2000000**	2000000
2. Reserves and Surplus	6	**94934231**	83227452
3. Fair Value Change Account	-	**177783311**	157617551
4. Borrowings	7	**0**	0
Total A		**274717542**	242845003
B. Application of Funds			
1. Investments	8	**352973373**	311733531
2. Loans	9	**4011550**	3857036
3. Fixed Assets	10	**1778264**	1528633
4. Deferred Tax Assets		**1615644**	1372442
5. Current Assets			
a. Cash and Bank Balances	11	**89650037**	74079933
b Advances and Other Assets	12	**80079682**	61183667
Sub Total(a+b)		**169729719**	135263600
c. Current Liabilities	13	**178546840**	145076588
d. Provisions	14	**77187288**	66519890
Sub Total(c+d)		**255734128**	211596478
Net Current Assets (a+b-c-d)		**(86004409)**	(76332878)
6. Miscellaneous Expenditure - Contribution to Gratuity Fund - Deferred (to the extent not written off or adjusted)	15	**343120**	686240
Total B		**274717542**	**242845003**
Significant Accounting Policies and Notes to Accounts	16		

The schedules referred to above form integral part of the Balance Sheet

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
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Chartered Accountants
Firm Reg. No. 110266W
J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

Schedule to Fire Insurance Revenue Account for the year ended 31st March, 2014

Particulars		Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Fire			
Premium Earned(Net)			
Premium From Direct Business - in India		**14117657**	13326797
- outside India		**7254137**	5954613
	Total	**21371794**	19281410
Add: Premium on Reinsurance Accepted		**7479677**	7636293
Less: Premium on Reinsurance Ceded		**11188126**	9265662
Net Premium		**17663345**	17652041
Adjustment for Change in Reserve for Un-Expired Risks		**(182918)**	1864569
	Total Premium Earned (Net)	**17846263**	15787472
Schedule 2 - Fire			
Claims Incurred (Net)			
Claims Paid Direct		**15804786**	14475028
Add: Claims on Reinsurance Accepted		**9778422**	6259961
Less: Claims on Reinsurance Ceded		**9591487**	7769920
Net Claims Paid		**15991721**	12965069
Add:Claims Outstanding at End (Net)		**26814548**	26360680
Less :Claims Outstanding at Beginning (Net)		**26360680**	26660654
Foreign Exchange Fluctuation relating to non-integral foreign operation		**(1144970)**	0
	Total Incurred Claims (Net)	**15300619**	12665095
Schedule 3- Fire			
Commission (Net)			
Commission - Direct		**2835032**	2132314
Add : Commission on Reinsurance Accepted		**1321063**	882133
Less : Commission on Reinsurance Ceded		**971429**	601109
	Commission (Net)	**3184666**	2413338
Break-up of Commission Direct			
Direct Commission		**2401123**	1790070
Direct Brokerage		**369478**	287420
Direct Corporate Agency Commission		**64431**	54823
Referrals		**0**	0
	Total Commission	**2835032**	2132313

Schedules

Schedule to Marine Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Marine		
Premium Earned(Net)		
Premium From Direct Business - in India	**7114648**	6699272
- outside India	**1198336**	1033986
Total	**8312984**	7733259
Add: Premium on Reinsurance Accepted	**727150**	551580
Less: Premium on Reinsurance Ceded	**4514923**	3674613
Net Premium	**4525211**	4610226
Adjustment for Change in Reserve for Un-expired Risks	**(85015)**	706517
Total Premium Earned (Net)	**4610226**	3903709
Schedule 2 - Marine		
Claims Incurred (Net)		
Claims Paid Direct	**3280412**	4357260
Add: Claims on Reinsurance Accepted	**385058**	111192
Less: Claims on Reinsurance Ceded	**985497**	2368199
Net Claims Paid	**2679973**	2100253
Add:Claims Outstanding at End (Net)	**3943828**	4447845
Less :Claims Outstanding at Beginning (Net)	**4447845**	4602359
Foreign Exchange Fluctuation relating to non-integral foreign operation	**(32758)**	0
Total Incurred Claims (Net)	**2143198**	1945739
Schedule 3- Marine		
Commission (Net)		
Commission - Direct	**732655**	685005
Add : Commission on Reinsurance Accepted	**172561**	115639
Less : Commission on Reinsurance Ceded	**419291**	323354
Commission (Net)	**485925**	477290
Break-up of Commission Direct		
Direct Commission	**539855**	507853
Direct Brokerage	**192292**	175821
Direct Corporate Agency Commission	**508**	1332
Referrals	**0**	0
Total Commission	**732655**	685006

Schedule to Miscellaneous Insurance Revenue Account for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 1 - Miscellaneous		
Premium Earned(Net)		
Premium From Direct Business - in India	**94168292**	80353474
- outside India	**13423017**	11366738
Total	**107591309**	91720212
Add: Premium on Reinsurance Accepted	**3066223**	2524182
Less: Premium on Reinsurance Ceded	**12059933**	13765001
Net Premium	**98597599**	80479393
Adjustment for Change in Reserve for Un-expired Risks	**9085342**	5664185
Total Premium Earned (Net)	**89512257**	74815208
Schedule 2 - Miscellaneous		
Claims Incurred (Net)		
Claims Paid Direct	**71043011**	60746479
Add: Claims on Reinsurance Accepted	**2012949**	1869114
Less: Claims on Reinsurance Ceded	**18541647**	7354766
Net Claims Paid	**54514313**	55260827
Add:Claims Outstanding at End (Net)	**108971370**	86355392
Less :Claims Outstanding at Beginning (Net)	**86355392**	74796340
Foreign Exchange Fluctuation relating to non-integral foreign operation	**(764559)**	0
Total Incurred Claims (Net)	**76365732**	66819879
Schedule 3- Miscellaneous		
Commission (Net)		
Commission - Direct	**8517491**	7367172
Add : Commission on Reinsurance Accepted	**583952**	166168
Less : Commission on Reinsurance Ceded	**1045976**	1992289
Commission (Net)	**8055467**	5541051
Break-up of Commission Direct		
Direct Commission	**6898834**	6262871
Direct Brokerage	**1432275**	905575
Direct Corporate Agency Commission	**186382**	198726
Referrals	**0**	0
Total Commission	**8517491**	7367172

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule - 4		
Operating Expenses Related To Insurance Business		
1. Employees Remuneration And Welfare Benefits	**18989466**	16775936
2. Travel, Conveyance And Vehicle Running Expenses	**627777**	524306
3. Training Expenses	**56400**	43132
4. Rent Rates And Taxes	**926690**	806596
5. Repairs And Maintenance	**726795**	768861
6. Printing And Stationery	**433703**	356302
7. Communication Expenses	**379934**	311641
8. Legal And Professional Charges	**396107**	352311
9. Auditors Fees, Expenses Etc. As Auditor	**65847**	58032
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	**392990**	314560
11. Interest And Bank Charges	**21814**	27524
12. Others - Exchange (Gain) / Loss	**(645134)**	710756
IT Implementation	**224789**	(31271)
Input Service Tax Recovery	**519334**	318627
Outsourcing Expenses	**1907564**	1193499
Other Taxes	**52907**	120841
Others	**892887**	731320
13. Depreciation	**329198**	349057
Total	**26299068**	23732030
Apportioned to Fire Segment	**5186762**	5015177
Apportioned to Marine Segment	**1218890**	1157693
Apportioned to Miscellaneous Segment	**19893416**	17559161
Total	**26299068**	23732031

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule - 5		
Share Capital		
1. Authorised Capital		
30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of ₹ 10 each	**3000000**	3000000
2. Issued Capital		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10 each	**2000000**	2000000
3. Subscribed Capital		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10 each	**2000000**	2000000
4. Called up Capital		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10 each	**2000000**	2000000
Total	**2000000**	2000000

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

SCHEDULE 5A

Pattern of Shareholding

(As Certified by Management)

Numbers in (000)

Share holder		Current Year Numbers	Current Year % of Holding	Previous Year Numbers	Previous Year % of Holding
Promoters	Indian	**200000**	**100**	200000	100
	Foreign	**-**	**-**	-	-
Others		**-**	**-**	-	-
Total		**200000**	**100**	200000	100

Schedules

Schedules for the year ended 31st March, 2014

Particulars		Current year ₹ (000)	Previous year ₹ (000)
Schedule 6			
Reserves and Surplus			
1. Capital Reserve	(Op. Balance)	**575**	575
Addition During The Year		**0**	0
Deduction During The Year		**0**	0
	(Cl.Balance)	**575**	575
2. Capital Redemption Reserve		**0**	0
3. Share Premium		**0**	0
4. General Reserves	(Op. Balance)	**74391706**	68647134
Addition During The Year - Balance Transferred From P & L Account		**8765424**	6035328
Transfer to P & L Account for Equalization / Contingency Reserves for Foreign Branches		**(25834)**	(290756)
Net Deduction During The Year		**0**	0
	(Cl. Balance)	**83131296**	74391706
5. Catastrophe Reserve		**0**	0
6. Other Reserves			
A. Foreign Currency Translation Reserve			
Opening Balance		**7167579**	5707477
Addition During The Year (Refer Note No 17 To Notes To Accounts In Schedule 16 B)		**3210562**	1460102
Deduction During The Year		**0**	0
	(Cl.Balance)	**10378141**	7167579
B. Contingency Reserves For Unexpired Risks (Created in 2009-10 as per IRDA Circular No. IRDA/F&I/CIR/F&A /CIR/081/12/2009 dt.17.12.2009 in respect of Health Segment)			
(Opening Balance)		**449500**	449500
Transfer to P & L Account for General Reserve		**(449500)**	0
Closing Balance		**0**	449500
C. Equalization / Contingency Reserves for Foreign Branches			
Opening Balance		**1218092**	508285
Addition During The Year		**206127**	709807
	(Cl.Balance)	**1424219**	1218092
7. Balance Of Profit In Profit And Loss Account		**0**	0
Total		**94934231**	83227452
Schedule 7			
Borrowings			
1. Debentures / Bonds		-	-
2. Banks		-	-
3. Financial Institutions		-	-
4. Others		-	-
Total		**Nil**	Nil

Schedules

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 8		
Investments		
Long term investments		
1. Government securities		
Central government securities	**52882261**	45334341
State government securities	**17026808**	19769442
Foreign government securities	**1391988**	1483359
2. Other approved securities	**43815**	43815
3. Other investments		
a. Shares		
aa. Equity	**209478692**	184087443
Equity share odd lots	**0**	0
bb. Preference		
Preference shares	**8229**	6282
Preference shares of railways in India	**0**	0
b. Mutual funds/ ETF	**459498**	0
c. Derivative instruments	**0**	0
d. Debentures/Bonds/PTCs		
Debentures in India	**14729002**	12618782
Other debentures - Foreign	**166669**	301523
e. Other securities (to be specified)		
Foreign shares	**33341**	32092
Foreign preference shares	**0**	0
Foreign securities	**0**	0
Special deposit with Government of India	**0**	0
f. Subsidiaries	**597099**	597099
g. Investment properties (real estate)		
	0	0
4. Investment in infrastructure and social sector	**22614576**	20479866
5. Investment in housing bonds	**15993294**	11275097
6. Other than Approved Investments, Debentures, Pref.shares, Foreign Shares, Venture Funds and Equity	**2481714**	3323043
Total	**337906986**	299352183

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 8 Continued		
Short Term Investments		
1. Government Securities		
Central Government. Securities	**1375968**	3174970
State Government. Securities	**4703719**	1268308
Government. Guaranteed Securities	**0**	0
Foreign Government Securities	**0**	0
2. Other Approved Securities	**0**	0
3. Other Investments	**0**	0
a. Shares		
aa. Equity	**0**	0
bb. Preference	**0**	0
b. Mutual Funds	**0**	0
c. Derivative Instrument	**0**	0
d. Debentures/Bonds/PTCs		
Debentures in India	**2878498**	3318125
Other Debentures Foreign	**0**	0
e. Other Securities	**0**	0
f. Subsidiaries	**0**	0
g. Investment Properties (Real Estate)	**0**	0
4. Investment In Infrastructure And Social Sector	**4133780**	2625732
5. Investment In Housing Bonds	**1949422**	1994213
6. Other Than Approved Investments	**25000**	0
Total	**15066387**	12381348
Grand Total	**352973373**	311733531
Investments		
1. In India	**350324997**	309085155
2. Outside India	**2648376**	2648376

Investment in foreign associates included in equity above		***162495***	*174410*
Aggregate amount of Companies Investments in other than listed equity shares	*Book Value*	***581374***	*533495*
	Market value	***572542***	*517974*

Preference shares and FITL preference shares (LTUA) amounting to '84498304 (P.Y. '84498304) is netted against interest suspense of an equal amount. Debentures and FITL debentures amounting to '55409150.06 (P.Y. '55499603) are netted against interest suspense of an equal amount. Equity shares amounting to '21749284.86 (P.Y. '21749579) is netted against interest suspense of an equal amount.

Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 8

Debentures - Standard Provisions	***71935***	*65607*
Housing sector bonds - Standard Provisions	***71779***	*53083*
Infrastructure investments - Standard Provisions	***107058***	*92469*
Investments in OAS - Standard Provisions	***175***	*175*
Other than approved investments (Debenture)	***515987***	*490553*
Equity - Thinly traded and unlisted equity - diminution in value	***13841***	*19710*
Equity - Long term unapproved thinly traded and unlisted equity - diminution in value (F)6034/12	***90101***	*81895*
Equity subsidiary - Long term unapproved thinly traded and unlisted equity - diminution in value (F)6039/12	***1535***	*1535*
Investments in France Agency (Foreign & France)	***0***	*0*
Total	***872411***	*805027*

Note :

Interest suspense for Debtors included in sch 12-B8b	*1594*	*1594*
S.H.C.I. include in sch 12 B8b	*93426*	*0*
Loans To State Government Housing FFE Loans To Hudco includes in Sch-9	*960699*	*1040676*

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 9		
Loans		
1. Security-Wise Classification		
Secured		
a. On Mortgage Of Property		
aa. In India		
Loan Against Mortgage Of Property	0	0
Housing, Vehicle And Computer Loans To Employees	**2026771**	1916367
Direct Term Loans	**691944**	744304
bb. Outside India Housing, Vehicle Loan To Employees	**5316**	5713
b. On Shares, Bonds, Government Securities	0	**0**
c. Others		
LOANS TO SUBSIDIARIES	**179300**	**0**
Loans Guaranteed By Banks/Governments-Loans To State Government Housing, FFE Loans To Hudco	**960699**	1040676
Unsecured (Term Loans, Bridge Loans, Short-Term Loans, Term Loans PFPS)	**147520**	149977
Total	**4011550**	3857036
2. Borrower-Wise Classification		
a. Central And State Governments(Term Loans, Housing and FFE)	**960699**	1040676
b. Banks And Financial Institutions	**0**	0
c. Subsidiaries	**179300**	0
d. Industrial Undertakings (Term Loans, Bridge Loans, Short-Term Loans, Loans To PFPS)	**807769**	862154
e. Others - Housing Loans,Vehicle Loans, Computer Loans To Employees	**2032087**	1922080
Hudco, Term Loans And PFPS	**31695**	32127
Total	**4011550**	3857036
3. Performance-wise Classification		
a. Loans Classified as Standard		
aa. In India:Term Loans, Bridge Loans, State Government Housing And FFE		
Loans To Hudco, PFPS	**937130**	1143760
Housing, Vehicle And Computer Loans To Employees	**2026771**	1916367
bb. Outside India (Loans To Employees)	**5316**	5713
LOANS TO SUBSIDIARIES	**179300**	
b. Non-Performing Loans Less Provisions		
aa. In India (Term Loans, Bridge Loans, Short-Term Loans, Loans PFPS)	**863033**	791197
bb. Outside India	**0**	0
Total	**4011549**	3857036
4. Maturity-wise Classifications		
a. Short-Term (Term Loans, Direct Bridge Loans, Short-Term Loans, Term Loans PFPS)	**0**	0
b. Long-Term		
(Term Loans Direct, Loans State Government Housing And FFE, Loans To Hudco And Loans PFPS)	**1800163**	1934956
LOANS TO SUBSIDIARIES	**179300**	**0**
Housing, Vehicle, And Computer Loans To Employees.	**2032087**	1922080
Total	**4011550**	3857036

PFPS and FITL PFPS amounting to ₹ 646661264 (P.Y. ₹ 714154964) and FITL short term loan amounting to ₹ 1675199 (P.Y. ₹ 1675199) and direct term loans amounting to ₹ 6100950 (P.Y. ₹ 8107002) are netted against interest suspense of an equal amount.

Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 9	Current year ₹ (000)	Previous year ₹ (000)
Direct term loans (Investments)	**20783**	21680
Bridge loan (Investments)	**400**	400
Term loans PFPS std.provision	**0**	511
Term loans PFPS	**597458**	635042
Short term loans (Investments)	**85068**	85068
Housing loans to state govts. - std.provision	**3668**	3962
Housing loans to state govts.	**18070**	17161
FFE loans to state govts. - std.provision	**81**	117
FFE loans to state govts.	**2932**	2932
Total	**728460**	766873

SCHEDULE FOR THE YEAR ENDED 31-03-2014

Schedule 10

Fixed Assets

₹ (000)

Particulars	Gross Block				Depreciation Fund				Net Block	
	Opening Balance	Additions	Deletions	* Closing Balance	Opening Balance.	Additions	Deletions	*Closing Balance	Closing	Opening
	1/4/2013	During 2013-2014		31/3/2014	1/4/2013	During 2013-2014		31/3/2014	31/3/2014	31/3/2013
Good will	0	0	0	**0**	0	0	0	**0**	**0**	0
Intangibles	1029986	0	0	**1029986**	1029986	0	0	**1029986**	**0**	0
Land Freehold	80440	0	0	**80440**	0	0	0	**0**	**80440**	80440
Leasehold Property	0	8714	0	**8714**	0	2681	0	**2681**	**6033**	0
Buildings #	1517521	226657	8774	**1735404**	835422	14247	(21637)	**871306**	**864098**	682099
Furnitures & Fittings	509453	44420	11938	**541935**	439543	23722	6195	**457069**	**84866**	69910
Information & Technology Equipments	2544749	135662	148477	**2531934**	2427058	113066	143953	**2396172**	**135763**	117691
Vehicles	941445	175071	59439	**1057078**	435097	159123	59127	**535093**	**521985**	506348
Office Equipments	121718	10356	14671	**117403**	105498	4059	13000	**96557**	**20846**	16220
Other Assets	274131	21340	15057	**280414**	218206	12300	14327	**216179**	**64235**	55925
Grand Total	7019442	622221	258356	**7383307**	5490810	329198	214965	**5605043**	**1778264**	1528633
Previous Year	6827456	377303	170683	**7019442**	5280245	349059	138494	**5490810**	**1528632**	1547211

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

Buildings includes amount of ₹202019 (in thousand) representing capital work in progress on which depreciation is not charged during the year as the same is not put to use.

Schedules for the year ended 31st March, 2014

Particulars		Current year ₹ (000)	Previous year ₹ (000)
Schedule 11			
Cash and Bank Balances			
1. Cash (Including Cheques, Drafts and Stamps)		**1277313**	1725710
2. Bank Balances			
a. Deposit Accounts			
aa. Short - Term (due within 12 Months)		**30885363**	24734897
bb.Others		**41225085**	35025492
b. Current Accounts		**10643292**	9356157
3. Money at Call and Short Notice			
With Banks		**1066879**	1446118
With other Institutions		**4552106**	1791560
	Total	**89650037**	74079933
Cash and Bank Balances	**In India**	**39252289**	31484715
Cash and Bank Balances	**Outside India**	**50397748**	42595218
	Total	**89650037**	74079933
1 above includes remittance in transit		***0***	*1307*
Balances with non scheduled banks included in 2b above		***3410386***	*5481596*
Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 11			
Indian balances included in 2b above		***31004***	*117524*
	Total	***31004***	*117524*

Schedules

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 12		
Advances and Other Assets		
A. Advances		
1. Reserve Deposits With Ceding Companies	**125649**	130350
2. Application Money For Investments	**0**	47328
3. Pre-Payments	**44870**	211645
4. Advances To Directors / Officers	**0**	0
5. Advance Tax Paid And Taxes Deducted At Source (Net Of Provision For Taxation)	**9553733**	11888421
6. Others	**370356**	373790
Total (A)	**10094608**	12651534
B. Other Assets		
1. Income Accrued On Investments	**5366473**	4689964
2. Outstanding Premiums	**1411456**	1227812
3. Agents Balances	**3214761**	2820634
4. Foreign Agencies Balances	**1195878**	1011772
5. Due From Other Entities Carrying Insurance Business (Including Reinsurers)	**42125331**	32715654
6. Due From Subsidiaries/Holding Companies	**601**	568
7. Deposit With R B I Persuant To Section 7 Of Insurance Act 1938	**107515**	107518
8. Others - a. Other Accrued Income	**1090408**	756629
b. Others Including Sundry Debtors	**15472651**	5201581
Total (B)	**69985074**	48532133
TOTAL(A+B)	**80079682**	61183667

Sundry Debtors amounting to ₹ 6604231(P.Y. ₹ 6604231) are netted against interest suspense of an equal amount.

Provision made for Bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 12

Reinsurance balances included in A1 above	***93984***	*93984*
Reinsurance balances included in B5 above	***942847***	*902108*
Reinsurance balances included in B8 above	***494***	*494*
Foreign balances included in A1 above (France 911871 & 873)	***0***	*0*
Foreign balances included in B1 above (France 911897)	***0***	*0*
Foreign balances included in B3 above (Fiji, Mauritus, Bangkok, Japan, Hongkong, New Zealand)	***60297***	*48213*
Foreign balances included in B4 above (Manila & Dubai)	***42885***	*30664*
Foreign balances included in B5 above (Mauritius, singapore, france)	***2341***	*1245*
Foreign balances included in B6 above (Ghana, T&T, Kualalumpur)	***0***	*568*
Foreign balances included in B8 above (Equitorial Bank London)	***6271***	*5381*
Indian reinsurance balances/Miscellaneous debtors included in B5B above	***200000***	*200000*
Indian coinsurance balances/Miscellaneous debtors included in B5Aabove	***0***	*0*
Indian miscellaneous debtors included in B8B above	***84876***	*64513*
Indian miscellaneous debtors included in 12 B 4 above	***104700***	*171941*
Other - TCS	***18554***	*18554*
Sundry debtors(5192) investments Indian included in B8 above - Std. provision	***1791***	*401*
Sundry debtors(5192) investments Indian included in B8 above	***3851***	*3851*
Sundry debtors(5192) investments(F) Indian included in B8 above	***849***	*786*
Income accrued on investments(5131(F)) Indian included in B1 above	***2***	*5*
Total	***1563742***	*1542708*

Note :

Intrest suspence for Debtors include in B8b above	***6604***	***6604***
S.H.C.I. include in B8b above	*93426*	*0*

Schedules

Schedules for the year ended 31st March, 2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
Schedule 13		
Current Liabilities		
1. Agents Balances	**216518**	254396
2. Balances Due To Other Insurance Companies	**14461662**	15126898
3. Deposits Held On Reinsurance Ceded	**283766**	173801
4. Premium Received In Advance	**704043**	716799
5. Un-Allocated Premium	**0**	0
6. Sundry Creditors - a. Other Than Service Tax Payable	**10947142**	12854624
b. Service Tax Payable	**193334**	(4063187)
7. Due To Subsidiaries / Holding Company	**0**	0
8. Claims Outstanding	**139729745**	117163916
9. Due To Officers/Directors	**0**	0
10. Others	**11049133**	1114874
Policy Holders Fund - Excess Premium Collected	**166461**	254587
Policy Holders Fund - Refund Premium Due	**196385**	206986
Policy Holders Fund - Stale Cheques	**598649**	1272895
Total	**178546840**	145076588
Provision made for bad and doubtful debts shown under Schedule 14.5 against assets in Schedule 13		
Indian balances included in 1 above	**11263**	*15589*
Indian balances included in 4 above	**88410**	*99894*
Indian balances included in 10 above	**0**	*3171*
Indian balances included in 6a above	**60079**	***1504***
Reinsurance balances included in 8 above	**0**	*1123*
Total	***159752***	*121281*
Schedule 14		
Provisions		
1. a. Reserve for Un-Expired Risks	**64366281**	55548872
b. Premium Deficiency Reserve	**0**	351941
2. Provision for Taxation (Net of Payment of Taxes)	**0**	0
3. Provision for Proposed Dividend	**2200000**	1700000
4. Provision for Dividend Distribution Tax	**373890**	288915
5. Others - Reserve for Bad and Doubtful Debts.	**3249893**	3250276
Provision for Diminution in value of Thinly Traded / Unlisted Shares	**105478**	103140
Provision for Wage Arrear	**2016746**	766746
Provision for Leave Encashment	**4875000**	4510000
Total	**77187288**	**66519890**
Schedule 15		
Miscellaneous Expenditure		
1. Discount Allowed in Issue of Shares and Debentures	**0**	0
2. Others - Contribution to Gratuity Trust (Deferred Expenses to the Extent not Written Off)	**343120**	686240
Total	**343120**	686240

Schedules

Receipts & Payments Account /Cash Flow Statement for the period 01.04.2013 to 31.03.2014

Particulars	Current year ₹ (000)	Previous year ₹ (000)
OPERATING ACTIVITIES		
Profit Appropriated to General Reserve	87,65,424	60,35,328
Adjustments for Non-Cash Items		
Unexpired Risks Reserves / Premium Deficiency Reserve	84,65,468	74,86,830
Provisions - Outstanding Claims	2,06,23,542	1,11,04,564
Provisions - Depreciation	3,29,198	3,49,057
Provisions - Dividend and Dividend tax	25,73,890	19,88,915
Provision for Taxes	22,97,562	17,24,782
Deferred Tax	(2,43,202)	(49,145)
Provision for Doubtful Debts	(65,455)	(68,869)
Foreign Currency Translation Reserve	32,10,562	14,66,804
Other Provisions - Outstanding Expenses	35,30,801	18,34,494
Prepaid Expenses	1,66,775	(1,50,025)
Deferred - Contribution to Gratuity Trust	3,43,120	3,43,120
Provision for Leave Encashment/Wage Arrear	16,14,999	-
Transfer to Contingency Reserve for Foreign Branches	1,80,293	4,12,349
Transfer From Contingency Reserve for Unexpired Risks for Health	(4,49,500)	-
Balances Written Back	(42,000)	(63,775)
Total Non Cash Items	**4,25,36,054**	**2,63,79,101**
Items considered separately		
Investment Items - Interest Dividend & Rent	(2,08,96,846)	(1,81,08,336)
Investment Items - Profit on Sale of Investments	(1,12,54,385)	(97,91,319)
Provision for Thinly Traded Shares	(5,868)	(16,913)
Provision for Bad Debts	28,024	(1,46,200)
Impairment	1,29,832	80,655
Amortisation	71,527	71,595
Profit or Loss on Sale of Asset	(353)	(4,067)
Total	**(3,19,28,069)**	**(2,79,14,585)**
Net Increase /Decrease in Current assets	(1,13,19,086)	(31,81,247)
Net Cash Flow from Operating Activities Before Tax	**80,54,323**	**13,18,597**
Net Tax Expense - Indian	37,126	14,86,245
Net Cash Flow from Operating Activities After Tax	**80,91,449**	**28,04,842**
Investing Activities		
Interest, Dividend and Rent	2,02,20,337	1,71,45,226
Net Increase/decrease in Investments (Adj amortisation/ impairment)	(1,00,19,777)	(1,68,76,626)
Net Increase/decrease in Loans	(1,54,514)	3,76,049
Net Additions to Assets	(5,78,476)	(3,26,412)
Net Cash Flow from Investing Activities	**94,67,570**	**3,18,237**
Financing Activities		
Dividend Paid	(19,88,915)	(4,64,890)
Increase/Decrease in Cash and Bank Balances during the year	**1,55,70,104**	**26,58,189**
Cash and Bank Balances as per Schedule 11 at the end of the period	8,96,50,037	7,40,79,933
Cash and Bank Balances as per Schedule 11 at the beginning of the period	7,40,79,933	7,14,21,744

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
Chartered Accountants
Firm Reg No.001537C

Anurag Goyal
Partner
Membership Number 412538

For JCR & Co.
Chartered Accountants
Firm Reg. No.105270W

Saiprabha R.
Partner
Membership Number 034716

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W
J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - INDIAN

(₹, 000)

Segment	Fire		Marine Cargo		Marine Hull		Total Marine.	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	14117657	13326797	3202244	3177064	3912405	3522207	7114648	6699271
Premium Accepted	928149	836445	0	3032	168638	84147	168638	87179
Premium Ceded	7333817	5846932	597519	568271	3369834	2649893	3967352	3218164
Net Premium	**7711989**	**8316310**	**2604725**	**2611825**	**711209**	**956461**	**3315934**	**3568286**
Unexpired Risk Reserve Op	4246994	3364338	2611825	2531459	956462	545044	3568287	3076503
Unexpired Risk Reserve Cl	3855995	4246994	2604725	2611825	711209	956461	3315934	3568286
Net Earned Premium	**8102989**	**7433654**	**2611825**	**2531459**	**956462**	**545044**	**3568287**	**3076503**
Profit on Realisation of Investment	1556717	1471249	257938	233562	136743	124907	394681	358469
Interest Dividend and Rent	2703229	2653236	447908	402059	237453	215017	685361	617076
Investment Provisions	28912	-4641	4791	-737	2540	-394	7330	-1131
Total Investment Income	**4231034**	**4129126**	**701056**	**636358**	**371656**	**340318**	**1072712**	**976676**
Claims Paid Direct	9487410	9182317	2050244	1649175	959266	2565792	3009511	4214967
Claims Paid Accepted	102336	111769	0	0	129328	43016	129328	43016
Claims Paid Ceded	3817657	2652002	252646	306556	690323	2058947	942968	2365503
Net Claim Paid	**5772088**	**6642084**	**1797598**	**1342619**	**398272**	**549861**	**2195870**	**1892480**
Cl O/S Claims Direct	20751475	19294474	3120310	2873079	2343833	3342115	5464143	6215193
Cl O/S Claims Accepted	1528341	1209025	15	0	227158	254180	227173	254180
Cl O/S Claims Ceded	9035603	7762162	1014138	467827	1455982	2394402	2470120	2862229
Net Closing Outstanding Claim	**13244213**	**12741337**	**2106187**	**2405252**	**1115009**	**1201893**	**3221196**	**3607144**
Op O/S Claims Direct	19294474	22387196	2873079	3051471	3342115	4407015	6215194	7458486
Op O/S Claims Accepted	1209025	1205054	0	0	254181	251670	254181	251670
Op O/S Claims Ceded	7762162	8935863	467826	850108	2394402	2885662	2862228	3735770
Net Opening Outstanding Claim	**12741337**	**14656387**	**2405253**	**2201363**	**1201894**	**1773023**	**3607146**	**3974386**
Incurred Claims Direct	10944411	6089595	2297475	1470783	-39015	1500892	2258460	2971674
Incurred Claims Accepted	421652	115740	15	0	102305	45526	102320	45526
Incurred Claims Ceded	5091098	1478301	798958	-75725	-248097	1567687	550860	1491962
Net Incurred Claim	**6274965**	**4727034**	**1498533**	**1546508**	**311387**	**-21269**	**1809920**	**1525238**
Commission Direct	888524	785452	382054	365233	57822	59516	439875	424749
Commission Accepted	51444	38384	0	50	32097	16079	32097	16129
Commission Ceded	812597	512850	62161	52413	230966	150201	293127	202614
Net Incurred Commission	**127371**	**310986**	**319893**	**312870**	**-141048**	**-74606**	**178845**	**238264**
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	5006141	4592379	504073	452730	672371	607366	1176444	1060096
Premium Deficiency	-351941	-748441	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**1277487**	**2680822**	**990381**	**855710**	**485408**	**373871**	**1475790**	**1229581**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - INDIAN

(₹, 000)

Segment	Motor OD		Motor TP (exluding Pool)		33 Motor TP - DR Pool		38 Commercial Vehicle TP Non-Pool	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	22980817	19576874	7283607	5430735	2044293	824741	13737459	12077101
Premium Accepted	0	0	0	0	0	0	0	0
Premium Ceded	1150294	1955624	364125	543142	1635233	659793	687030	1207710
Net Premium	**21830524**	**17621250**	**6919482**	**4887593**	**409060**	**164948**	**13050429**	**10869391**
Unexpired Risk Reserve Op	9324571	7625675	2536546	2108147	89692	0	5889880	0
Unexpired Risk Reserve Cl	11505046	9324571	3662070	2536546	217143	89692	6917734	5889880
Net Earned Premium	**19650049**	**15922354**	**5793958**	**4459194**	**281608**	**75257**	**12022575**	**4979511**
Profit on Realisation of Investment	892189	738957	1063553	1047677	45325	0	551961	0
Interest Dividend and Rent	1183076	1272055	1974777	1937603	84158	0	1024867	0
Investment Provisions	12649	-2332	21123	-1163	900	0	10962	0
Total Investment Income	**2062616**	**2013344**	**3017207**	**2986443**	**128582**	**0**	**1565866**	**0**
Claims Paid Direct	12602073	9751385	7192363	7624412	44601	1390	758517	18703
Claims Paid Accepted	0	0	0	0	0	0	0	0
Claims Paid Ceded	1075098	1039230	1233142	984009	3224485	837251	74671	1870
Net Claim Paid	**11526974**	**8712155**	**5959221**	**6640403**	**-3179883**	**-835861**	**683846**	**16833**
Cl O/S Claims Direct	4123020	3646467	28263696	26779685	4791160	954058	19744376	6835759
Cl O/S Claims Accepted	0	0	0	0	0	0	0	0
Cl O/S Claims Ceded	195929	298008	4797369	4907313	26102	3534	407609	57933
Net Closing Outstanding Claim	**3927091**	**3348459**	**23466327**	**21872372**	**4765058**	**950525**	**19336768**	**6777826**
Op O/S Claims Direct	3646467	3735954	26779685	28707499	954058	0	6835759	0
Op O/S Claims Accepted	0	0	0	0	0	0	0	0
Op O/S Claims Ceded	298009	436162	4907313	6014365	3534	0	57933	0
Net Opening Outstanding Claim	**3348458**	**3299792**	**21872372**	**22693134**	**950525**	**0**	**6777827**	**0**
Incurred Claims Direct	13078626	9661898	8676375	5696598	3881703	955448	13667134	6854463
Incurred Claims Accepted	0	0	0	0	0	0	0	0
Incurred Claims Ceded	973019	901076	1123199	-123043	3247053	840785	424347	59803
Net Incurred Claim	**12105607**	**8760822**	**7553176**	**5819641**	**634650**	**114664**	**13242787**	**6794659**
Commission Direct	1916331	1661854	0	1328	0	0	0	0
Commission Accepted	0	0	0	0	0	0	0	0
Commission Ceded	172546	293378	18209	62282	0	0	0	0
Net Incurred Commission	**1743785**	**1368476**	**-18209**	**-60954**	**0**	**0**	**0**	**0**
Foreign Taxes	0	0	0	0	0	3	0	0
Operating Expenses Related to Insurance	5480201	4766936	1309408	1011828	367512	153662	2469646	2250147
Premium Deficiency	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**2383073**	**3039465**	**-33209**	**675122**	**-591972**	**-193072**	**-2123993**	**-4065296**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - INDIAN

(₹, 000)

Segment	Motor TP Pool (Old)		Motor TP Total		Total Motor		Health	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	-34	52565	23065325	18385142	46046142	37962016	33157745	27539485
Premium Accepted	0	-93023	0	-93023	0	-93023	0	0
Premium Ceded	0	0	2686388	2410645	3836682	4366269	1699600	2753065
Net Premium	**-34**	**-40458**	**20378937**	**15881474**	**42209461**	**33502724**	**31458145**	**24786420**
Unexpired Risk Reserve Op	0	5311663	8516118	7419810	17840689	15045485	12393210	10573820
Unexpired Risk Reserve Cl	0	0	10796948	8516118	22301993	17840689	15729073	12393210
Net Earned Premium	**-34**	**5271204**	**18098107**	**14785166**	**37748156**	**30707520**	**28122283**	**22967030**
Profit on Realisation of Investment	1383768	1421118	3044606	2468795	3936795	3207752	734499	598922
Interest Dividend and Rent	2569343	2628254	5653145	4565857	6836221	5837912	1275454	1030996
Investment Provisions	27482	-1576	60467	-2739	73115	-5071	13641	-1889
Total Investment Income	**3925629**	**4050948**	**8637284**	**7037391**	**10699900**	**9050735**	**1996311**	**1631807**
Claims Paid Direct	7424716	5909297	15420197	13553803	28022270	23305188	28739827	25620419
Claims Paid Accepted	0	433750	0	433750	0	433750	0	0
Claims Paid Ceded	8427447	0	12959745	1823130	14034844	2862360	2131385	2501685
Net Claim Paid	**-1002732**	**6343047**	**2460452**	**12164422**	**13987426**	**20876577**	**26608441**	**23118734**
Cl O/S Claims Direct	6702800	11775395	59502032	46344897	63625053	49991364	5202950	4623589
Cl O/S Claims Accepted	26538139	19982568	26538139	19982568	26538139	19982568	0	0
Cl O/S Claims Ceded	0	0	5231080	4968780	5427009	5266788	159718	281407
Net Closing Outstanding Claim	**33240939**	**31757962**	**80809092**	**61358685**	**84736183**	**64707144**	**5043232**	**4342182**
Op O/S Claims Direct	11775395	15170977	46344897	43878476	49991364	47614430	4623589	3806435
Op O/S Claims Accepted	19982568	28329439	19982568	28329439	19982568	28329439	0	0
Op O/S Claims Ceded	0	15170479	4968779	21184844	5266787	21621006	281407	256050
Net Opening Outstanding Claim	**31757962**	**28329937**	**61358686**	**51023071**	**64707144**	**54322863**	**4342183**	**3550385**
Incurred Claims Direct	2352121	2513715	28577332	16020224	41655959	25682122	29319187	26437573
Incurred Claims Accepted	6555572	-7913122	6555572	-7913122	6555572	-7913122	0	0
Incurred Claims Ceded	8427447	-15170479	13222046	-14392934	14195065	-13491858	2009697	2527042
Net Incurred Claim	**480245**	**9771073**	**21910858**	**22500036**	**34016465**	**31260858**	**27309491**	**23910531**
Commission Direct	0	0	0	1328	1916331	1663182	2211923	1815043
Commission Accepted	0	0	0	0	0	0	0	0
Commission Ceded	0	0	18209	62282	190755	355660	204837	292828
Net Incurred Commission	**0**	**0**	**-18209**	**-60954**	**1725576**	**1307522**	**2007086**	**1522215**
Foreign Taxes	0	0	0	3	0	3	0	0
Operating Expenses Related to Insurance	-6	-7538	4146560	3408099	9626761	8175035	5811676	4739962
Premium Deficiency	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**3445356**	**-441382**	**696182**	**-4024628**	**3079255**	**-985163**	**-5009658**	**-5573871**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - INDIAN

(₹, 000)

Segment	Liability		Personal Accident		Aviation		Engineering		Misc - TB	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	2509079	2286800	1689624	1588888	935788	1224252	4146779	4185782	2938749	2554320
Premium Accepted	28049	26262	40770	32066	74969	15420	543255	315942	826599	835191
Premium Ceded	400523	450082	123777	187278	1463719	1151259	2025630	2239029	855909	753422
Net Premium	**2136605**	**1862980**	**1606617**	**1433676**	**-452962**	**88413**	**2664405**	**2262695**	**2909439**	**2636089**
Unexpired Risk Reserve Op	931490	822539	716839	654779	47260	0	1227568	1394580	1366564	1292016
Unexpired Risk Reserve Cl	1068303	931490	803308	716838	0	47260	1332202	1227568	1454720	1366565
Net Earned Premium	**1999792**	**1754029**	**1520147**	**1371617**	**-405702**	**41153**	**2559771**	**2429707**	**2821284**	**2561540**
Profit on Realisation of Investment	216248	187514	69022	58538	62645	85858	239394	243277	234427	205904
Interest Dividend and Rent	375514	322790	119856	100769	108783	147797	415707	418782	400082	354446
Investment Provisions	4016	-592	1282	-185	1163	-270	4446	-768	4279	-650
Total Investment Income	**587746**	**510896**	**187595**	**159492**	**170264**	**233925**	**650655**	**662827**	**630230**	**561000**
Claims Paid Direct	450389	450229	992778	874019	193331	438167	1971012	1382785	946159	711745
Claims Paid Accepted	488	22314	18230	18398	27307	28620	210847	104730	712280	449023
Claims Paid Ceded	52335	59456	101952	108245	111361	361720	1024164	321575	143701	142198
Net Claim Paid	**398542**	**413087**	**909057**	**784172**	**109278**	**105067**	**1157695**	**1165940**	**1514738**	**1018570**
Cl O/S Claims Direct	1596408	1631634	776849	805649	1237645	903310	4361962	4151543	2541222	2590133
Cl O/S Claims Accepted	0	0	0	4631	18612	5696	861647	660986	872214	805121
Cl O/S Claims Ceded	269192	263372	57088	80825	598302	459340	1993023	1947876	846306	669414
Net Closing Outstanding Claim	**1327216**	**1368262**	**719761**	**729455**	**657955**	**449666**	**3230586**	**2864653**	**2567130**	**2725840**
Op O/S Claims Direct	1631634	1555273	805649	711385	903310	1514942	4151543	4641006	2590133	2710974
Op O/S Claims Accepted	0	1268	4631	4631	5695	11057	660986	544311	805122	409011
Op O/S Claims Ceded	263372	474783	80825	98707	459340	542477	1947877	2131455	669414	622001
Net Opening Outstanding Claim	**1368262**	**1081758**	**729455**	**617309**	**449666**	**983522**	**2864652**	**3053862**	**2725840**	**2497984**
Incurred Claims Direct	415162	526590	963979	968283	527666	-173465	2181431	893322	897249	590904
Incurred Claims Accepted	488	21046	13600	18398	40224	23259	411508	221405	779372	845133
Incurred Claims Ceded	58155	-151955	78215	90363	250323	278583	1069310	137996	320594	189611
Net Incurred Claim	357496	699591	899363	896318	317567	-428789	1523629	976731	1356027	1246426
Commission Direct	261906	232445	175910	167060	5994	7232	271710	248973	353610	287931
Commission Accepted	2805	2626	12231	9620	2172	5293	155925	66412	139151	179636
Commission Ceded	33460	55209	18296	26908	57638	45354	279054	848701	103428	85188
Net Incurred Commission	**231251**	**179862**	**169845**	**149772**	**-49472**	**-32829**	**148581**	**-533316**	**389333**	**382379**
Foreign Taxes	0	0	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	683325	524446	327210	306111	324504	338056	1041417	958919	894411	808107
Premium Deficiency	0	0	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**1315467**	**861026**	**311324**	**178907**	**-828037**	**398640**	**496799**	**1690200**	**811743**	**685628**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - INDIAN

(₹, 000)

Segment	Misc - Rural		Credit Shield		Misc - Others		Total Misc		Grand Total	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	1062017	1310498	248813	243174	1433555	1458258	94168292	80353473	115400597	100379541
Premium Accepted	157	440	5308	15583	0	1	1519107	1147882	2615894	2071506
Premium Ceded	97500	143560	156397	154503	96450	167198	10756185	12365665	22057354	21430761
Net Premium	**964674**	**1167378**	**97725**	**104254**	**1337104**	**1291061**	**84931213**	**69135690**	**95959136**	**81020286**
Unexpired Risk Reserve Op	724239	588081	52127	85835	645530	672103	35945516	31129238	43760797	37570079
Unexpired Risk Reserve Cl	533327	724239	48862	52127	668557	645530	43940346	35945516	51112275	43760796
Net Earned Premium	**1155586**	**1031220**	**100990**	**137962**	**1314076**	**1317634**	**76936382**	**64319412**	**88607658**	**74829569**
Profit on Realisation of Investment	48907	45317	9281	13403	38212	39722	5589431	4686207	7540829	6515925
Interest Dividend and Rent	90810	83810	17233	24788	66355	68372	9706013	8390462	13094603	11660774
Investment Provisions	971	-50	184	-15	710	-125	103809	-9615	140051	-15387
Total Investment Income	**138746**	**129177**	**26329**	**38206**	**103857**	**108219**	**15191635**	**13086284**	**20495382**	**18192086**
Claims Paid Direct	1110119	944275	140474	50713	378591	351946	62944951	54129486	75441871	67526770
Claims Paid Accepted	744	-15220	20626	12862	0	0	990522	1054477	1222186	1209262
Claims Paid Ceded	112344	111819	92634	35572	48598	156282	17853318	6660912	22613943	11678417
Net Claim Paid	**998519**	**817236**	**68466**	**28003**	**329993**	**195664**	**46082156**	**48523050**	**54050114**	**57057614**
Cl O/S Claims Direct	474694	476144	110733	190798	288158	275998	80215674	65640162	106431293	91149830
Cl O/S Claims Accepted	1479	759	9734	66799	274773	0	28576599	21526560	30332113	22989765
Cl O/S Claims Ceded	74960	78698	53692	96722	39552	44581	9518842	9189023	21024565	19813414
Net Closing Outstanding Claim	**401213**	**398205**	**66775**	**160875**	**523379**	**231417**	**99273431**	**77977699**	**115738841**	**94326181**
Op O/S Claims Direct	476144	596436	190798	239662	275998	381723	65640163	63772266	91149830	93617948
Op O/S Claims Accepted	759	157	66799	90960	0	0	21526560	29390834	22989766	30847558
Op O/S Claims Ceded	78698	111909	96722	99166	44581	128387	9189023	26085941	19813413	38757574
Net Opening Outstanding Claim	**398205**	**484684**	**160875**	**231456**	**231417**	**253336**	**77977700**	**67077159**	**94326182**	**85707932**
Incurred Claims Direct	1108669	823983	60410	1849	390752	246221	77520463	55997382	90723334	65058651
Incurred Claims Accepted	1464	-14618	-36439	-11299	274773	0	8040561	-6809798	8564533	-6648532
Incurred Claims Ceded	108605	78608	49604	33128	43569	72476	18183137	-10236006	23825095	-7265743
Net Incurred Claim	**1001527**	**730757**	**-25633**	**-42578**	**621955**	**173745**	**67377888**	**59423591**	**75462772**	**65675863**
Commission Direct	83910	105731	26377	24730	204161	207232	5511832	4759559	6840231	5969760
Commission Accepted	16	54	21909	3896	0	0	334209	267537	417750	322050
Commission Ceded	8023	20178	-11164	37556	15601	28537	899929	1796119	2005653	2511583
Net Incurred Commission	**75902**	**85607**	**59449**	**-8930**	**188560**	**178695**	**4946112**	**3230977**	**5252328**	**3780227**
Foreign Taxes	0	0	0	0	0	0	0	3	0	3
Operating Expenses Related to Insurance	190952	244248	45685	48210	254718	247737	19200658	16390831	25383243	22043306
Premium Deficiency	0	0	0	0	0	0	0	0	-351941	-748441
Revenue Accounts Result Profit / (loss)	**25950**	**99785**	**47818**	**179466**	**352700**	**825676**	**603360**	**-1639705**	**3356637**	**2270698**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH ‘2014 - FOREIGN

(₹, 000)

Segment	Fire		Marine Cargo		Marine Hull		Total Marine.	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	7254137	5954613	623108	579027	575228	454960	1198336	1033987
Premium Accepted	6551528	6799848	48093	55418	510420	408984	558512	464402
Premium Ceded	3854310	3418729	22502	32728	525069	423721	547571	456449
Net Premium	**9951355**	**9335732**	**648699**	**601717**	**560578**	**440223**	**1209278**	**1041940**
Unexpired Risk Reserve Op	4767596	3785683	601717	577872	440223	249335	1041940	827207
Unexpired Risk Reserve Cl	4975678	4767596	648699	601717	560578	440223	1209278	1041940
Net Earned Premium	**9743274**	**8353819**	**601717**	**577872**	**440223**	**249335**	**1041940**	**827207**
Profit on Realisation of Investment	0	3494	0	555	0	297	0	852
Interest Dividend and Rent	187242	74195	31025	30924	16447	16538	47472	47462
Investment Provisions	2005	3005	332	477	176	255	508	732
Total Investment Income	**185237**	**74684**	**30693**	**31002**	**16271**	**16580**	**46964**	**47582**
Claims Paid Direct	6317377	5292711	202380	132797	68521	9497	270901	142294
Claims Paid Accepted	9676087	6148192	90394	27097	165336	41079	255730	68176
Claims Paid Ceded	5773829	5117918	1583	2400	40945	296	42528	2696
Net Claim Paid	**10219634**	**6322985**	**291191**	**157494**	**192912**	**50280**	**484103**	**207774**
Cl O/S Claims Direct	9781705	10172132	224756	305484	376178	339307	600935	644792
Cl O/S Claims Accepted	12033330	13739533	55072	88466	168820	200525	223892	288991
Cl O/S Claims Ceded	8403848	10292322	99069	92971	298	113	99367	93084
Net Closing Outstanding Claim	**13411187**	**13619343**	**180759**	**300979**	**544701**	**539719**	**725460**	**840699**
Op O/S Claims Direct	10978851	11189927	329833	237778	339624	260436	669457	498214
Op O/S Claims Accepted	14606941	15164147	94144	78580	212311	136316	306455	214896
Op O/S Claims Ceded	10980626	14349807	99509	84885	118	252	99627	85137
Net Opening Outstanding Claim	**14605166**	**12004267**	**324468**	**231473**	**551817**	**396500**	**876285**	**627973**
Incurred Claims Direct	5120230	4274916	97303	200503	105075	88368	202379	288872
Incurred Claims Accepted	7102476	4723578	51322	36983	121845	105288	173167	142271
Incurred Claims Ceded	3197051	1060433	1144	10486	41124	157	42268	10643
Net Incurred Claim	**9025655**	**7938061**	**147482**	**227000**	**185796**	**193499**	**333278**	**420500**
Commission Direct	1946508	1346862	159525	152395	133254	107861	292779	260256
Commission Accepted	1269619	843749	13905	10189	126560	89321	140465	99510
Commission Ceded	158832	88259	5719	7316	120445	113424	126164	120740
Net Incurred Commission	**3057294**	**2102352**	**167710**	**155268**	**139370**	**83758**	**307080**	**239026**
Foreign Taxes	2990	5233	0	0	0	0	0	0
Operating Expenses Related to Insurance	180621	422798	18187	44936	24259	52661	42446	97597
Premium Deficiency	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**-2338050**	**-2039941**	**299030**	**181670**	**107069**	**-64003**	**406099**	**117666**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - FOREIGN

(₹, 000)

Segment	Moter OD		Health		Liability		Personal Accident		Aviation	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	9279212	8194058	336195	243258	1355286	757983	133133	134291	-47	0
Premium Accepted	155745	169914	0	0	45733	2934	22257	38990	859477	741802
Premium Ceded	704821	817966	0	0	48356	27508	11515	14339	5094	41950
Net Premium	**8730135**	**7546006**	**336195**	**243258**	**1352662**	**733409**	**143875**	**158942**	**854337**	**699852**
Unexpired Risk Reserve Op	3993092	3294895	121629	87517	366704	312640	79471	55261	374096	404941
Unexpired Risk Reserve Cl	4600925	3993092	168097	121629	676331	366704	71938	79471	427168	374096
Net Earned Premium	**8122302**	**6847809**	**289726**	**209146**	**1043035**	**679345**	**151408**	**134732**	**801265**	**730697**
Profit on Realisation of Investment	0	1755	0	1422	0	445	0	139	0	204
Interest Dividend and Rent	473517	97838	88345	79297	26010	24827	8302	7750	7535	11368
Investment Provisions	5071	1510	946	1223	279	383	89	120	81	175
Total Investment Income	**468446**	**98083**	**87399**	**79496**	**25732**	**24889**	**8213**	**7769**	**7454**	**11397**
Claims Paid Direct	5930956	4945949	208250	166364	1205950	812751	39613	30449	2022	0
Claims Paid Accepted	169888	238504	0	0	1970	2259	8791	58828	674213	406953
Claims Paid Ceded	488454	451125	0	0	108569	7517	135	390	13584	111867
Net Claim Paid	**5612390**	**4733328**	**208250**	**166364**	**1099352**	**807493**	**48269**	**88887**	**662650**	**295086**
Cl O/S Claims Direct	4555514	3984929	164	0	2474661	2481138	55175	36258	200000	148000
Cl O/S Claims Accepted	65333	63710	0	0	6310	6978	10625	22083	595733	420776
Cl O/S Claims Ceded	319534	238707	0	0	124094	191596	38	35	0	2074
Net Closing Outstanding Claim	**4301314**	**3809932**	**164**	**0**	**2356877**	**2296520**	**65762**	**58306**	**795733**	**566702**
Op O/S Claims Direct	4311445	3347577	0	0	2845446	2421805	37150	35020	148000	133000
Op O/S Claims Accepted	66458	68180	0	0	7113	6127	22180	26730	420776	515851
Op O/S Claims Ceded	276375	101524	0	0	223314	195381	37	55	2074	0
Net Opening Outstanding Claim	**4101527**	**3314233**	**0**	**0**	**2629246**	**2232551**	**59294**	**61695**	**566702**	**648851**
Incurred Claims Direct	6175025	5583301	208414	166364	835165	872084	57638	31687	54022	15000
Incurred Claims Accepted	168764	234034	0	0	1168	3110	-2763	54181	849170	311878
Incurred Claims Ceded	531612	588308	0	0	9349	3732	137	370	11510	113941
Net Incurred Claim	**5812177**	**5229027**	**208414**	**166364**	**826983**	**871462**	**54738**	**85498**	**891681**	**212937**
Commission Direct	2097942	1945691	82990	61152	308646	165211	31239	31361	0	0
Commission Accepted	1012	6278	-2	0	9207	841	9295	15693	126476	125614
Commission Ceded	80891	138409	0	0	875	434	700	1379	0	0
Net Incurred Commission	**2018063**	**1813560**	**82988**	**61152**	**316978**	**165618**	**39834**	**45675**	**126475**	**125614**
Foreign Taxes	918	2426	35	78	142	236	15	51	90	225
Operating Expenses Related to Insurance	347333	438868	209685	436385	24654	48283	11806	28182	11708	31123
Premium Deficiency	0	0	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**412258**	**-537989**	**-123996**	**-375337**	**-99991**	**-381365**	**53228**	**-16905**	**-221236**	**372195**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - FOREIGN

(₹, 000)

Segment	Engineering		Misc - TB		Misc - Others		Total Misc		Grand Total	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	1028930	875364	1290308	1161784	0	0	13423018	11366738	21875490	18355338
Premium Accepted	282945	243506	146550	185329	34410	-6173	1547117	1376302	8657157	8640552
Premium Ceded	356281	160585	177680	336988	0	0	1303747	1399336	5705628	5274514
Net Premium	**955594**	**958285**	**1259178**	**1010125**	**34410**	**-6173**	**13666387**	**11343704**	**24827020**	**21721376**
Unexpired Risk Reserve Op	519893	455717	523654	502766	0	16895	5978539	5130632	11788075	9743522
Unexpired Risk Reserve Cl	477797	519893	629589	523654	17205	0	7069051	5978539	13254006	11788075
Net Earned Premium	**997690**	**894109**	**1153244**	**989237**	**17205**	**10722**	**12575875**	**10495797**	**23361088**	**19676823**
Profit on Realisation of Investment	0	578	0	489	0	94	0	5126	0	9472
Interest Dividend and Rent	28794	32210	35196	27262	4596	5266	672295	285818	907009	407475
Investment Provisions	308	497	377	421	49	81	7199	4410	9713	8147
Total Investment Income	**28486**	**32291**	**34819**	**27330**	**4547**	**5279**	**665096**	**286534**	**897297**	**408800**
Claims Paid Direct	318684	295347	392586	366133	0	0	8098060	6616993	14686337	12051998
Claims Paid Accepted	117139	68444	28649	40047	21775	-397	1022426	814638	10954243	7031006
Claims Paid Ceded	57716	98750	19871	24204	0	0	688329	693853	6504687	5814467
Net Claim Paid	**378107**	**265041**	**401364**	**381976**	**21775**	**-397**	**8432157**	**6737778**	**19135894**	**13268537**
Cl O/S Claims Direct	914973	715820	713134	640787	0	0	8913622	8006931	19296262	18823855
Cl O/S Claims Accepted	812142	306569	98540	128298	1239	32	1589922	948446	13847145	14976970
Cl O/S Claims Ceded	398599	140313	14033	4960	0	0	856297	577685	9359512	10963091
Net Closing Outstanding Claim	**1328516**	**882076**	**797642**	**764125**	**1239**	**32**	**9647248**	**8377692**	**23783894**	**22837734**
Op O/S Claims Direct	771147	807398	661925	474641	0	0	8775114	7219441	20423422	18907582
Op O/S Claims Accepted	333052	279055	130188	122417	32	230	979799	1018590	15893195	16397633
Op O/S Claims Ceded	156131	217924	5422	3967	0	0	663352	518851	11743606	14953795
Net Opening Outstanding Claim	**948068**	**868529**	**786691**	**593091**	**32**	**230**	**9091561**	**7719180**	**24573011**	**20351420**
Incurred Claims Direct	462510	203769	443795	532279	0	0	8236568	7404483	13559177	11968271
Incurred Claims Accepted	596228	95958	-2998	45928	22982	-595	1632550	744494	8908193	5610343
Incurred Claims Ceded	300184	21139	28482	25197	0	0	881274	752687	4120593	1823763
Net Incurred Claim	**758555**	**278588**	**412315**	**553010**	**22982**	**-595**	**8987844**	**7396290**	**18346777**	**15754851**
Commission Direct	207467	179616	277376	224583	0	0	3005660	2607614	5244947	4214732
Commission Accepted	70541	-137113	25298	24668	7917	-137349	249743	-101368	1659827	841891
Commission Ceded	49263	32973	14317	22975	0	0	146047	196170	431043	405169
Net Incurred Commission	**228744**	**9530**	**288357**	**226276**	**7917**	**-137349**	**3109357**	**2310076**	**6473731**	**4651454**
Foreign Taxes	100	308	132	325	4	-2	1437	3647	4426	8880
Operating Expenses Related to Insurance	37574	88283	40814	74398	9185	22808	692758	1168330	915825	1688725
Premium Deficiency	0	0	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**1202**	**549691**	**446445**	**162558**	**-18335**	**131139**	**449576**	**-96012**	**-1482374**	**-2018287**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - GLOBAL

(₹, 000)

Segment	Fire		Marine Cargo		Marine Hull		Total Marine.	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	21371794	19281410	3825352	3756091	4487632	3977167	8312984	7733258
Premium Accepted	7479677	7636293	48093	58450	679058	493131	727150	551581
Premium Ceded	11188126	9265661	620020	600999	3894903	3073614	4514923	3674613
Net Premium	**17663345**	**17652042**	**3253424**	**3213542**	**1271787**	**1396684**	**4525211**	**4610226**
Unexpired Risk Reserve Op	9014590	7150021	3213542	3109331	1396684	794379	4610226	3903710
Unexpired Risk Reserve Cl	8831672	9014590	3253424	3213542	1271787	1396684	4525211	4610226
Net Earned Premium	**17846263**	**15787473**	**3213542**	**3109331**	**1396684**	**794379**	**4610226**	**3903710**
Profit on Realisation of Investment	1556717	1474743	257938	234117	136743	125204	394681	359321
Interest Dividend and Rent	2890471	2727431	478933	432983	253901	231555	732833	664538
Investment Provisions	30917	-1636	5123	-260	2716	-139	7838	-399
Total Investment Income	**4416271**	**4203810**	**731748**	**667360**	**387928**	**356898**	**1119676**	**1024258**
Claims Paid Direct	15804786	14475028	2252624	1781972	1027788	2575289	3280412	4357261
Claims Paid Accepted	9778422	6259961	90394	27097	294664	84095	385058	111192
Claims Paid Ceded	9591487	7769920	254229	308956	731268	2059243	985496	2368199
Net Claim Paid	**15991722**	**12965069**	**2088790**	**1500113**	**591184**	**600141**	**2679973**	**2100254**
Cl O/S Claims Direct	30533180	29466606	3345066	3178563	2720012	3681422	6065078	6859985
Cl O/S Claims Accepted	13561671	14948558	55087	88466	395978	454705	451065	543171
Cl O/S Claims Ceded	17439451	18054484	1113208	560798	1456280	2394515	2569487	2955313
Net Closing Outstanding Claim	**26655400**	**26360680**	**2286946**	**2706231**	**1659710**	**1741612**	**3946656**	**4447843**
Op O/S Claims Direct	30273325	33577123	3202912	3289249	3681739	4667451	6884651	7956700
Op O/S Claims Accepted	15815966	16369201	94144	78580	466492	387986	560636	466566
Op O/S Claims Ceded	18742788	23285670	567335	934993	2394520	2885914	2961855	3820907
Net Opening Outstanding Claim	**27346502**	**26660654**	**2729721**	**2432836**	**1753711**	**2169523**	**4483431**	**4602359**
Incurred Claims Direct	16064641	10364511	2394779	1671286	66061	1589260	2460839	3260546
Incurred Claims Accepted	7524128	4839318	51338	36983	224150	150814	275487	187797
Incurred Claims Ceded	8288149	2538734	800101	-65239	-206973	1567844	593128	1502605
Net Incurred Claim	**15300620**	**12665095**	**1646015**	**1773508**	**497183**	**172230**	**2143198**	**1945738**
Commission Direct	2835032	2132314	541579	517628	191076	167377	732655	685005
Commission Accepted	1321063	882133	13905	10239	158657	105400	172561	115639
Commission Ceded	971429	601109	67880	59729	351411	263625	419291	323354
Net Incurred Commission	**3184666**	**2413338**	**487604**	**468138**	**-1678**	**9152**	**485925**	**477290**
Foreign Taxes	2990	5233	0	0	0	0	0	0
Operating Expenses Related to Insurance	5186762	5015177	522260	497666	696630	660027	1218890	1157693
Premium Deficiency	-351941	-748441	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**-1060562**	**640881**	**1289411**	**1037379**	**592478**	**309868**	**1881889**	**1347247**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - GLOBAL

(₹, 000)

Segment	Motor OD		Motor TP Total		Total Motor		Health	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	32260029	27770932	23065325	18385142	55325354	46156074	33493940	27782743
Premium Accepted	155745	169914	0	-93023	155745	76891	0	0
Premium Ceded	1855115	2773590	2686388	2410645	4541503	5184235	1699600	2753065
Net Premium	**30560659**	**25167256**	**20378937**	**15881474**	**50939596**	**41048730**	**31794340**	**25029678**
Unexpired Risk Reserve Op	13317663	10920570	8516118	7419810	21833781	18340380	12514839	10661337
Unexpired Risk Reserve Cl	16105971	13317663	10796948	8516118	26902919	21833781	15897170	12514839
Net Earned Premium	**27772351**	**22770163**	**18098107**	**14785166**	**45870458**	**37555329**	**28412009**	**23176176**
Profit on Realisation of Investment	892189	740712	3044606	2468795	3936795	3209507	734499	600344
Interest Dividend and Rent	1656593	1369893	5653145	4565857	7309737	5935750	1363799	1110293
Investment Provisions	17719	-822	60467	-2739	78186	-3561	14587	-666
Total Investment Income	**2531062**	**2111427**	**8637284**	**7037391**	**11168346**	**9148818**	**2083711**	**1711303**
Claims Paid Direct	18533029	14697334	15420197	13553803	33953226	28251137	28948076	25786783
Claims Paid Accepted	169888	238504	0	433750	169888	672254	0	0
Claims Paid Ceded	1563553	1490355	12959745	1823130	14523298	3313485	2131385	2501685
Net Claim Paid	**17139364**	**13445483**	**2460452**	**12164422**	**19599816**	**25609905**	**26816691**	**23285098**
Cl O/S Claims Direct	8678534	7631395	59502032	46344897	68180567	53976292	5203115	4623589
Cl O/S Claims Accepted	65333	63710	26538139	19982568	26603473	20046278	0	0
Cl O/S Claims Ceded	515463	536715	5231080	4968780	5746542	5505495	159718	281407
Net Closing Outstanding Claim	**8228405**	**7158390**	**80809092**	**61358685**	**89037497**	**68517075**	**5043396**	**4342182**
Op O/S Claims Direct	7957912	7083531	46344897	43878476	54302809	50962007	4623589	3806435
Op O/S Claims Accepted	66458	68180	19982568	28329439	20049025	28397619	0	0
Op O/S Claims Ceded	574384	537686	4968779	21184844	5543163	21722530	281407	256050
Net Opening Outstanding Claim	**7449986**	**6614025**	**61358686**	**51023071**	**68808672**	**57637096**	**4342183**	**3550385**
Incurred Claims Direct	19253651	15245198	28577332	16020224	47830984	31265422	29527601	26603937
Incurred Claims Accepted	168764	234034	6555572	-7913122	6724336	-7679088	0	0
Incurred Claims Ceded	1504631	1489384	13222046	-14392934	14726678	-12903550	2009697	2527042
Net Incurred Claim	**17917784**	**13989848**	**21910858**	**22500036**	**39828642**	**36489885**	**27517905**	**24076895**
Commission Direct	4014273	3607545	0	1328	4014273	3608873	2294913	1876195
Commission Accepted	1012	6278	0	0	1012	6278	-2	0
Commission Ceded	253437	431787	18209	62282	271646	494069	204837	292828
Net Incurred Commission	**3761847**	**3182036**	**-18209**	**-60954**	**3743639**	**3121082**	**2090074**	**1583367**
Foreign Taxes	918	2426	0	3	918	2429	35	78
Operating Expenses Related to Insurance	5827533	5205804	4146560	3408099	9974093	8613903	6021360	5176347
Premium Deficiency	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**2795331**	**2501476**	**696182**	**-4024628**	**3491513**	**-1523151**	**-5133654**	**-5949208**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH '2014 - GLOBAL

(₹, 000)

Segment	Liability		Personal Accident		Aviation		Engineering		Misc - TB	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	3864365	3044783	1822757	1723179	935742	1224252	5175710	5061146	4229057	3716104
Premium Accepted	73782	29196	63027	71056	934446	757222	826200	559448	973149	1020520
Premium Ceded	448879	477590	135292	201617	1468813	1193209	2381911	2399614	1033588	1090410
Net Premium	**3489268**	**2596389**	**1750492**	**1592618**	**401375**	**788265**	**3619999**	**3220980**	**4168618**	**3646214**
Unexpired Risk Reserve Op	1298194	1135179	796309	710040	421356	404941	1747461	1850297	1890219	1794782
Unexpired Risk Reserve Cl	1744634	1298194	875246	796309	427168	421356	1809999	1747461	2084309	1890219
Net Earned Premium	**3042828**	**2433374**	**1671555**	**1506349**	**395562**	**771850**	**3557460**	**3323816**	**3974528**	**3550777**
Profit on Realisation of Investment	216248	187959	69022	58677	62645	86062	239394	243855	234427	206393
Interest Dividend and Rent	401524	347617	128157	108519	116318	159165	444501	450992	435278	381708
Investment Provisions	4295	-209	1371	-65	1244	-95	4754	-271	4656	-229
Total Investment Income	**613478**	**535785**	**195808**	**167261**	**177718**	**245322**	**679141**	**695118**	**665049**	**588330**
Claims Paid Direct	1656338	1262980	1032391	904468	195353	438167	2289697	1678132	1338745	1077878
Claims Paid Accepted	2459	24573	27021	77226	701520	435573	327985	173174	740929	489070
Claims Paid Ceded	160903	66973	102087	108635	124945	473587	1081879	420325	163573	166402
Net Claim Paid	**1497894**	**1220580**	**957326**	**873059**	**771928**	**400153**	**1535803**	**1430981**	**1916102**	**1400546**
Cl O/S Claims Direct	4071069	4112772	832025	841907	1437645	1051310	5276935	4867362	3254357	3230920
Cl O/S Claims Accepted	6310	6978	10625	26714	614345	426472	1673789	967555	970754	933419
Cl O/S Claims Ceded	393286	454968	57126	80860	598302	461414	2391622	2088189	860339	674374
Net Closing Outstanding Claim	**3684093**	**3664782**	**785524**	**787761**	**1453688**	**1016368**	**4559102**	**3746728**	**3364772**	**3489965**
Op O/S Claims Direct	4477081	3977078	842800	746405	1051310	1647942	4922690	5448404	3252058	3185615
Op O/S Claims Accepted	7113	7395	26811	31361	426472	526908	994038	823366	935310	531428
Op O/S Claims Ceded	486686	670164	80862	98762	461414	542477	2104007	2349379	674836	625968
Net Opening Outstanding Claim	**3997508**	**3314309**	**788749**	**679004**	**1016368**	**1632373**	**3812721**	**3922391**	**3512531**	**3091075**
Incurred Claims Direct	1250327	1398674	1021616	999970	581688	-158465	2643941	1097090	1341043	1123183
Incurred Claims Accepted	1656	24156	10836	72579	889394	335137	1007736	317363	776374	891061
Incurred Claims Ceded	67504	-148223	78352	90733	261834	392524	1369494	159135	349075	214808
Net Incurred Claim	**1184479**	**1571053**	**954101**	**981816**	**1209248**	**-215852**	**2282184**	**1255318**	**1768342**	**1799436**
Commission Direct	570553	397656	207149	198421	5994	7232	479176	428589	630986	512514
Commission Accepted	12012	3467	21526	25313	128647	130907	226466	-70701	164449	204304
Commission Ceded	34335	55643	18996	28287	57638	45354	328318	881674	117745	108163
Net Incurred Commission	**548229**	**345480**	**209679**	**195447**	**77003**	**92785**	**377325**	**-523786**	**677690**	**608655**
Foreign Taxes	142	236	15	51	90	225	100	308	132	325
Operating Expenses Related to Insurance	707979	572729	339016	334293	336212	369179	1078991	1047202	935225	882505
Premium Deficiency	0	0	0	0	0	0	0	0	0	0
Revenue Accounts Result Profit / (loss)	**1215476**	**479661**	**364552**	**162003**	**-1049273**	**770835**	**498002**	**2239891**	**1258187**	**848186**

SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH ‘2014 - GLOBAL

(₹, 000)

Segment	Misc - Rural		Credit Shield		Misc - Others		Total Misc		Grand Total	
Revenue Account Elements	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**	**CY**	**PY**
Premium Direct	1062017	1310498	248813	243174	1433555	1458258	107591309	91720211	137276087	118734879
Premium Accepted	157	440	5308	15583	34410	-6172	3066223	2524184	11273050	10712058
Premium Ceded	97500	143560	156397	154503	96450	167198	12059933	13765001	27762982	26705275
Net Premium	**964674**	**1167378**	**97725**	**104254**	**1371514**	**1284888**	**98597600**	**80479394**	**120786156**	**102741662**
Unexpired Risk Reserve Op	724239	588081	52127	85835	645530	688998	41924055	36259870	55548871	47313601
Unexpired Risk Reserve Cl	533327	724239	48862	52127	685762	645530	51009397	41924055	64366281	55548871
Net Earned Premium	**1155586**	**1031220**	**100990**	**137962**	**1331282**	**1328356**	**89512257**	**74815209**	**111968746**	**94506392**
Profit on Realisation of Investment	48907	45317	9281	13403	38212	39816	5589431	4691333	7540829	6525397
Interest Dividend and Rent	90810	83810	17233	24788	70951	73638	10378308	8676280	14001613	12068249
Investment Provisions	971	-50	184	-15	759	-44	111008	-5205	149763	-7240
Total Investment Income	**138746**	**129177**	**26329**	**38206**	**108404**	**113498**	**15856732**	**13372818**	**21392678**	**18600886**
Claims Paid Direct	1110119	944275	140474	50713	378591	351946	71043011	60746479	90128209	79578768
Claims Paid Accepted	744	-15220	20626	12862	21775	-397	2012949	1869115	12176429	8240268
Claims Paid Ceded	112344	111819	92634	35572	48598	156282	18541647	7354765	29118630	17492884
Net Claim Paid	**998519**	**817236**	**68466**	**28003**	**351769**	**195267**	**54514313**	**55260828**	**73186008**	**70326151**
Cl O/S Claims Direct	474694	476144	110733	190798	288158	275998	89129297	73647093	125727555	109973684
Cl O/S Claims Accepted	1479	759	9734	66799	276012	32	30166521	22475006	44179258	37966735
Cl O/S Claims Ceded	74960	78698	53692	96722	39552	44581	10375139	9766708	30384077	30776505
Net Closing Outstanding Claim	**401213**	**398205**	**66775**	**160875**	**524618**	**231449**	**108920679**	**86355391**	**139522735**	**117163914**
Op O/S Claims Direct	476144	596436	190798	239662	275998	381723	74415277	70991707	111573252	112525530
Op O/S Claims Accepted	759	157	66799	90960	32	230	22506359	30409424	38882961	47245191
Op O/S Claims Ceded	78698	111909	96722	99166	44581	128387	9852375	26604792	31557019	53711369
Net Opening Outstanding Claim	**398205**	**484684**	**160875**	**231456**	**231449**	**253566**	**87069260**	**74796339**	**118899194**	**106059352**
Incurred Claims Direct	1108669	823983	60410	1849	390752	246221	85757031	63401865	104282511	77026922
Incurred Claims Accepted	1464	-14618	-36439	-11299	297755	-595	9673111	-6065304	17472726	-1038189
Incurred Claims Ceded	108605	78608	49604	33128	43569	72476	19064411	-9483319	27945688	-5441980
Net Incurred Claim	**1001527**	**730757**	**-25633**	**-42578**	**644937**	**173150**	**76365731**	**66819881**	**93809549**	**81430714**
Commission Direct	83910	105731	26377	24730	204161	207232	8517491	7367173	12085178	10184492
Commission Accepted	16	54	21909	3896	7917	-137349	583952	166169	2077577	1163941
Commission Ceded	8023	20178	-11164	37556	15601	28537	1045976	1992289	2436696	2916752
Net Incurred Commission	**75902**	**85607**	**59449**	**-8930**	**196477**	**41346**	**8055468**	**5541053**	**11726059**	**8431681**
Foreign Taxes	0	0	0	0	4	-2	1437	3650	4426	8883
Operating Expenses Related to Insurance	190952	244248	45685	48210	263903	270545	19893416	17559161	26299068	23732031
Premium Deficiency	0	0	0	0	0	0	0	0	-351941	-748441
Revenue Accounts Result Profit / (loss)	**25950**	**99785**	**47818**	**179466**	**334365**	**956815**	**1052937**	**-1735717**	**1874263**	**252411**

Shareholders' and Policyholders' Funds

Shareholders' Funds

			Balances as on 31.03.2013	Percentage			**Balances as on 31.03.2014**	**Percentage**
Share Capital			2000000000				**2000000000**	
Capital Reserves			575088				**575088**	
General Reserves			76059295475				**84555514880**	
Miscellaneous Reserves / Special Reserves			7167579217				**10378141337**	
Total			85227449780	33.00			**96934231305**	**32.22**

Policyholders' Funds

	* Unexpired Risks Reserves as on 31.03.2013	Outstanding Claims Reserves as on 31.03.2013	Total Reserves as on 31.03.2013	Percentage	*** Unexpired Risks Reserves as on 31.03.2014**	**Outstanding Claims Reserves as on 31.03.2014**	**Total Reserves as on 31.03.2014**	**Percentage**
Fire	9366531455	26360679830	35727211285		**8831672350**	**26655400312**	**35487072662**	
Marine	4610226247	4447844553	9058070800		**4525211269**	**3946656216**	**8471867485**	
Miscellaneous	41924055031	86355391929	128279446960		**51009397286**	**108920678696**	**159930075982**	
Total	**55900812733**	**117163916313**	**173064729046**	67.00	**64366280905**	**139522735225**	**203889016130**	**67.78**
Total Funds			**258292178826**	100.00			**300823247435**	**100.00**

* Unexpired Risk Reserves as on 31.03.2013 for Fire Segment includes Premium Deficiency Reserves of ₹ 351941000/-'
The balances as on 01.04.2013 are used as basis for apportionment of investment income of 2013-14 between policyholders and shareholders

Average Shareholders' Funds (₹ in crores)	(8522.74+9693.42)/2	9108.08	32.58
Average Policyholders' Funds (₹ in crores)	(17306.47+20388.90)/2	18847.69	67.42
Average Total Funds (₹ in crores)		**27955.77**	**100.00**

Schedule 16

Significant Accounting Policies and Notes forming part of Financial Statements as on 31st March, 2014

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, subject to minimum at 100% of net premium for marine business and 50% of net premium for other classes of business.

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 premium. The deficiency is recognized only to the extent of excess of unearned premium plus premium deficiency so calculated over the unexpired risk reserves at the percentages mentioned herein above. Premium deficiency shall be recognized for the Company as a whole on an annual basis as per IRDA's Corrigendum on Master circular IRDA/F&A/CIR/FA/126/07/2013 dated 3rd July 2013. Premium deficiency forms part of unexpired 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. Incurred Claims

Claims are recognized as and when reported.

Claims Paid (net of recoveries including salvages retained by the insured, includes interest paid towards claims and all expenses directly incurred in relation to their assessment) are charged to respective revenue accounts.

Claims 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:

- 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.
- 1/3rd 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 for where the amount is received/credited in the account of the company up to 31st March.

Dividend on foreign investments is accounted for net of withholding tax.

Interest Income is recognized on accrual basis on time proportion except income on non-performing assets is recognized on realization.

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

i) In accordance with IRDA/F&I/INV/CIR213/10/2013 dated 30th October 2013 for Valuation of Equity Portfolio, National Stock Exchange (NSE) is considered as Primary Stock Exchange and Bombay Stock Exchange (BSE) as Secondary Stock Exchange.
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 actively traded or thinly traded by taking into consideration total traded transactions in the month of March on NSE and BSE.

ii) Actively traded equity/ equity related instruments are valued at the closing price at NSE or if the scrip is not traded at NSE, the scrip is valued at the closing price at BSE. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account.
Exchange traded funds are valued as applicable to Equity portfolio. The difference between the weighted average cost and the 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 shares of a company is impaired in accordance with the above mentioned policy, the reversal of such impairment losses are not recognised in revenue/ profit and loss till such company achieves a positive net worth as per the latest available published accounts 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 31st 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 1st and 2nd 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.

  Monetary assets and liabilities of re-insurance in foreign currencies are converted at the closing rate.

  - 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.
  - 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.

- 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. Any additions to already existing assets are amortised prospectively over the remaining residual life of the assets.

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 1st 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. Segregation of Policy Holders and Share Holders funds:

Investment Assets includes Policyholders as well as Share holders. Investment Assets are not segregated between Shareholders and Policyholders at 'Scrip' level, due to practical difficulties. Investments are 'allocated' to the policy holders' funds to the extent of Technical reserves and to shareholders funds to the extent of share capital, general reserves, capital reserves and foreign currency translation reserve.

21. 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.

22. 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 with 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, Canada and Thailand on calendar year basis prepared as per the local laws. Material changes noted thereafter have been incorporated in these accounts. The accounts of Eight Run-Off Agencies have been incorporated on the basis of unaudited Accounts.

2 Buildings include ₹ 698.84 Lakhs (Previous Year ₹ 718.65 Lakhs) in respect of which the deeds of conveyance are yet to be executed. Buildings also include amount of ₹ 202019 (in thousands) representing capital work in progress, On which depreciation is not charged during the year, as the same is not put to use.

3 a The balance appearing in the amount due to / from persons or bodies carrying on insurance business are subject to confirmation / reconciliation and consequential adjustments if any. As RI Balances reconciliation is a Ongoing process though confirmation of balances are done at regular intervals, not on a specific cut-off date (i.e. Annual Closing date). The Company has started extensive reconciliation process since year 2012-13 and has identified a major part of non moving old entries exceeding five years. In year 2013-14 Company has taken up reconciliation of balances more than 3 years old to improve its position. However, company has continued to maintain existing provision amount of Rs 12373.25 Lakhs upto 31.03.2014 towards doubtful debts as a prudent measure.

b Reinsurance acceptance transactions pertaining to the year have been booked for advices received upto 22nd April 2014.

c The balances of inter-office accounts included in net current assets amounting to ₹ 15737.72 lakhs (Debit), previous year ₹ 38656.27 lakhs (Debit), are subject to reconciliations and consequential adjustments if any.

4 As certified by the Custodian, securities are held in the name of the Company as on 31.03.2014. 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. 122.06 lakhs (Previous Year Rs. 2.92 lakhs). However ₹ 2.92 lakhs is provided for.

6 a Provision for standard assets @ 0.40% amounting to ₹ 2564.87 Lakhs (Previous Year ₹ 2163.26 Lakhs) 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 and (ix) Debtors

b During the year, the Company has undertaken restructuring of corporate debt/loans etc. as under:

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
	Total amount of assets subjected to restructuring	1,753.35	2,134.49
	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	1,277.78	-
(iv)	Total amount of loss assets subjected to restructuring	475.57	2,134.49
	Total	**1,753.35**	**2,134.49**

c Details of Non Performing Assets (NPA).

i) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
(i)	Opening Balance	13561.48	15659.19
(ii)	Additions During the Year	1306.29	0.00
(iii)	Reductions During the Year	786.46	2097.71
(iv)	Closing Balance	14081.31	13561.48
	Percentage of Net NPAs to Net Assets	0.68%	0.77%

II) Details of Provisions on NPA (other than standard provisions)

Sr. No.	Particulars	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
(i)	Opening Balance	12566.88	14359.42
(ii)	Incremental Provision During the Year	-121.38	-1792.54
(iii)	Closing Balance	12445.50	12566.88

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 31.03.2014, 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:

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) 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.

c As per IRDA circular no IRDA/F&I/CIR/CMP/174/11/2011 dated 04.11.2010, Company is required to give the detail of Age-wise analysis of unclaimed amount of the policy holders for the year ended 31st March, 2014. Accordingly the unclaimed amount of ₹ 9614.96 lakhs (P.Y. ₹ 17344.68 lakhs) representing the excess premium collected, refund premium and the amount lying in stale cheque accounts and unclaimed amount towards claim is not ascertainable. Further, as required, age-wise analysis is not available.

d The separate disclosure requirement as per IRDA circular dated 28.03.2008 in respect of outsourcing expenses has not been complied.

9 Investment in term loans, loans to State Government for the purpose of Housing & Fire fighting equipments 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 ₹ 271.21 Lakhs (Debit) (Previous Year ₹ 4478.82 Lakhs) (Debit) consisting of the following: -

Sr. No.	Particulars	₹ In Lakhs			
		Current Year		Previous Year	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Premium	-	1.13	258.95	22.58
2	Commission	-	-	0.45	5,347.57
3	Claims	-	-	-	-
4	Expenses	569.08	-	9,616.67	27.10
5	Income	-	296.74	-	-
	Total	**569.08**	**297.87**	**9,876.07**	**5,397.25**

11 Disclosure as required by Accounting Standards (AS) : -

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 G Srinivasan	Chairman cum Managing Director
ii)	Mr. A. R. Sekar (Upto 31.03.2014)	Director, General Manager & FA
iii)	Mr. K. Sanath Kumar	Director & General Manager
iv)	Mr.A.K. Chanda	Chief Marketing Officer
v)	Mr Sharad Ramnarayanan	Appointed Actuary
vi)	Ms S.N. Rajeswari	Chief Financial Officer
vii)	Mr K.R. Sethuraman	Chief Investment Officer
viii)	Mr Girish Radhakrishnan	Chief Risk Officer
ix)	Ms Jayashree Nair	Chief Compliance Officer

Notes

2 **Transactions with related parties:**

₹ In Lakhs

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year	Previous Year
i)	Subsidiaries	Management fees earned Premium on Reinsurance Accepted Commisson On Reinsurance Accepted Claims Paid Dividend income received Dividend receivable Loan	83.59 495.12 (97.50) (114.00) 164.64 182.15 (1,793.00)	 708.49 (151.44) (290.11) 244.80 - -
ii)	Associates	Premium on Reinsurance Accepted Commission on Reinsurance Accepted Claims Paid Dividend income received Investment in shares Dividend receivable	1,347.00 (317.00) (835.00) 251.36 - -	2,558.26 (530.85) (1,223.38) - - Nil
iii)	Entity over which control exits	Sale of Investment Other amount payable	-	-
iv)	Key management personnel	Salary and Allowances	124.74	38.18

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

Particulars	Current Year	Previous Year
Net profit attributable to shareholders (₹ In Lakhs)	108898.14	84365.92
Weighted average number of equity shares issued	200000000	200000000
Basic and diluted earnings per share of ₹ 10/- each (₹)	54.45	42.18

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 Provision for Tax - Current Tax shown in Profit & Loss Account includes ₹ 2454.84 lakhs (Previous year ₹ 2792.56 lakhs) relating to foreign taxes.

ii The Income Tax Assessments of the Company have been completed up to assessment year 2011-12. Major disputed demands are in respect of capital gain taxes. Based on the decisions of the appellate authority and the interpretations of the relevant provisions, the Management is of the opinion that the demands are likely to be either deleted or substantially reduced and accordingly no provisions have been made for the same.

iii Income Tax Department during F.Y. 2013-14 adjusted refunds of ₹ 9005.45 lakhs towards tax demands pertaining to various years, without any intimation to the Company. The Company is in appeal in respect of various taxation issues in various levels of Hon'ble Judiciary on which Income Tax Dept has made unilateral set off. The Company is following up with the Tax Dept for recomputing the Tax Refunds unilaterally set off pursuant to an order of CIT(A) for A.Y. 2009-10 and the accounting of the adjustments shall be made after obtaining details from the Tax Dept.

iv Deferred Taxes

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

₹ In Lakhs

	Particulars	Current Year	Previous Year
i)	Fixed Assets	752.58	799.11
ii)	Ex-gratia on VRS	-	-
iii)	Leave Encashment	16,536.13	14,632.70
iv)	Estimated Disallowance u/s 40(a) (ia)	33.99	32.44
v)	Gratuity	(1,166.26)	(2,226.51)
vi)	LTS	-	-
vii)	Profit linked Incentive	-	486.68
	Total	**16,156.44**	**13,724.42**

Notes

1 A sum of ₹ 2432.02 lakhs (Previous year ₹ 491.44 Lakhs) 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 period on account of gratuity and superannuation which are funded defined employee benefit plans and encashment which is an unfunded defined benefit plan are as under :

(₹ In Lakhs)

			Pension		Gratuity		Encashment	
			C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
			Funded				Unfunded	
I	**Components of employer expense**							
	A	Current Service Cost	12,000	10,920	4,435	4,157	2,300	1,760
	B	Interest Cost	15,609	22,781	6,667	6,465	3,592	3,054
	C	Expected Return on Plan Assets	(22,777)	(22,246)	(5,959)	(6,368)		
	D	Curtailment Cost/(Credit)						
	E	Settlement Cost/(Credit)					-	(2,450)
	F	Past Service Cost						
	G	Actuarial Losses/(Gains)	21,110	17,512	11,919	1,262	3,457	6,022
	H	Total expense recognized in the statement of Profit and Loss Account	25,942	28,967	16,024	6,756	9,349	8,386

Notes

₹ In Lakhs

			Pension		Gratuity		Encashment	
			C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
			Funded				Unfunded	
		Pension Gratuity and Leave Encashment expenses have been recognized in "Employee Remuneration and Welfare Benefits" under schedule 4.						
II		**Actual Returns for the year 31.03.2014**	27,230	20,983	7,677	6,848	-	
III		**Net Asset/(Liability) recognized in Balance Sheet at 31.03.2014**						
	A	Present Value of Defined Benefit Obligation	3,04,534	2,87,488	93,125	81,621	48,650	45,000
	B	Fair Value of Plan Assets	3,04,534	2,87,890	93,135	82,659		
	C	Status (Surplus/Deficit)	-	(402)	(10)	(1,038)	48,650	45,000
	D	Un recognized Past Service Cost						
	E	Net Asset / (Liability) recognized in Balance Sheet	-	(402)	(10)	(1,038)	48,650	45,000
IV		**Change in Defined Benefit Obligation during the year ended 31.03.2014**						
	A	Past value of the Defined Benefit Obligation at the beginning of the period	2,87,488	2,62,045	81,621	76,497	45,000	36,614
	B	Current Service Cost	12,000	10,920	4,435	4,157	2,300	1,760
	C	Interest Cost	15,609	22,781	6,667	6,465	3,592	3,054
	D	Curtailment Cost/(Credit)						
	E	Settlement Cost/(Credit)						
	F	Plan Amendments						
	G	Acquisitions						
	H	Actuarial Losses/(Gains)	18,854	14,591	6,462	(462)	3,457	6,022
	I	Asset Loss / (Gain)						
	J	Benefits Paid	(29,417)	(22,849)	(6,060)	(5,036)	-	(2,450)
	K	Present Value of Defined Benefit Obligation at the end of the period	3,04,534	2,87,488	93,125	81,621	54,349	45,000
V		**Change in the Fair Value of Assets during the year ended 31.03.2014**						
	A	Plan Assets at the beginning of the period	2,87,890	2,60,703	75,257	75,257	-	-
	B	Acquisition Adjustment					-	-
	C	Expected return on Plan Assets	22,777	22,246	5,959	6,368	-	-
	D	Asset (Losses)/Gains	2,256	2,921	17,979	1,724	-	-
	E	Actual Company Contributions	21,028	24,869	-	4,345	-	-

Notes

			Pension		Gratuity		Encashment	
			C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
			Funded				Unfunded	
	F	Benefits Paid	(29,417)	(22,849)	(6,060)	(5,035)	-	-
	G	Plan Assets at the end of the period	3,04,534	2,87,890	93,135	82,659	-	-
VI	**Transitional Provisions**						-	-
		(Income)/Expense to be recognized					-	-
VII	**Actuarial Assumptions**						-	-
	A	Discount Rate (%)	8.50%	8.25%	8.50%	8.25%	-	-
	B	Expected Return on Plan Assets (%)	8.50%	8.25%	8.50%	8.25%	-	-
	C	Rate of escalation in salary	4.50%	4.75%	4.50%	4.75%	-	-
VIII	**Major Category of Plan Assets as % of the Total Plan Assets as at 31.03.2014**							
	A	Government Securities	36.72%	32.70%	39.02%	38.78%	-	-
	B	High Quality Corporate Bonds	50.78%	55.93%	52.29%	56.20%	-	-
	C	Others	12.50%	11.37%	8.69%	5.02%	-	-
IX	**Basis used to determine the expected rate of return on plan assets**		The expected rate of return on plan assets is based on the current portfolio of the assets, investment strategy and the market scenario, in order to protect capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.					

12 In 2010-11 the limit of gratuity payable to the employees was enhanced consequent to amendment to the Payment of Gratuity Act, 1972, (Government Gazette notification dated 24.05.2010). The maximum amount of gratuity payable has been increased from ₹ 3.50 lakhs to ₹ 10.00 lakhs per employee. As a result the gratuity liablity of the Company has increased by ₹ 17156.00 lakhs.

in terms of requirement of the Accounting Standard (AS-15) Employee Benefits, the entire amount of ₹ 17156.00 lakhs is required to be charged to the Profit & Loss Account. As permitted by IRDA Circular Number . IRDA/F&A/CIR/ACT/069042011 dated 18.04.2011 an amount of ₹ 3431.20 lakhs is charged to the revenue in the current year and balance amount remaining to be amortised in the next one year is ₹ 3431.20 lakhs.

13 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.

14 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 ₹ 47.71 Lakhs (P.Y ₹ 61.07 Lakhs) has been considered as income received in advance and shown in Schedule – 13 Current Liabilities under the head "Others".

15 The management is currently in the process of identifying enterprises which are providing 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 2014 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

16 Indian Motor Third Party Insurance Pool (IMTPIP) :

a During the year 2011-12, the Insurance Regulatory and Development Authority vide its Order No. IRDA/NL/ORD/MPL/277/12/2011 dated 23rd December 2011 directed the dismantling of the Indian Motor Third Party Insurance Pool (IMTPIP).

The IMTPIP was dismantled on a clean cut basis and general insurance companies were required to recognise the pool liabilities of under writing years 2009-10, 2010-11 and 2011-12 as per loss ratios communicated by IRDA with the option to recognise the same as expense on a straight-line basis over up to the three years beginning with the financial year ending March, 31, 2012.

In accordance with IRDA order no. IRDA/F&A/ORD/MTPP/070/03-2012 Dated 22.03.2012, on recognition of transitional liability, the company has recognized ₹ 43443.72 Lakh during the year.

During the year,the company has also recognized ₹ 43443.72 Lakh as per the option exercised during 2011-12. the details are as below

(₹ in Lakhs)

b

Year	Total Liability as per ULR communicated by IRDA	Amount recognised up to last balance sheet date	Amount recognised during the year	Total amount recognised up to 31-03-2014	Amount un-recognised on 31-03-2014
(1)	(2)	(3)	(4)	(5)	(6)
2009-10	23925.90	18609.03	5316.87	23925.90	0.00
2010-11	31137.21	24217.83	6919.38	31137.21	0.00
2011-12	140433.63	109226.16	31207.47	140433.63	0.00
Total	**195496.74**	**152053.02**	**43443.72**	**195496.74**	**0.00**

Had the liability been accounted in the year 2011-12 the profit of the company would have been higher by ₹ 43443.72 Lakh for the year ended 31st March, 2014.

As required by IRDA, Company's Appointed Actuary has actuarily determined the liabilities in respect of IMTPIP business written by company and company's accounts have been made in accordance with the above.

17 Foreign Exchange Reserve Account has increased by ₹ 32105.62 (Credit) Lakhs due to depreciation of foreign currency under the following heads (Previous Year ₹ 14601.02 Lakhs) (Credit) consisting of the following.

Sr	Particulars	Current Year (₹ In Lakhs)		Previous Year (₹ In Lakhs)	
		Debit Amount	Credit Amount	Debit Amount	Credit Amount
1	Head Office Account	-	**10,767.25**	-	5,118.66
2	Outstanding claims	-	**21,333.67**	-	9,479.02
3	Fixed assets	-	**4.70**	-	3.34
4	**Total**	**-**	**32,105.62**	**-**	**14,601.02**

18 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 during the year:

Sr No.	Authority	Non-Compliance/ Violation	Amount in (₹ 000)		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority / TAC	-	-	-	-
2	Service Tax Authorities	Nil	-	-	-
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	-	-	-

19 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 retsrictions 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 ₹ 9266.90 lacs (PY ₹ 8065.96 lacs) in respect of obligation under operating lease are charged to Revenue Account.

20 In the year 2011-12 the Company has created Equalization Reserve in respect of London Branch for ₹ 5082.85 Lakh (£6241000) as required by the UK Regulation. This reserve is not available for distribution as Dividend. In the current year the reserve is valued at ₹ 6225.10 Lakh, due to currency fluctuation. Further, in current year additional Rs.258.34 (£259000) Lakh being transferred from General Reserves to maintain the reserve at ₹ 6483.44 Lakh (£6500000).The Company also has appropriated ₹ 4123.49 Lakh for Muscat agency during the year 2012-13 in accordance with Oman Insurance Company Law, out of ₹ 7031.08 Lakh towards contingency reserve for claims, the balance amount of ₹ 2907.59 lakh being transferred from General Reserve. In current year the same has been revalued at ₹ 7758.75 Lakh due to currency fluctuation.

21 DECLINED RISK POOL :

The IRDA vide its Circular no. IRDA/NL/ORD/MPL/277/12/2011 Dated 23.12.2011 announced the creation of declined risk pool for Commercial Vehicles for standalone Third Party Liability insurance (Act only insurance) with effect from 01.04.2012. The act only insurance policies of commercial vehicles which are declined under the norms of 'file and use' guidelines of IRDA as well as underwriting policy of respective company are covered under the pool.

IRDA vide their order no. IRDA/NL/MPL/223/11/2013 dt. 18th November 2013 advised to maintain Ultimate Loss Ratio (ULR) of 210% for Declined Risk Insurance Pool for year 2012-13 and 2013-14.The provisions in the Company's accounts have been made in accordance with the above. The company's total investments adequately cover the investment of the DR Pool funds also, though it is not earmarked separately, as stipulated by IRDA.

22 Previous year figures have been regrouped/ rearranged, wherever necessary.

16 C. Disclosures Forming Part Of Financial Statements

(₹ in Lakhs)

Sr. No	Particulars	Current Year	Previous Year
1	The details of contingent liabilities are as under:		
	(a) Partly-paid up investments	731.52	820.62
	(b) Underwriting commitments outstanding	-	-
	(c) Claims, other than those under policies, not acknowledged as debts	17,361.29	17,026.00
	(d) Guarantees given by or on behalf of the Company	86.84	34,081.39
	(e) Statutory demands/liabilities in dispute not provided for	239,459.96	206,932.00
	(f) Reinsurance obligations to the extent not provided for in accounts	-	-
	(g) Others (matters under litigation) to the extent ascertainable	1,348.52	594.63
	(h) Tax and other liabilities Venture Fund	1,343.10	1,001.40
2	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	3,545.11	4,006.04
	(b) Outside India	200.67	4,517.22
3	Commitment made and outstanding for Loans Investments and Fixed Assets	900.70	907.68
4	Claims, less reinsurance, paid to claimants:		
	(a) In India	540,501.14	570,584.21
	(b) Outside India	191,358.94	132,685.37
5	Claim liabilities where claim payment period exceeds four years.	-	-
6	Amount of claims outstanding for more than six months (Gross Indian)	614,605.32	626,417.88
	No. of Claims	182,469	210,928
	Amount of claims outstanding for less than six months (Gross Indian)	202,733.02	167,888.78
	No. of Claims	101,287	132,731
	Total amount of claims outstanding (Gross Indian)	817,338.34	794,306.66
	Total No. of claims outstanding	283,756	343,659
7	Premiums, less reinsurances, written from business		
	a) In India	959,591.36	810,202.87
	b) Outside India	248,270.20	217,213.73
8	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	-	-
	b) Sales where payments are overdue	-	-
	c) Sales where deliveries are pending	934.26	1,221.36
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	1,075.15	1,075.16
	(b) Outside India- Statutory Deposits under local laws	50,611.04	34,389.25

(₹ in Lakhs)

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	641,218.20	540,813.75
	Non Performing Investments	14,081.31	13,834.11
	Total Book Value (Closing Value)	655,299.51	554,647.86

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. 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, subject to minimum at 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 ₹ 330202.46 lakhs (Previous year ₹ 285019.06 Lakhs) and ₹ 498.97 Lakhs (Previous year ₹ 387.03 Lakhs) respectively. However, the historical/weighted average cost in respect of investment in listed equity/equity related instruments/preference shares, the value of which had impaired on or before 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 up to the date of Sale/ Redemption/ 31st March, 2014 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 The Sector-wise break-up of gross direct premium written in India is as under:

Sector	Current Year			Previous Year		
	(₹ in Crores)	Percentage	Number of Policies/lives	(₹in Crores)	Percentage	Number of Policies/lives
Rural	1,756.45	15.22	14,87,555	1938.40	19.31	14,65,073
Social	468.22	4.06	3,76,66,578	559.17	5.57	2,99,65,660
Others	9,315.39	80.72		7,540.38	75.12	
Total	11,540.06	100.00		10,037.95	100.00	

21 Performance Ratios

i) Gross Premium Growth rates

(₹ in Crores)

SEGMENT	Current Year	Previous Year	Current Year (%)	Previous Year (%)
Fire	2,137.18	1,928.14	10.84	22.16
Marine Cargo	382.54	375.61	1.84	6.63
Marine Hull	448.76	397.72	12.83	-3.30
Marine Total	**831.30**	**773.33**	**7.50**	**1.28**
Motor	5,532.54	4,615.61	19.87	23.77
Personal Accident	182.28	172.32	5.78	12.77
Aviation	93.57	122.43	-23.57	12.35
Engineering	517.57	506.11	2.26	9.66
Health	3,349.39	2,778.27	20.56	17.39
Liability*	386.44	304.48	26.92	5.06
Others	697.34	672.80	3.65	8.00
Misc sub Total	**10759.13**	**9172.02**	**17.30**	**18.62**
Grand Total	**13727.61**	**11873.49**	**15.62**	**17.86**

*Liability includes Workmens' compensation

ii) Gross Premium to Share Holders Funds Ratio

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross Premium	13727.61	11873.49
Share Holders Funds (beginning of the year)	7737.36	7057.61
Ratio (Times)	1.77	1.68

iii) Growth Rate of Shareholders Funds

(₹ in Crores)

	Current Year	Previous Year	Growth Amount	Growth % CY	Growth % PY
Share Holders Funds	8621.30	7737.36	883.94	11.42	9.63

Disclosures

iv) **Net Retention Ratios**

(₹ in Crores)

Segment	Premium Gross	Premium Net	Retention Ratio CY(%)	Retention Ratio PY(%)
Fire	2137.18	1766	82.65	91.55
Marine Cargo	382.54	325	85.05	85.56
Marine Hull	448.76	127	28.34	35.12
Marine Total	**831.30**	**453**	**54.44**	**59.62**
Motor	5532.54	5094	92.07	88.93
Personal Accident	182.28	175	96.04	92.42
Aviation	93.57	40	42.89	64.39
Engineering	517.57	362	69.94	63.64
Health	3349.39	3179	94.91	90.09
Liability*	386.44	349	90.29	85.27
Others	697.34	660	94.68	92.19
Misc Sub Total	**10759.13**	**9859**	**91.64**	**87.74**
Grand Total	**13727.61**	**12078**	**87.98**	**86.53**

*Liability includes Workmens' compensation

v) **Net Commission Ratio**

(₹ in Crores)

Segment	Commission Net	Premium Net	Commission Ratio CY (%)	Commission Ratio PY (%)
Fire	318.47	1766.33	18.03	13.67
Marine Cargo	48.76	325.34	14.99	14.57
Marine Hull	-0.17	127.18	-0.13	0.66
Marine Total	**48.59**	**452.52**	**10.74**	**10.35**
Motor	374.36	5093.96	7.35	7.60
Personal Accident	20.97	175.05	11.98	12.27
Aviation	7.70	40.14	19.18	11.77
Engineering	37.73	362.00	10.42	-16.26
Health	209.01	3179.00	6.57	6.33
Liability*	54.82	348.93	15.71	13.31
Others	100.95	660.25	15.29	11.72
Misc Sub Total	**805.54**	**9859.32**	**8.17**	**6.89**
Grand Total	**1172.60**	**12078.18**	**9.71**	**8.21**

*Liability includes Workmens' compensation

vi) **Expenses of Management to Gross Premium Ratio**

(₹ in Crores)

Particulars	2013-14	2012-13
Expenses	2629.91	2374.09
Gross Premium	13727.61	11873.49
Ratio (%)	19.16	19.99

vii) Combined Ratio

(₹ in Crores)

Particulars	2013-14	2012-13
Claims	9380.95	8143.07
Expenses	2629.91	2374.09
Commission	1172.60	843.17
Sub Total	13183.46	11360.33
Net Premium	12078.18	10274.17
Ratio (%)	109.15	110.57

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

(₹ in Crores)

Particulars	2013-14	2012-13
Unexpired Risks Reserves	6436.63	5554.89
Reserves for Premium Deficiency	0.00	35.19
Outstanding Claims	13972.97	11716.39
Total Technical Reserves	20409.60	17306.47
Net Premium	12078.18	10274.17
Ratio – (No. of Times)	1.69	1.68

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

(₹ in Crores)

Segment	U/W Result	Net Premium	Ratio Current year (%)	Ratio Previous year (%)
Fire	-547.68	1766.33	-6.00	3.63
Marine Cargo	55.77	325.34	39.63	32.28
Marine Hull	20.46	127.18	46.59	22.19
Marine Total	**76.22**	**452.52**	**41.59**	**29.22**
Motor	-767.68	5093.96	6.85	-3.71
Personal Accident	16.87	175.05	20.83	10.17
Aviation	-122.70	40.14	-261.42	97.79
Engineering	-18.11	362.00	13.76	69.54
Health	-721.74	3179.00	-16.15	-23.77
Liability*	60.20	348.93	34.83	18.47
Others	72.78	660.25	25.24	33.60
Misc Sub Total	**-1480.38**	**9859.32**	**1.07**	**-2.16**
Grand Total	**-1951.84**	**12078.18**	**1.55**	**0.25**

*Liability includes Workmens' compensation

x) **Operating Profit Ratio**

(₹ in Crores)

Particulars	2013-14	2012-13
Underwriting Result	-1951.84	-1834.85
Investment Income (policy Holders)	2139.27	1860.09
Others	0.00	0.00
Sub Total - Operating Profit	187.43	25.24
Net Premium	12078.18	10274.17
Ratio (%)	1.55	0.25

xi) **Liquid Assets to Liabilities Ratio** (₹ in Crores)

Particulars	2013-14	2012-13
Liquid Assets	16972.97	13526.36
Policy holders Liabilities	20409.60	17306.47
Ratio (%)	83.16	78.16

xii) **Net Earnings Ratio** (₹ in Crores)

Particulars	2013-14	2012-13
Profit After Tax	1088.96	843.66
Net Premium	12078.18	10274.17
Ratio (%)	9.02	8.21

xiii) **Return on Net Worth** (₹ in Crores)

Particulars	2013-14	2012-13
Profit After Tax	1088.96	843.66
Net Worth	8621.30	7737.36
Ratio (%)	12.63	10.90

xiv) **Reinsurance Ratio** (₹ in Crores)

Particulars	2013-14	2012-13
Risks Reinsured (Premium)	2776.29	2670.53
Gross Premium	13727.61	11873.49
Ratio (%)	20.22	22.49

22 Summary of Financial Statements for Last Five Years

	Operating Results	2013-14	2012-13	2011-12	2010-11	2009-10
1	Gross Premium Written	13727.61	11873.49	10073.88	8225.51	7099.14
2	Net Premium Income#	12078.18	10274.17	8771.21	7192.23	6002.66
3	Income from Investments(Net)@	3192.77	2791.05	2344.42	2329.99	2139.69
4	Other Income	53.49	55.02	98.03	-97.91	-60.66
5	Total Income	15324.44	13120.24	11213.66	9424.31	8081.69
6	Commissions/Brokerage	1088.96	843.17	897.50	648.67	561.37
7	Brokerage (included in commissions)					
8	Operating Expenses	2629.91	2374.09	2065.81	1943.23	1736.06
9	Claims, Increase in Unexpired Risk Reserves and Other Out-Go	10311.17	8891.75	8094.19	7243.78	5424.97
10	Operating Profit/Loss	1294.40	1011.22	156.16	-411.37	359.29
11	Total Income under Shareholders a/c					
12	**Profit/(Loss)before Tax**	**1294.40**	**1011.22**	**156.16**	**-411.37**	**359.29**
13	Provision for Tax	205.44	16 7.56	-23.15	10.19	-45.40
14	**Net Profit/(Loss) after Tax**	**1088.96**	**843.66**	**179.31**	**-421.56**	**404.69**
	Miscellaneous					
15	Policy Holders' Account (Beginning)					
	Total Funds	20409.60	17306.47	15447.34	12790.66	9642.48
	Total Investments	*	*	*	*	*
	Yield on Investments	*	*	*	*	*
16	Shareholders' Account (Beginning)					
	Total Funds	7736.36	7057.61	6890.47	7430.21	7322.15
	Total Investments	21011.17	17882.55	15769.29	13604.63	11851.03
	Yield on Investments	*	*	*	*	*
17	Paid up equity capital	200.00	200.00	200.00	200.00	200.00
18	Net Worth	8621.30	7737.36	7057.61	7057.61	7430.21
19	Total Assets	53010.85	45670.40	42162.74	39621.27	36832.91
20	Yield on Total Investments(%)	15.17	14.46	14.68	17.09	15.91
21	**Earning per Share (₹)**	**54.45**	**42.18**	**8.97**	**-21.08**	**20.23**
22	Book value per Share (₹)	431.06	386.87	352.88	355.58	372.21
23	Total Dividend	220.00	170.00	40.00	0.00	85.00
24	**Dividend per Share (₹)**	**11.00**	**8.50**	**2.00**	**0.00**	**4.25**

Net of Re-insurance

@ Net of losses

* Points 15 & 16 may be given separately, if feasible

23 **Age wise analysis of outstanding claims as on 31.03.2014 (Gross Indian excluding provision for IBNR)**

Dept.	Less than 3 months		3 - 6 months		6 months – 1 year	
	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)
Fire	749	41,967.52	489	22,931.09	471	37,469
Marine Cargo	1,095	4,963.89	413	2,981.91	412	3,005
Marine Hull	38	2,094.23	15	635.27	25	1,824
Motor OD	26,342	14,478.08	3,219	4,028.02	1,823	2,714
Motor TP	4,162	10,102.90	2,626	6,600.22	4,756	10,883
TP DR Pool	421	1,238.54	228	660.20	266	759
Health	40,709	24,466.55	2,194	1,197.64	1,412	746
Liability	637	1,799.53	221	550.60	245	1,894
Motor TP Non pool	4,346	15,188.69	2,826	9,647.56	3,737	13,377
Motor TP Pool	2,038	5,226.74	1,610	4,440.42	4,420	11,589
Personal Accident	1,346	1,386.10	237	512.12	149	390
Aviation	15	3,730.72	6	75.76	9	824
Engineering	814	3,697.85	285	5,701.62	350	20,608
Misc - Traditional	834	4,721.05	304	4,801.20	296	2,440
Rural	1,744	820.77	451	513.99	363	249
Urban Non-Traditional	577	864.02	275	537.45	177	439
Credit Shield	7	58.69	14	112.07	50	592
Total	**85,874**	**136,805.89**	**15,413**	**65,927.13**	**18,961**	**1,09,800.52**

Dept.	1 – 2 years		2 – 3 years		3 – 5 years	
	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)	No.	Amount (₹ in lacs)
Fire	325	29,915.21	211	14,460.06	271	11,264.41
Marine Cargo	188	3,676.02	145	4,138.61	146	6,454.26
Marine Hull	47	7,542.61	41	3,801.58	27	2,352.93
Motor OD	783	1,249.80	439	860.97	482	747.70
Motor TP	10,109	21,711.77	9,090	18,064.45	13,802	26,444.86
TP DR Pool	128	367.28	-	-	-	-
Health	355	189.73	219	121.74	278	262.52
Liability	312	2,545.12	297	3,406.33	277	751.40
Motor TP Non pool	1,492	5,501.28	-	-	-	-
Motor TP Pool	14,001	41,352.53	13,436	38,876.66	16,279	43,828.92
Personal Accident	78	244.96	51	89.85	53	87.14
Aviation	19	2,062.48	20	1,922.59	23	1,071.73
Engineering	165	5,877.66	65	1,153.01	55	3,067.66
Misc - Traditional	225	3,599.34	205	6,558.02	48	700.11
Rural	366	379.61	333	424.35	457	734.79
Urban Non-Traditional	96	185.75	144	180.64	105	236.68
Credit Shield	6	27.00	3	19.03	1	10.00
Total	**28,695**	**126,428.16**	**24,699**	**94,077.90**	**32,304**	**98,015**

Dept.	5 years and above		Total	
	No.	Amount (‘ in lacs)	No.	Amount (in lacs)
Fire	367	40,732.17	2,883	198,739.74
Marine Cargo	116	1,827.43	2,515	27,047.10
Marine Hull	56	3,069.46	249	21,320.34
Motor OD	734	1,199.06	33,822	25,277.21
Motor TP	68,752	119,305.05	113,297	213,111.96
TP DR Pool	-	-	1,043	3,024.59
Health	108	87.63	45,275	27,071.50
Liability	481	1,919.36	2,470	12,866.08
Motor TP Non pool	-	-	12,401	43,714.77
Motor Pool	5,360	12,390.32	57,144	157,704.40
Personal Accident	77	521.26	1,991	3,231.50
Aviation	32	1,783.60	124	11,470.46
Engineering	44	473.25	1,778	40,578.62
Misc - Traditional	121	907.22	2,033	23,727.22
Rural	1,280	1,624.49	4,994	4,746.94
Urban Non-Traditional	281	437.64	1,655	2,881.58
Credit Shield	1	5.70	82	824.33
Total	**77,810**	**186,283.63**	**283,756**	**817,338.34**

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. The provision of 3519.42 lakh made in 2012-13 for Fire segment is not required to be maintained during 2013-14 and hence there is a release.
However, as per IRDA Corrigendum on Master Circular no. IRDA/F&A/CIR/FA/126/07/2013 dated 03.07.2013, no provision is required to be made since the Company as a whole on annual basis have no deficiency.

Segment	Relevant Premium	Expected claim cost and related expenses (based on incurved claim ratio of preceding 3 years)	Expected Maintenance Cost	Surplus Provision in Unearned Premium	Deficiency
Health	158,971.70	153,782.65	11,052.89	-	-5,863.84
Aviation	4,271.68	6753.20	941.30	787.95	-2,634.87
Motor TP	36,620.70	44,042.19	2,628.14	-	-10,049.63

Jayashree Nair
Company Secretary

K. Sanath Kumar
Director

S Ganapathi Subramanian
Director

G. Srinivasan
Chairman-Cum- Managing Director

As per our report of even date

For S R GOYAL & CO.
Chartered Accountants
Firm Reg No.001537C

For JCR & CO.
Chartered Accountants
Firm Reg. No.105270W

For J SINGH & ASSOCIATES
Chartered Accountants
Firm Reg. No. 110266W

Anurag Goyal
Partner
Membership Number 412538

Saiprabha R.
Partner
Membership Number 034716

J. Singh
Partner
Membership Number 042023

Mumbai
April 28, 2014

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

(₹ in '000)

I Registration Details

Registration Number	: 526	State Code	:	11
Balance sheet date	: 31032014			

II Capital Raised During the year

Public Issue	: NIL	Rights Issue	:	NIL
Bonus Issue	: NIL	Private Placement	:	NIL

III Position of Mobilisation and Deployment of Fund

Total Liabilities	: 530451669	Total Assets	:	530451669
Sources of Funds				
Paid up Capital	: 2000000	Reserves & Surplus	:	272717542
Current Liabilities	: 178546840	Un-expired Risk Reserves and Provisions	:	77187288
Application of Funds				
Net Fixed Assets	: 1778264	Investments	:	352973373
Current Assets	: 170072839	Loans	:	4011550
Accumulated Losses	: NIL	Deferred Tax Assets	:	1615644

IV Performance of the Company

Turnover Premium Income	: 137276087	Total Expenditure	:	156676256
Investment and Other Income	: 32344343			
Profit/(-)Loss Before Tax	: 12944174	Profit/(-)Loss After Tax	:	10889814
Earning Per Share in ₹	: 54.45	Dividend @ 110%	:	2200000

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

ITC Code	Not Applicable
Product	Not Applicable
Description	Not Applicable

Jayashree Nair	K. Sanath Kumar	S Ganapathi Subramanian	G. Srinivasan
Company Secretary	Director	Director	Chairman-Cum- Managing Director

Place : Mumbai
Date : 28th April, 2014

Balance Sheet Abstract

STATEMENT OF INTEREST IN THE SUBSIDIARY COMPANIES AS ON 31ST MARCH 2014 UNDER SECTION 212 OF THE COMPANIES ACT,1956

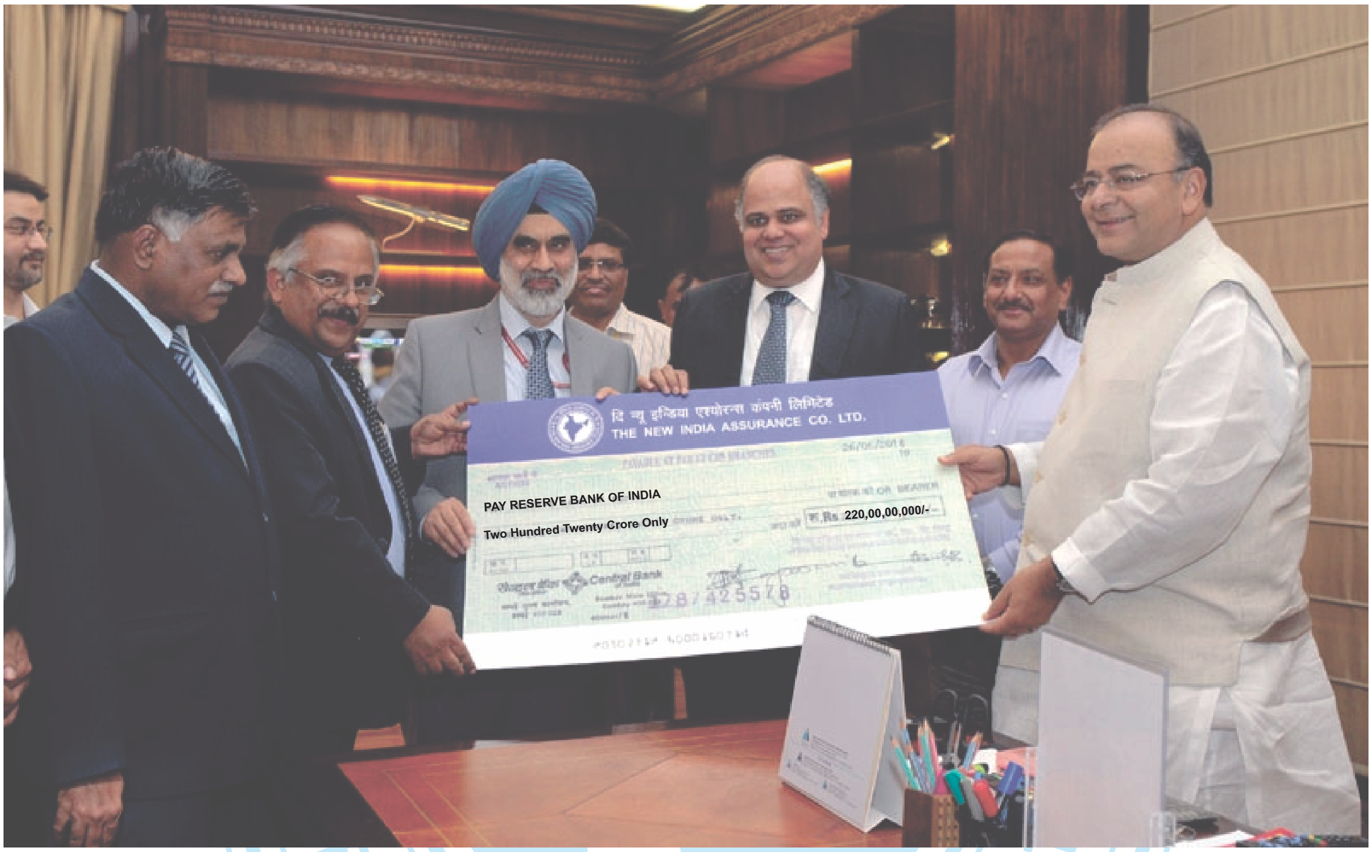
Particulars of Interest in the Subsidiaries	The New India Assurance Co. Ltd. (Trinidad & Tobago) Ltd.	The New India Assurance Co.Ltd.(Sierra Leone) Ltd.	Prestige Assurance Plc. Limited Lagos
a) (I) Paid up Capital of the Subsidiary	TT$ 17418000 consisting of 17418946 shares of no par value	Le 500000 divided into 250000 ordinary shares of Le 2.00 each	N 1254157719 consisting of 2508315437 shares of 50Kobos each
(ii) New India's share in the subsidiary	83.89%	100%	51%
b) (I) Net Aggregate amount of the subsidiary's profit 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$ 19755000 P.Y.: TT$ 19951000	C.Y.: Le 6747000 P.Y.: Le 50100000	C.Y.: N 126209000 P.Y.: N 870961000
(ii) Net Aggregate amount of the subsidiary's profit after deducting losses or vice versa so far as these 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$ 2612000 P.Y.: TT$ 2612000	C.Y.: NIL P.Y.: NIL	C.Y.: NIL P.Y.: N 50166000
(ii) New India's Share of Dividend (Dividend for the year under review will be accounted during 2012-13 on receipt)	C.Y.: TT$ 2191000 P.Y.: TT$ 2191000	C.Y.: NIL P.Y.: NIL	C.Y.: N P.Y.: N 25083000

JAYASHREE NAIR Company Secretary	**K SANATH KUMAR** Director	**S. GANAPATHI SUBRAMANIAN** Director	**G. SRINIVASAN** Chairman cum Managing Director

Mumbai
28th April 2014

Golden Peacock Award 2013 for Excellence in Corporate Governance

G. Srinivasan, CMD, New India Assurance receives the Golden Peacock award for Excellence in Corporate Governance



Shri G. Srinivasan CMD presenting the Dividend Cheque of ₹ 220 crore to the Hon'ble Finance Minister, Shri Arun Jaitley in the presence of Shri G.S.Sandhu, Secretary, Department of Financial Services, Shri K. Sanathkumar, Director & GM and Shri V. Hari Srinivas General Manager & FA.

ANNUAL REPORTS OF SUBSIDIARIES

The New India Assurance Co. (Trinidad & Tobago) Limited

The New India Assurance Co. (Sierra Leone) Limited

Prestige Assurance Plc (Nigeria)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

Report on the Financial Statements

We have audited the accompanying 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, 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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 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 our 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, we consider 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, 2013 and its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants

April 25, 2014

Port of Spain

Trinidad and Tobago

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

	Note		**2013**	2012
ASSETS				
Property, plant and equipment	4	$	**46,770**	44,296
Deferred tax asset	5		**7,201**	7,275
Reinsurance assets	10		**36,465**	34,133
Trade and other receivables	6		**38,654**	42,632
Investments	7		**73,181**	62,205
Term deposits			**53,217**	50,598
Cash and cash equivalents			**44,572**	40,332
Total assets		$	**300,060**	281,471
EQUITY AND LIABILITIES				
EQUITY				
Stated capital	8	$	**17,617**	17,617
Capital reserve			**17,543**	13,758
Catastrophe reserve fund			**1,600**	1,600
Statutory surplus reserve			**12,117**	8,552
Retained earnings			**100,427**	92,672
			149,304	134,199
LIABILITIES				
Insurance contracts	10		**116,354**	111,373
Deferred tax liability	5(iii)		**6,798**	5,076
Provision for taxation			**3,246**	2,870
Trade and other payables	11		**24,358**	27,953
			150,756	147,272
Total equity and liabilities		$	**300,060**	281,471

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

Signed on behalf of the Board

Director **Director**

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013
(Expressed in thousands of Trinidad and Tobago dollars)

	Note		2013	2012
Insurance contracts premium revenue		$	**46,770**	44,296
Reinsurers' share of insurance contracts premium revenue			**(44,461)**	(45,429)
Net insurance contracts premium revenue			**70,251**	68,099
Gross change in unearned premium provision and unexpired risks			**(1,535)**	(279)
Reinsurers' share of change in unearned premium provision and unexpired risks			**(46)**	255
Net change in unearned premium provision and unexpired risks			**(1,581)**	(24)
Net insurance revenue			**68,670**	68,123
Reinsurance commissions			**10,820**	11,710
Investment and other income	12		**4,770**	5,718
Total revenue			**84,260**	85,551
Gross claims incurred			**(36,711)**	(33,357)
Reinsurers' share of gross claims incurred			**7,360**	1,879
Net insurance claims incurred			**(29,351)**	(31,478)
Agents and brokers commissions			**(18,038)**	(18,326)
Other operating and administrative expenses			**(17,116)**	(15,796)
Total claims incurred and other expenses			**(64,505)**	(65,600)
Profit before tax			**19,755**	19,951
Taxation	5(v)		**(5,495)**	(6,822)
Net profit for the year		$	**14,260**	13,129

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

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

	Note		2013	2012
Net profit for the year		$	**14,260**	13,129
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Foreign currency translation differences for foreign operations			**(328)**	(935)
Items they may be reclassified to profit or loss				
Net change in fair value of available-for-sale financial assets			**3,785**	1,437
Total comprehensive income for the year		$	**17,717**	13,631
Profits attributable to:				
Owners of the Company		$	**11,978**	11,028
Non-controlling interest			**2,282**	2,101
			14,260	13,129
Total comprehensive income attributable to:				
Owners of the Company		$	**14,882**	11,450
Non-controlling interest			**2,835**	2,181
		$	**17,717**	13,631

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

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

		Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
Balance at January 1,2013	$	17,617	13,758	1,600	8,552	92,672	134,199
Net profit for the year		-	-	-	-	14,260	14,260
Other comprehensive income							
Foreign currency translation differences		-	-	-	-	(328)	(328)
Net unrealized gain on revaluation of available-for-sale investments, net of tax		-	3,785	-	-	-	3,785
Total other comprehensive income		-	3,785	-	-	(328)	3,457
Total comprehensive income for the year		-	**3,785**	**-**	**-**	**13,932**	**17,717**
Transaction with owners, recorded directly in equity							
Dividends proposed (see note 9)		-	-		-	(2,612)	(2,612)
Total transaction with owner		**-**	**-**		**3,565**	**(6,177)**	**(2,612)**
Balance at December 31,2012	$	17,617	17,543	1,600	12,117	100,427	149,304

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

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

		Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
Balance at January 1,2012	$	17,617	12,321	1,600	8,552	83,090	123,180
Net profit for the year		-	-	-	-	13,129	13,129
Other comprehensive income							
Foreign currency translation differences		-	-	-	-	(935)	(935)
Net unrealized gain on revaluation of available-for-sale investments, net of tax		-	1,437	-	-	-	1,437
Total other comprehensive income		-	1,437	-	-	(935)	502
Total comprehensive income for the year		-	**1,437**	**-**	**-**	**12,194**	**13,631**
Transaction with owners, recorded directly in equity							
Dividends proposed (see note 9)		-	-		-	(2,612)	(2,612)
Total transaction with owner		**-**	**-**			**(2,612)**	**(2,612)**
Balance at December 31,2012	$	17,617	13,758	1,600	8,552	92,672	134,199

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

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

			2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		$	**19,755**	19,951
Adjustments for:				
Depreciation			**1,578**	456
Loss (gain) on disposal of property, plant and equipment			**46**	(67)
Foreign currency translation gain			**(328)**	(935)
Interest income			**(3,493)**	(4,212)
Dividend income			**(680)**	(590)
Operating profit before working capital changes			**16,878**	14,603
Change in other receivables and reinsurance assets	2,648		**10,004**	
Change in insurance contracts liabilities	4,981		**(5,579)**	
Change in other creditors			**(3,634)**	7,722
			20,873	26,750
Corporation taxes paid			**(3,323)**	(7,683)
Net cash from operating activities			**17,550**	19,067
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Interest received			**2,491**	3,130
Dividends received			**680**	590
Additions to property, plant and equipment			**(4,098)**	(17,660)
Proceeds from disposal of property, plant and equipment			**-**	89
Purchase of investments and term deposits			**(69,466)**	(63,804)
Redemption of investments and term deposits			**59,656**	58,955
Net cash used in investing activities			**(10,737)**	(18,700)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividends paid			**(2,573)**	(1,465)
Net cash used in financing activities			**(2,573)**	(1,465)

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

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

		2013	2012
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$	**4,240**	**(1,098)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**40,332**	**41,430**
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	**44.572**	**40.332**
Represented by:			
Cash in hand and at bank	$	**44.572**	**40.332**

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

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position December 31, 2013

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 on April 25, 2014.

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) Change in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in the financial statements.

(i) Fair value measurement

IFRS 13 establishes a single framework for measures of fair value and making disclosures about fair value measurements when such measurements are required or permitted to IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants of the measurement date. It replaces and expounds the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

(ii) Presentation of items of other comprehensive income (OCI)

As a result of the amendments to IAS, the Company has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be comparative information has been re-presented accordingly.

(c) 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.

(d) 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.

(e) 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(r) and (s) and note 19.

(f) Foreign currency

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

(ii) Foreign operations

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

(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

Land and building which is mainly occupied by the Company is shown at fair value based on triennial valuations by external independent appraisers, (less subsequent depreciation for buildings). All other 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:

Buildings	2% on cost
Leasehold improvements	20% on cost
Motor vehicles	20 - 25% on cost
Office equipment	10 - 25% on reducing balance

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

(i) 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.

(j) Insurance receivables

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

(k) 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 curities 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 recognized.

(iii) Measurement

Financial instruments are initially measured at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument. A financial asset is derecognized when the contractual right to receive cash flows expire or when the asset is transferred. Subsequent to initial recognition all available-for-sale assets are measured at fair value, based on readily available market prices at the close of business on the balance sheet date for listed instruments or by reference to current market values of another instrument which is substantially the same.

If prices are not readily available, the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

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

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

(l) 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.

(m) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (see accounting policy (y)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy (m)(i)) and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments.

The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Company's long-term investment strategy. Impairment losses are recognised in the statement of 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 profit or loss 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 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.

(n) Capital reserve

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

(o) Catastrophe reserve

On an anual 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.

(p) 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.

(q) 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, 2013 have been classified as insurance contracts.

(r) 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.

General insurance contract liabilities

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

Provision for unearned premiums

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

Provision for unexpired risks

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

(t) 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.

(u) 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.

(v) 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 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.

(w) 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.

(x) Other income and expenditure

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

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

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of 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 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, 2013 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:

IFRS 9 Financial Instruments - The revised IFRS supersedes the previous versions of IFRS 9 issued in 2009 and 2010 and is not expected to become effective for accounting periods beginning on or after January 1, 2017. The revised standard now includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 Financial Instruments: Recognition and Measurement on the recognition and de-recognition of financial assets and financial liabilities. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Property, plant and equipment

		Land & Builiding	Leasehold Improvements	Office Equipment & motor Vechicles	Total 2013	Total 2012
Cost/valuation						
At beginning of year	$	42,407	655	4,959	48,021	5,168
Transfer from investment property		(801)	-	801	-	25,440
Additions		3,018	-	1,080	4,098	17,660
Disposals		-	-	(227)	(227)	(247)
At end of year		44,624	655	6,613	51,892	48,021
Depreciation						
At beginning of year		-	520	3,205	3,725	3,494
Current year		864	53	661	1,578	456
Disposals		-	-	(181)	(181)	(225)
At end of year		864	573	3,685	5,122	3,725
Net written down value	$	43.760	82	2.928	46.770	44.296

5. Taxation

(i) Deferred tax asset

		2013	2012
Claims	$	7.201	7.275

(ii) The movement in the deferred tax asset comprised:

Balance at beginning of year	$	7,275	7,419
Claims		(74)	(74)
	$	7.201	7.275

(iii) Deferred tax liability

The deferred tax liabilities are attributable to the following items:

		2013	2012
Unrealised gains on revaluation of available-for-sale investments		(5,296)	(4,034)
Foreign currency translation		(1,020)	(928)
Property, plant and equipment		(482)	(114)
	$	(6,798)	(5,076)

(iv) The movement in the deferred tax liability account comprised:

Balance at beginning of year	$	(5,076)	(4,620)
Unrealised gains on revaluation of available for sale investments		(1,262)	(418)
Foreign currency translation		(92)	(41)
Property, plant and equipment		(368)	3
	$	(6,798)	(5,076)

Subsidiaries

(v) Tax charge for the year

Current year - Green fund levy		127	126
- Provision for taxation in St Maarten, Dominica, St Lucia and Trinidad and Tobago		4,851	6,623
Deferred tax expense relating to the origination/reversal of temporary differences		517	(1,701)
Prior year over statement of deferred tax asset		-	1,811
Prior year over provision of corporation taxation		-	(37)
	$	5,495	6,822

The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate.

Profit before tax	$	19.755	19.951
Tax at the applicable rate		5,253	5,320
Expenses not deductible for tax purposes		104	104
Income exempt from tax		11	(502)
Green fund levy		127	126
Prior year overstatement of deferred tax asset		-	1,1811
Prior year over provision of corporation taxation		-	(37)
	$	5,495	6822

6. Trade and other receivables

Insurance receivables	$	31,918	36,779
Amounts due from reinsurers			
·New India, Mumbai		2,276	2,276
·Other reinsurers		2,430	2,436
Other receivables		2.030	1.141
	$	38.654	42.632

Included in other receivables is $1,045,300 due from the Government of the Republic of Trinidad and Tobago for a bond that matured on August 9, 2012 for which no payment has been received as at the audit report date.

7. Investments

		2013	2012
Available-for-sale			
Bonds and other securities	$	36,174	35,995
Quoted shares		30,769	19,801
Unquoted shares		315	315
	$	67,258	56,111
Held-to-maturity			
Bonds		5,923	6,094
Total investments	$	73,181	62,205

Bonds and securities pledged with the Inspector of Financial Institutions amount to $63,051 at December 31,2013 (2012: $53,177).

In addition $18,676 (2012: $10,801) of term deposits of totaling $53,217 (2012: $50,598) at December 31,2013 are pledged with the Inspector of Financial Institutions.

8. Stated capital

Authorised 22,000,000 shares of no par value			
Issued and fully paid 17,418,946 shares of no par value	$	17.617	17.617

9. Dividends proposed

During the year, the Board of Directors proposed dividends of 150 (2011:150) per share for the year ended December 31, 2012.

		2013	2012
Balance brought forward	$	2,609	1,462
Paid during the year		(2,573)	(1,465)
Proposed during the year		2.612	2.612
Balance carried forward	$	2.648	2.609

Subsidiaries

Subsidiaries

10. Insurance contracts liabilities

		2013			2012		
	Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$	$	$	$
Provision for claims reported by policyholders		42,507	(13,762)	28,745	39,635	(11,777)	27,858
Provision for claims incurred but not reported (IBNR)		7.235	(1,902)	5.333	6.660	(1.505)	5.155
Total claims reported and IBNR	11 (a)	49,742	(15,664)	34,078	46,295	(13,282)	33,013
Provision for unearned premiums	11 (b)	60,557	(18,911)	41,646	59,162	(18,955)	40,207
Provision for unexpired risk	11 (c)	6.055	(1.890)	4.165	5.916	(1.896)	4.020
Total insurance contracts liabilities		116.354	(36.465)	79.889	111.373	(34.133)	77.240

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

		2013			2012		
	Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$	$	$	$
At January 1		46,295	(13,282)	33,013	51,595	(22,149)	29,446
Claims incurred		36,711	(7,360)	29,351	33,357	(1,879)	31,478
Claims paid during the year		(33.264)	4.978	(28.286)	(38.657)	10.746	(27,911)
At December 31		49.742	(15.664)	34.078	46.295	(13.282)	33.013

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

	2013			2012		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At January 1	59,162	(18,955)	40,207	59,415	(19,186)	40,229
Premium written in the year	114,712	(44,461)	70,251	113,528	(45,429)	68,099
Premium earned during the year	(113.317)	4.545	(68.812)	(113.781)	45.660	(68.121)
At December 31	60.557	(18.911)	41.646	59.162	(18.955)	40.207

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

	2013			2012		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At January 1	5,916	(1,896)	4,020	5,942	(1,920)	4,022
Net incurred and utilised during the year	139	6	145	(26)	24	(2)
At December 31	6,055	(1,890)	4,165	5,196	(1,896)	4,020

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Notes of Financial Position December 31, 2013

(Expressed in thousands of Trinidad and Tobago dollars)

11. Trade and other payables

		2013	2012
Sundry creditors and accruals	$	11,179	10,626
Amounts due to reinsurers			
New India, Mumbai		2,551	5,632
Other reinsurers		10,628	11,695
	$	24,358	27,953

12. Investment and other income

Interest income	$	3,493	4,212
Dividend income		680	589
Foreign exchange gain and gain disposal of property, plant and equipment		597	917
	$	4.770	5.718

13. Profit before taxation

Profit before taxation is arrived at after charging:

Depreciation	$	1,578	456
Staff costs		6,819	7,935
Directors' fees		141	108

14. Insurance contracts liabilities and reinsurance assets - terms, assumptions and sensitivities

Terms and conditions

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

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

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

Assumptions

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

Sensitivities

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

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

15. **Fair value of financial instruments**

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.

Subsidiaries

16. Insurance and risk management

a. Introduction and overview

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

- Insurance risk
- Credit risk
- Liquidity risk6
- Interest rate risk
- Foreign currency risk

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.

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 2013	amount 2012
Available for sale investments	$	67,258	56,111
Held-to-maturity investments		5,923	6,094
Trade and other receivables		38,654	42,632
Reinsurance assets		36,465	34,133
Term deposits		53,217	50,598
Cash and cash equivalents		44.572	40,332
	$	246.089	229.900

The aging of receivables at the reporting date was:

		Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not past due	$	10,751	-	9,381	-
Past due 0-30 days		6,422	-	8,024	-
Past due 31-120 day		12,666	-	17,789	-
More than one year		3.805	1.804	3.217	1,804
	$	33.644	1.804	38.411	1.804

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

		2013	2012
Balance at 1 January	$	1,804	1,466
Impairment loss recognized		-	338
Balance at December 31	$	1.804	1.804

d. Liquidity risk

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.

All financial liabilities are due within one year

e. Interest rates risk

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:

		Carrying 2013	amount 2012
Fixed rate instruments			
Term deposits	$	53,217	50,598
Investments		35.297	42,077
	$	88.514	92.675

		2013	2012
Cash and cash equivalents	$	44.572	40.332

f. Foreign currency risk

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 other islands of operations.

2013

Details		BDOS	TT$	ECS	FLS	TOTAL
Assets						
Cash and cash equivalents	$	**133**	**37,574**	**5,572**	**1,293**	**44,572**
Term deposits		-	36,007	13,846	3,364	53,217
Investments Trade and other receivables 606		67,258	5,317	-	73,181	
Reinsurance assets		4,199	47,693	(29,089)	5,950	24,358
Total assets		**4,938**	**181,263**	**51,896**	**7,992**	**246,089**
Liabilities						
Insurance contracts		6,190	85,685	22,307	2,172	116,354
Trade and other paybles		(226)	47,693	(29,089)	5,980	24,358
Total liabilities		5.964	133.378	(6,782)	8.152	140.712
Net exposure	$	f 1.026)	47.885	58.678	(160)	105.377

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

2012

Details		BDOS	TT$	ECS	FLS	TOTAL
Assets						
Cash and cash equivalents	$	**88**	**37,190**	**2,800**	**254**	**40,332**
Term deposits		-	33,792	13,536	3,270	50,598
Investments		606	56,111	5,488	-	62,205
Trade and other receivables		(35)	21,853	19,380	1,434	42,632
Reinsurance assets		4,199	19,715	49,572	6,755	229,900
Total assets		**4,858**	**168,715**	**49,572**	**6,755**	**229,900**
Liabilities						
Insurance contracts		6,190	82,087	20,879	2,217	111,373
Trade and other payables		(226)	46m700	(24279)	5,758	27,953
Total liabilities		**5,964**	**128,787**	**(3,400)**	**7,975**	**139,326**
Net exposure	$	(1,106)	39,928	52,972	(1,220)	90,574

17. Operating leases

Non-cancelable operating lease rentals are payable as follows:

		2013	2012
Less than one year	$	793	1,657
Between one and five years	$	3,695	3,429

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, 2013 $925 (2012: $1,657) were recognised as an expense in the statement of comprehensive income in respect of operating leases.

18. 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.

		2013	2012
Income and expenses			
Management fees	$	500	500
Reinsurance premiums	$	3,244	6,180
Directors' fees	$	141	108

Amounts due from related parties are disclosed in note 6.

(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:

		2013	2012
Short-term employee benefits			
Accommodation	$	318	232
Vehicle	$	306	528

19. 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 counter party, 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.

20. Capital commitment

As at December 31, 2013, capital commitments amounting to approximately $1,000 (2012: $5,500) existed with respect to construction of a building on property situated at 6A Victoria Avenue.

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED
REPORT OF THE DIRECTORS

The directors present their annual report together with the financial statements for the year ended 31 December 2013.

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 Sierra Leone Companies Act 2009. 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 2013, and their interests in the Share Capital of the Company were as follows:

	Shares of Le2.00 each	
	End of year	Beginning of year
S. Mishra	-	-
M Vasnatha Krishna	-	-

AUDITORS

The auditors Messrs PKF retire at the forth-coming Annual General Meeting. 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 Le 4,722,607 after tax, thus turning the operations into a accumulated profit of Le 59,400,696.

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

BY ORDER OF THE BOARD
Secretary

LONDON
28 April 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 2 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 International Standards on Auditing. 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

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its results for the year then ended and have been properly prepared in accordance with the Sierra Leone Companies Act 2009, and the Insurance Act 2000.

FREETOWN

28th April 2014 **Chartered Accountants**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2013 Le'000	2012 Le'000
INVESTMENT INCOME		**26,783**	68,547
		26,783	68,547
OPERATING EXPENSES		**(20,036)**	(18,447)
PROFIT BEFORE TAXATION		**6,747**	50,100
TAXATION	3	**(2,024)**	(15,030)
PROFIT FOR THE FINANCIAL YEAR	2	**4,723**	35,070

Movement on reserves is set out in note 8.

STATEMENT OF FINANCIAL POSITION

	Notes	2013 Le'000	Le'000	2012 Le'000	Le'000
NON-CURRENT ASSETS					
Investments	**4**		**364,000**		345,000
CURRENT ASSETS					
Receivables	5	**37,990**		41,289	
Cash and cash equivalents		**48,321**		47,200	
		86,311		88,489	
PAYABLES					
Amounts falling due within one year	6	**(399,106)**		(387,007)	
		(399,106)		(387,007)	
NET CURRENT LIABILITIES			**(312,795)**		**(298,518)**
TOTAL ASSETS LESS CURRENT LIABILITIES			**51,205**		46,482
CAPITAL AND RESERVES					
Called up share capital	**7**		**500**		500
Retained earnings	**8**		**59,401**		**54,678**
Exchange equilisation account			**(20,910)**		(20,910)
Contingency reserve			**12,214**		12,214
			51,205		46,482

Approved by the Board on 28 April 2014

(S. Mishra) ....Director

(M. Vasantha Krishna) ....Director

STATEMENT OF CASHFLOWS

	2013		2012	
OPERATING ACTIVITIES	**Le 000**	**Le 000**	Le 000	Le 000
Operating profit before taxation	**6,747**		50,100	
Decrease/(increase) in receivables	**3,299**		(18,819)	
Increase/(decrease) in payables	**10,075**		(1,544)	
Net cash inflow from operating activities		**20,121**		29,737
INVESTING ACTIVITIES				
Increase in investments		**(19,000)**		(1,073)
Increase in cash and cash equivalents		**1,121**		28,664
Analysis of changes in cash and cash equivalents during the year:				
Beginning of year		**47,200**		18,536
Net cash inflow		**1,121**		28,664
End of year		**48,321**		47,200

Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

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 5 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 :

	2013 Le000	2012 Le000
Auditors' remuneration	**8,800**	8,800

3 TAXATION

Taxation has been provided at 30% on the net profit for the year.

4 INVESTMENTS

Investments comprised :	2013 Le000	2012 Le000
Treasury Bill	**64,000**	70,000
Deposit with Rokel Commercial Bank Sierra Leone Ltd	**300,000**	275,000
	364,000	345,000

These are available-for-sale financial assets which the company intends to hold into the long term.

5 RECEIVABLES

Receivables comprised :

	2013 Le000	2012 Le000
Sundry receivables		165
Interest receivable	**37,825**	41,124
	37,990	41,289

6 PAYABLES

Amounts falling due within one year comprised:

	2013	2012
Sundry payables	**45,131**	33,032
Amounts due to Insurance Companies	**353,975**	353,975
	399,106	387,007

7 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.

8 RETAINED EARNINGS

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

	2013	2012
	LeOOO	LeOOO
Beginning of year	**54,678**	19,608
Profit for the year	**4,723**	35,070
End of year	**59,401**	54,678

9 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.

10 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.

11 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2013 (2012 - nil).

12 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.

	2013		2012	
	Le'000	**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	**20,036**		18,447	
Contigency reserve	**-**		**-**	
		20,036		18,447
Underwriting (loss)		**20,036**		18,447
Underwriting (loss) comprised:				
Fire		**-**		**-**
Marine		**-**		**-**
Motor		**-**		**-**
Miscellaneous accident		**-**		**-**
Expenses		**20,036**		18,447
		20,036		18,447

Statement of Directors' Responsibilities in Relation to the Financial Statements for the Year Ended 31 December 2013

i The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view of the statement of financial position of the Company at the end of the year and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Insurance Act, CAP I17, 2004. The responsibilities include ensuring that the Company:

ii keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act, CAP I17, 2004.

iii establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

- prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.
- The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with:
- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the requirements of the Insurance Act, CAP I17, LFN 2004
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Company and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

In the opinion of the Directors, the company complied with the requirements of International Financial Reporting Standards (IFRS) and in a manner specified by the provisions of the Financial Reporting Council (FRC), Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act, CAP I17, LFN 2004 and relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); however, the requirements of IFRS override the provisions of other Acts where there is conflict.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the years ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

DR. A. P. MITTAL	**Mr. Jethro O. Adewole**
Managing Director	Director

PRESTIGE ASSURANCE PLC RC 6753

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors hereby submit their report together with the financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be insurance Business. There were no changes in the activities of the Company during the year under review. The activities include insurance underwriting, claims administration and management of liquidity by investing the surplus in fixed deposit, bond and treasury bills.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Company's affairs is satisfactory.

RESULTS FOR THE YEAR

	N
Profit before tax	127,484
Information Technology Development Levy	(1,275)
Taxation	(222,024)
Transfered to Retained earnings	(95,815)

DIRECTORS

The names of the Directors as at the date of this report and those whose held office during the year are as follows:

Chief (Dr.) C. S. Sankey	Chairman (Nigerian) Independent Non Executive
Dr. A. P. Mittal	MD/CEO (Indian)
Mr. Gopalan Srinivasan	(Indian) Non Executive
Mr. A. R. Sekar	(Indian) Non Executive
Mr. J. O. Adewole	(Nigerian) Non Executive
Mr. Ramesh Hathiramani	(Nigerian) Non Executive
Mr. Hassan T. M. Usman	(Nigerian) Independent Non Executive
Mr. Kochunni Sanath kumar	(Indian) Non Executive
Mr. G. Raghu	(Indian) Non Executive
Mr. M.O. Oyegunle	(Nigerian) Non Executive

In accordance with Article 96 of the Company's Articles of Association Mr. Ramesh Hathiramani, Mr. HassanT.M Usman and Mr. A.R. Sekar, retire by rotation and being eligible, all the retiring Directors have offered themselves for re-election.

DIRECTORS' INTERESTS

The interests of Directors in the issued share capital of the Company as recorded in the Register of Members is as follows:

S/N	NAME OF DIRECTORS	2013 INDIRECT HOLDING	2013 DIRECT HOLDING	2013 TOTAL	2012 INDIRECT HOLDING	2012 DIRECT HOLDNG	2012 TOTAL
1.	Chief (Dr.) C. S. Sankey	-	14,762,272	**14,762,272**	-	-	**-**
2.	Mr. Gopalan Srinivasan	1,279,429,480	-	**1,279,429,480**	1,279,429,480	-	**1,279,429,480**
3.	Mr. J. O. Adewole	-	133,369	**133,369**	133,369	-	**133,369**
4.	Mr. A. R. Sekar	-	-	**-**	-	-	**-**
5.	Mr. K. SanathKumar	-	-	**-**	-	-	**-**
6.	Mr. R. Hathiramani	102,896,437	-	**102,896,437**	102,896,437	-	**102,896,437**
7.	Mr. G. Raghu	-	-	**-**	-	-	**-**
8.	Mr. M.O. Oyegunle	280,048,823	49,840	**280,098,663**	280,048,823	49,840	**280,098,663**
9.	Mr. H. T. M. Usman	-	-	**-**	-	-	**-**
10.	Dr. A. P. Mittal	-	-	**-**	-	-	**-**

Mr. Ramesh Hathiramani has a total of 102,896,437 indirect shareholding through Dana Holdings Limited, Dana Group of Companies Limited, Dana Motors Limited and S. B. Chemicals Limited.

DIRECTORS' INTERESTS IN CONTRACTS

No Director has given notice for the purpose of Section 277 of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria 2004, to the effect that he is a member of a Company which could be regarded as interested in a contract involving the Company.

MAJOR SHAREHOLDERS

As at the date of this report, no person or Company held more than 5% of the Issued Capital except:

	50k Share	%
The New India Assurance Company Ltd., Mumbai	**1,279,429,480**	51.01
Leadway Assurance Company Limited	**280,048,823**	11.16

EMPLOYMENT OF DISABLED PERSONS

The Company has no employee recorded as disabled. It is however, the Company's policy to consider persons for employment bearing in mind the aptitudes and abilities of the applicants concerned and facilities available to them.

HEALTH AND WELFARE OF EMPLOYEES

The Company subsidizes the medical and transportation expenses of staff and grants them Housing and Lunch allowances. There is a Group Life Insurance Policy for all categories of staff and gratuity and pension scheme.

In addition, the Company offers Scholarship in Higher Institutions to the very brilliant children of employees.

AUDITORS

The Auditors BDO Professional Services, have indicated their willingness to continue in office under section 357 (2) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004. The Shareholders will be requested to authorize the Directors to fix the remuneration of the Auditors.

BY ORDER OF THE BOARD

ABAYOMI ODULANA
Company Secretary
FRC/2013/ICSAN/00000003201

Dated: **26th day of May 2014**

Corporate Governance Report

Prestige Assurance Plc ("Prestige") has always since inception adopted structures that engender best practices, sound corporate structures & transparent operational framework to maximally foster the interest of all stakeholders whilst promoting ethical business practices. These ideals chronicle our antecedent, values and orientation as a Company.

As a foremost publicly quoted Company, we carry out corporate objectives on the principles of integrity, ethics and professionalism. We are always geared to surpass local regulatory standards as well as international best procedures in corporate governance, service delivery and value creation for all. We have since aligned with the various applicable Codes of Corporate Governance - SEC,NAICOM etc.

Meanwhile, an annual board appraisal is also conducted by an Independent Consultant appointed by the Company whose report is normally open for inspection by all Stakeholders.

Corporate Management Structure

Board of Directors - The ultimate responsibility for Corporate Management & governance of the Company resides with the Board of Directors who is primarily accountable to shareholders to ensure that the Company fully discharges its legal, financial and regulatory responsibilities. The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's strategic objectives. The Board monitors the effectiveness of its governance and provides general direction to Management on all aspects of operations through its various Committees. At the moment, the Board is composed of nine members comprising of a Non-Executive Chairman, MD/CEO and seven Independent Non-Executive Directors. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Commerce, Management, Information Technology, etc. The Directors are men of impeccable character and high integrity.

The Company is indeed delighted to have a versatile Board with deep understanding of its responsibilities to Shareholders, Regulatory Authorities, Government and other Stakeholders. The meetings of the Board are scheduled well in advance and highlights from the sub-committees of the Board are circulated to all the Directors. The Board met on 4th June, 29th of July, 28th October and 17th December, 2013 as follows:

DIRECTORS	CATEGORY OF DIRECTORSHIP	NO OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Chief (Dr.) C. S. Sankey	Chairman/NED	4	1
Mr. G. Srinivasan	Director	4	1
Mr. A.R. Sekar	NED	4	2
Mr. K. Sanatkumar	NED	4	2
Mr. J. O. Adewole	NED	4	4
Mr. Ramesh Hathiramani	NED	4	3
Mr.G.Raghu	NED	4	3
Mr. Hassan T. M. Usman	NED	4	3
Mr. M.O Oyegunle	NED	4	3
Mr. A.P. Mittal	NED	4	4

Board Committees - The Board performed its functions through a total of four Standing Committees during the period under review. The Committees have clearly defined responsibilities, scope of authority and procedures for reporting to the Board. Membership of the Committees is structured to take optimum advantage of the skills and experience of the Independent Non-Executive Directors. The following are the standing Committees of the Board during the year under review:

i) **AUDIT COMMITTEE-** The Company established an Audit Committee in compliance with Section 359(6) of the Companies and Allied Matters Act, CAPC20 LFN 2004, which comprises of three representatives of Shareholders (elected annually at the AGM), Two Independent Non-Executive Directors and the MD/CEO. Engr. M. O. T. Olayiwola Tobun chaired the Committee during the year under review.

The Audit Committee met three times during the year under review - 31st May, 29th July and 18th October, 2013. Membership and attendance at the meetings are as follows:

MEMBERS	NUMBER OF MEETINGS HELD	NO OF MEETINGS ATTENDED
Engr. M. O. T. Olayiwola Tobun	3	3
Mr. Hassan Usman	3	2
Mr. Ramesh Hathiramani	3	2
Mr. J. O. Atolagbe	3	3
Mr. A. P. Mittal	3	3
Mr. S. B. Odusote	3	3

ii) **FINANCE AND GENERAL PURPOSES COMMITTEE-** The Finance and General purposes Committee comprises of the MD/CEO and 4 Non Executive Directors. The Committee meets to review the investment guidelines of the Company, ensure that investments embarked upon by the Management are in line with Regulatory & Board Guidelines and also considers other miscellaneous issues. Mr. J.O. Adewole Chaired the Committee during the year under review. The Committee met thrice in the year under review as follows: 25th April, 19th July, and 25th October 2013.

MEMBERS	NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
Mr. J.O. Adewole	3	2
Mr. G. Raghu	3	2
Mr. Ramesh Hathiramani	3	2
Mr. M.O. Oyegunle	3	2
Dr. A.P. Mittal	3	3

iii) ESTABLISHMENT COMMITTEE - The Establishment Committee comprises the MD/CEO and three Non-Executive Directors. Mr. J. O. Adewole chairs the Committee which primarily considers general staff matters. The Committee met on 8th of March, 19th of July, 17th October and 26th of November, 2013 as reflected below:

MEMBERS	NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
Mr. J. O. Adewole	4	4
Mr. M.O. Oyegunle	4	4
Mr. A. P. Mittal	4	4
Mr. T. M. Usman	4	1

RISK MANAGEMENT COMMITTEE - The Risk Management Committee comprises of MD/CEOand 3 Non Executive Directors, namely Mr. Ramesh Hathiramani (Chairman), Mr M.O. Oyegunle and Mr. G. Raghu. The Committee's term of reference is to fundamentally ensure that the Company's operations comply with the Enterprise Risk Policy as approved by the Board in line with regulatory requirement. The Committee met on 1th March, 12th August and 5th December, 2013.

MEMBERS	NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
Mr. Ramesh Hathiramani	3	2
Mr. A. P. Mittal	3	3
Mr. M.O. Oyegunle	3	2
Mr. G. Raghu	3	3

Roles of Key Members of the Board

The positions of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons. The Chairman and the Chief Executive Officer are not members of the same extended family.

The Chairman - The main responsibility of the Chairman is to lead and manage the Board to ensure that it is administered effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company.

The Chairman also manages the input of Non-executive Directors to promote effective relationships and open communications, both inside and outside the Boardroom, between Executive and Independent Non-executive Directors. The Chairman strives to ensure that any differences on the Board are resolved amicably.

The Chief Executive Officer - The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer(CEO), who is responsible for leading management, making and implementing operational decisions. The CEOis responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities. The CEOensures that optimization of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

Protection of Shareholders Rights - The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication Policy

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities. Furthermore, the Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website,www.prestigeassuranceplc.com. In order to reach its overall goal on information dissemination, the Company is guided by the following Principles, legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by NAICOM and SEC. The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment.

Feedback: The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

Independent Advice - The Board of Directors are at their own discretion and at the Company's expense required to seek Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

Insider Trading and Price Sensitive Information

The Company is clear in its prohibition of insider trading by its Board, management, Officers and related persons who are privy to confidential price sensitive information. Such persons are further prohibited from trading in the Company's securities where such transactions would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Company from time to time.

Code of Professional Conduct for Employees - The Company has an internal Code of Professional Conduct, which all members of staff are expected to subscribe to upon assumption of duties. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, culture and policies of the Group relating to employee values.

A. O. ODULANA
SECRETARY

The Company Secretary - The Company Secretary is a point of reference and support for all Directors. He is responsible to update the Directors with all requisite information promptly and regularly. The Board may through the Company Secretary obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly. The Company Secretary is further responsible to assist the Chairman and Chief Executive Officer to formulate an annual Board Plan with the administration of other strategic issues at the Board level; organize Board meetings and ensure that the minutes of Board meetings clearly and properly capture Board's discussions and decisions.

Director Nomination Process- The Board agrees upon the criteria for the desired experience and competencies of new Directors. The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director. The criteria for the desired experience and competencies of new Non-executive Directors are agreed upon by the Board. The balance and mix of appropriate skills and experience of Non-executive Directors is taken into account when considering a proposed appointment. In reviewing the Board composition, the Board ensures a mix with representatives from diverse background. The Shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of NAICOM.The following core values are considered critical in nominating a new director; (i) Integrity (ii) Professionalism (iii) Career Success(iv)Goodwill (v) Ability to add value to the Organization Induction and Continuous Training of Board Members.

Training of Board Member - On appointment to the Board and to Board Committees, all Directors receive a formal induction tailored to meet their individual requirements. The New Directors are oriented about the Company and its operations through the Company Secretary via the provision of the Company's Articles of Association, relevant statutory books and regulations and adequate information on operations. The Directors are also given a mandate and terms of reference to aid in performance of their functions. Management further strives to acquaint the new Directors with the operations of the Company via trainings/seminars to the extent desired by new Directors to enable them function in their position. The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

Annual Board Appraisal - The Code of Corporate Governance for the Insurance Industry recognizes the fact that good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in Board performance, as well as the Company's compliance status with the provisions of NAICOM.

The General Meeting of the Company - This is the highest decision making body of the Company. The Company is driven by its desire to deliver significant returns on its shareholders investment. The shareholders have an opportunity to express their concerns (if any) and opinions on the Company's financial results and all other issuesat the Annual General Meeting of the Company. The Meetings are conducted in a fair and transparent manner where the regulators are invited such as The National Insurance Commission, the Securities and Exchange Commission, Corporate Affairs Commission, the Auditors as well as other Shareholder's Associations. The Company also dispatches its annual reports, providing highlights of all the Company's activities to its shareholders.

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND
ACT NO.29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31st December 2013 that:

a) We have reviewed the report;

b) To the best of our knowledge, the report does not contain:
(i) Any untrue statement of a material fact, or
(ii)Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report;

d) We:
(i) are responsible for establishing and maintaining internal controls;
(ii) have designed such internal controls to ensure that material information relating to the company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;

(iii)have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;

(iv) have present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

e) We have disclosed to the auditors of the company and audit committee:
(i) all significant deficiency in the design or operations of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and

(ii) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Mrs. K. O. Kola-Fasanu
Chief Financial Officer

Dr. A. P. Mittal
Managing Director

REPORT OF THE AUDIT COMMITTEE

TO THE SHAREHOLDERS OF PRESTIGE ASSURANCE PLC

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, we have reviewed the audited financial statements of the Company for the year ended 31st December, 2013 and reports as follows:

(a) The accounting and reporting policies of the company are consistent within legal requirements and agreed ethical practices.

(b) The scope and planning of the external audit was adequate.

(c) The company maintained effective systems of accounting and internal control during the year.

(d) Having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management responses thereon.

Dated this 26 Day of May 2014.
ENGR. M. O. T. OLAYIWOLA TOBUN
CHAIRMAN - AUDIT COMMITTEE
FRC/2013/COREN/00000003231

MEMBERS OF THE AUDIT COMMITTEE

1.	Engr. M. O. T. Olayiwola Tobun	-	Shareholder/Chairman
2.	Mr. J. O. Atolagbe	-	Shareholder
3.	Mrs. Olatunbosun Odusote	-	Shareholder
4	Mr. H. T. Musa Usman	-	Independent Non-Executive Director
5.	Mr. Ramesh Hathiramani	-	Non-Executive Director
6.	Dr. A. P. Mittal	-	Managing Director

A. O. ODULANA
COMPANY SECRETARY

CORPORATE SOCIAL RESPONSIBILITY REPORT

At Prestige Assurance, we care for the environment and the society in which we operate. In appreciation of the gesture towards the upliftment of our Company during the year 2013 particularly, donations were made to various organisations in order to bring relieve to the society especially the less privilege ones.

We also made donations to various charitable and non-profit organisations across the Country. The following are the causes we supported in the year under review.

1. **Living Fountain Orphanage:** On 3rd January, 2013, Prestige made a cheque donation of N100,000.00 in addition with food stuffs. This is meant to improve their well being and their academic performance.

2. **The Arrows of God Orphanage:** On 31st December, 2013, the Company made a cheque donation of N250,000.00 in addition with food stuffs and kitchen utencils.

During the year ended at Prestige, putting smile on the faces of the less privilege is the course we have chosen.

MANAGEMENT DISCUSSION AND ANALYSIS.

THE NATURE OF THE BUSINESS

Prestige Assurance is a non –life insurance business with over sixty years experience in Nigeria. The company's core areas of business include motor, marine, bond, engineering, fire, aviation, oil and gas and general accident.

The company is known for providing expertise knowledge especially in high risk businesses such as aviation, marine, oil and gas.

Our company is known by populace for prompt settlement of claims and other support as it may be necessary.

The major bulk of our business comes from brokers market and support from the parent company in form of referral.

MANAGEMENT'S OBJECTIVES.

i) To be in the forefront of risk carrying in Nigerian insurance market, with a penchant for quality products and efficient service delivery to our esteemed customers.

ii) To position the company amongst the top 3 insurance companies in Nigeria.

iii) To ensure that values are created for the stakeholders.

iv) To be an ethical company among the listed institution in Nigeria and the world at large.

OUR STRATEGIES

In order to meet the above objectives, the management of the Company have put the following strategies in place.

i. The Company has instituted sound corporate governance in order to drive both the internal process and the business environment.

ii. Adequate reinsurance has been put in place to absorb the impact of high risk which may likely occur due to the area of specialisation of the company.

iii. Aside from the normal business, the Company also provides add on services such as customer education, policy audit and lease financing.

iv. The Company engages in training and empowerment of her workforce to meet up with the challenges of modern business.

v. It is also in the current agenda of the Company to recruit more hands with specialised skills to compete favourably in the industry.

vi. The Company has also met up with her civil responsibility and promised to do more to better the interest of stakeholders at large.

OUR RESOURCES, RISKS AND RELATIONSHIP

Our most valuable resources are our human capital. The staff welfare is paramount to the Company. Non-human resources are of small relevance without appropriate personnel to drive the system.

Insurance business is a kind of business that is full of risk known as insurable risks.

This is a known risk but which the likelihood and magnitude of the occurrence is not certain.

The Company has put in place a balanced re-insurance policy to absorb the impact of such risks at any time in future.

Aside from this, the Company is also faced with diverse risks which are financial and non-financial in nature.

Several strategies are already in place to mitigate their negative impact on the business and the Company itself.

Prestige Assurance plc is a subsidiary of The New India Assurance Company Limited, Mumbai, India. Our parent company is one of the largest insurance business undertakers across the Afro-Asia continent (except Japan). The parent company provides support to us in all ramifications which had impact positively in term of skills and financial status to underwrite high risk businessesrarely underwritten by the local companies.

FINANCIAL RESULTS AND PROSPECTS

For the year ended 31st December 2013, the gross premium written by the company declined by N568 million compared with previous year as result of the policy of No Premium No Cover in implementation and decline in acceptance of aviation business for strategy purpose.

Underwriting profit for the period went up by N289 million when compared with the previous year.

The total assets of the company also grew by N413 million when compared with December 2012 In view of the recent upheavals, we have adopted a more proactive approach to the management of our capital, liquidity and investments towards endowing our company with needed financial strength to withstand any market-related shocks and building an enduring platform for world class products and services.

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

We have audited the accompanying financial statements of Prestige Assurance Plc for the financial year ended 31 December 2013, which comprises the statement of financial position, profit or loss and other comprehensive income statement, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP I17, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry policy guidelines. 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 applying appropriate accounting polices and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an independent 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts of disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessmentof the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,the auditors consider 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 Company'sinternal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonablenessof accounting estimates made by the directors, 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 opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act No 6, 2011, the Companies and Allied Matters Act, CAPC20 LFN 2004 and Insurance Act, CAPI17, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines.

Report on other legal requirements

The Companies and Allied Matters Act, CAPC20 LFN, 2004 requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company; and

iii) the Company's statement of financial position and profit or loss account and other comprehensive income statement are in agreement with the books of account.

Lagos, Nigeria
May 24, 2014

Chartered Accountants

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1) **Going concern**

The directors assessthe Company's future performance and financial position on a going concern basis and have no reason to believe that the company will not be a going concern in the year ahead. For this reason, these financial statements are prepared on a going-concern basis.

2) **Basis of preparation and compliance with IFRS**

The financial statements of Prestige Assurance Plc have been prepared on a going concern basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective at 31 December 2013 and requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004,the Insurance Act, CAPI17 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2012 to the extent that they are not in conflict with IFRS.

The financial statements were authorised for issue by the Board of Directors on 26 May 2014

The preparation of financial statements in compliance with IFRSrequires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4

(b) **Basis of measurement**

The financial statements have been prepared on historical cost basis except as detailed below:
- Financial instruments at fair value through profit or loss are measured at fair value
- Property, plant and equipment are carried at cost except land and buildings which are measured at revalued

3) **Foreign currency translation**

(a) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency'). The financial statements are presented in Nigerian Naira (N) which is the Company's functional and presentation currency.

(b) **Transactions and balances in foreign currencies**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Differences are taken to the income statement.

4) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSrequires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 the future periods if the revision affects both current and future periods.

5) **New standards, interpretations and amendments effective from 1 January 2013**

a A number of new standards, interpretations and amendments effective for the first time for periods beginning on (or after) 1 January 2013, have been adopted in these financial statements. The nature and effect of each new standard, interpretation and amendment adopted by the company is detailed below. not all new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2013 affect the company's financial statements.

(a) **Standards likely to a have a financial impact**

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (issued November 2009 and amended October 2010)	Financial instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in IAS 39 have been eliminated. Under IFRS 9, there are three categories of financial assets: Amortised cost, Fair value through profit or loss, Fair value through other comprehensive income. The following requirement have generally been carried forward unchanged from IAS 39 Financial Instruments: Recognition and Measurement into IFRS 9: - Classification and measurement of financial liabilities - Derecognition requirements for financial assets and liabilities. However, IFRS 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the fair value of a financial liability that is designated at fair value through profit or loss (using the fair value option) that relate to changes in the reporting entity's own credit risk are normally recognised in other comprehensive income. The changes are to be applied prospectively from the date of adoption.	To be determined	The effective date of IFRS 9 is still to be determined. The effect of this standard will change how the company has classified its financial instruments under IAS 39. the company has financial assets classified as available for sale and held to maturity in line with IAS 39. Adoption of IFRS 9 will cause the company to reclassify its financial instruments as either fair value through profit or loss or held to maturity.

Subsidiaries

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (Amended December 2011)	Amendments to IFRS 9 Financial Instruments Mandatory Effective Date of IFRS 9 and Transition Disclosures	Defers the effective date of IFRS 9 to 1 January 2015. Entities are no longer required (but are still permitted) to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015.	As comparatives are no longer required to be restated, if an entity takes advantage of the relief there will be no impact on comparative information that is presented in the financial statements. However, additonal disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
IFRS 9 (issued November 2013)	Financial Instruments (Hedge Accounting and ammendments to IFRS 9, IFRS 7 and IAS. 39)	Makes three ammendments to IFRS 9: - Adds New hedge accounting requirements into IFRS 9 - Defers the effective date of IFRS - Makes available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities that are accounted for using the fair value option without the need to apply the other requirements of IFRS 9. Under the new hedge accounting requirements: - The 80-125% highly effective threshold has been removed - Risk components of non-financial items can qualify for hedge accounting provided that the risk component is seperately identifiable and reliably measurable. - An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure -When entities designate the intrinsic value of options, the initial value is deferred in OCI and subsequent changes in time		The effective date of IFRS 9, of periods beginning on or after 1 January 2015, has been deleted with the effective date now being left open until all other outstanding phases of IFRS 9 have been completed. The entity has not yet made an assessment of the impact of these amendments.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 10 (amended October 2012)	Amendment to IFRS 10 Consolidated Financial Statements: Investment Entities	value are recognised in OCI - When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward - Net foreign exchange cash flow positions can qualify for hedge accounting. The amendment defines an investment entity and requires a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an Investment Entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into IFRS 12 Disclosure of Interest in Other Entities and amends IAS 27 Separate Financial Statements.	Annual reporting periods commencing on or after 1 January 2014	The Company does not have any Subsidiaries or Associates or Joint ventures IFRS will not have any impact on the financial statements.
IAS 19 (amended November 2013	Amendment to IAS 19 Employee Benefits: Defined Benefit Plans: Employee Contributions.	The amendment introduces a narrow scope amendments that: - Provides a practical expedient to certain contributions from employees or third parties to a defined benefit plan, but only those contributions that are independent of the number of years of service.	Annual reporting periods commencing on or after 1 January 2014	When this amendment is first adopted for 31 December 2014 year end, there wil be no impact in respect of the accounting treatment for employee contributions because payments are independent of the number of years of service and the company already account for this in

Subsidiaries

IAS 32 (amended November 2011)	Amendment to IAS 32 Financial instruments: Presentation Offsetting financial assets and financial liabilities.	- clarify the treatment of contributions from employees or third parties to a defined benefit plan that are not subject to the practical expedient. These are accounted for in the same way that the gross benefit is attributed in accordance with IAS 19.70). The amendents has clarified and expanded the application guidance in relation to the offsetting of financial assets and financial liabilities in respect of: - The meaning of currently has a legally enforceable right of setoff - The application of simultaneous realisation and settlement - The offsetting of collateral amounts - The unit of account for applying the offsetting requirements.		accordance with IAS 19.93 {(a) (b)} and will elect to do so again once the amendment is effective. When this amendment is first adopted for 31 December 2014 year end, there wil be no impact in respect of the accounting treatment for offsetting the entity's financial assets and financial liabilities. When this amendment is first adopted for 31 December 2014 year end, there will be no impact in respect of the accounting treatment for offsetting the entity's financial assets and financial liabilities.
IFRIC 21 (issued May 2013)	Levies	The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.	Periods commencing on or after 1 January 2014	There will be no impact relating to the timing or recognition of the entities levies on the financial statements when this interpretation is first adopted.

(b) Standards likely to have a disclosure impact only

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 12 (issued May 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	At this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities. The company however has no subsidiaries or associates.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 7 (amended December 2011)	Amendment to IFRS 7 Financial Instruments: Disclosure Disclosures - Offsetting financial assets and financial liabilities	Additional disclosure requirements in relation to information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement (or similar arrangment). Minimum disclosure requirements, in a tabular format that splits financial assets and financial liabilities, are: (a) Gross financial assets and liabilities under a master netting (or similar) agreement. (b) The amounts offset under IAS 32. (c) The net amount presented in the statement of financial position (i.e. (a) - (b) (d) The amounts subject to an enforceable master netting agreement (or similar) not included in the amount offset under IAS 32 i.e (b), being those that fail to meet the offsetting criteria as well as those related to financial collateral (e) The net of (d) less (c) (d). Also required is the description of the nature of the right of set-off, in relation to amount presented under (d) above.		As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. Currently, the entity does not have (and is unlikely to have) any enforceable master netting (or similar) arrangements in place, and therefore the amendment will not add any additional quantitative and qualitative disclosures.
IAS 36 (amended May 2013)	Amendment to IAS 36 Impairment of Assets Recoverable amount disclosures for non-financial assets	- Require the disclosure of the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU) - Expand and clarify the disclosure requirements when an assets (CGUs) recoverable	1 January 2014	As this is a disclosure standard only, there will be no impact on amounts recognised in the primary financial statements. However, the amount of information disclosed regarding impairment may be reduced.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
		amount has been determined on the basis of fair value less disposal. - Specifically require the disclosure the discount rate when an asset (or CGU) has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique.		

(c) Standards not likely to have any impact

IAS 27 (issued May 2011)	Separate Financial Statements	Requirements for consolidation removed and inserted into IFRS 10 Considated Financial Statements (mentioned in Standards likely to have a Financial Impact above) Disclosures removed and inserted into IFRS 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	Company does not prepare consolidated financial statements.
IAS 28 (issued May 2011)	Investments in Associates and Joint Ventures	Disclosures removed and inserted into IFRS 12 Disclosure of Interests in Other Entities	Annual periods commencing on or after 1 January 2013	The Company has no investment in Associates or Joint Ventures.
IFRS 10, IFRS 11, and IFRS 12 (amended June 2012)	Transition guidance - Consolidated financial statements, Joint arrangements, and Disclosure of Interests in other entities.	The amendments clarity certain aspects when an entity transactions from IAS 27 Consolidated and Separate Financial Statements/ SIC-12 Consolidation - Special Purpose Entities to the new consolidated standards IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other entites.	Annual periods commencing on or after 1 January 2013	The Company does not prepare consolidated financial statements.

Significant accounting policies

6) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash comprises cash balances and deposits with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

7) **Financial Assets**

The Company classifies its financial assets into the following categories: Held at fair value through profit or loss (or held for trading), held-to-maturity, Available-for-sale and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

i Financial assets at fair value through profit or loss (Held for trading)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. The investments are carried at fair value, with gains or losses arising from changes in this value recognized in the income statement in the period in which they arise. Such investments are investments in quoted equity.

ii Held-to-maturity investments

The Company classifies financial assets as Held to maturity when the company has positive intent and ability to hold the securities to maturity. Held-to-maturity investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years. Quoted equities and debt securities e.g. bonds that are initially classified as held-to-maturity may, subsequently, be moved to available-for-sale financial assets whenever the market price is higher than the purchase price in order to sell and take profit. Interest on held-to- maturity investments are included in the income statement and are reported as „Interest income'.

iii Available –for–sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the two preceeding categories which may be sold in response to the need for liquidity or changes in interest rates, exchange rates or equity prices. They include investment in unquoted shares. These investments are initially recognised at cost. After initial measurement, available-for-sale financial assets are subsiquently measured at fair value using net asset valuation basis. Fair value gains and losses are reported as a separate component in other comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to profit or loss iv Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are mainly receivables arising from insurance contracts. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost less any impairment losses. They include receivables from Direct insured, Agents and Brokers, Co-insurance and Reinsurance companies; Other loans and receivables include staff loans and advances and other Sundry receivables which arise in the ordinary course of business.

Impairment provisions are recognized when there is objective evidence that the Company will not be able to collect all of the amounts due under the terms of the receivable; (evidence include significant financial difficulties on the part of the counterparty or default or significant delay in payment - over 90 days). The amount of such a provision being the difference between the carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For amounts due from policy holders and reinsurers, which are reported net, such provisions are recorded in a separate impairment account with the loss being recognised in income statement. On confirmation that the amounts receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Any subsequent recoveries are credited to the income statement in the period the recoveries are made. Insurance receivables are derecognised when the derecognition crietria for financial assets have been met.

v Prepayments

Prepayments are carried at amortised cost.

vi Impairment of financial assets

(a) Financial assets carried at amortised cost

The Company assessesat each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment lossesare incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assetsthat can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company from the following events:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider favourable;
- Indications that a debtor or issuer will enter bankruptcy;
- The disappearance of an active market for the security because of financial dificulties; and
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The Company first assesseswhether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessedfinancial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assetsthat are individually assessedfor impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit lossesthat have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As is practically expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the assets. The amount of the reversal is recognised in the income statement.

(b) Trade receivables

These are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect the entire amount due under the original terms of the invoice. Allowances for impairment are made based on "incurred loss model" which consider premiums outstanding and not received within three months subsequent to the year-end as lost, given default for each customer and probability of default for the sectors in which the customer belongs.

Impaired debts are derecognised when they are assessedas uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the income statement.

(c) Assets classified as available-for-sale

The Company assessesat each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assetsis impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 10%or more is regarded as significant, and a period of 1 year or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period 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 profit or loss, the impairment loss is reversed through the income statement.

vii Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

viii Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ix Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessingvalue in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessmentsof the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessedat each reporting date for any indications that the loss has decreased or no longer exists. 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. Reversals of impairment losses are recognised in profit or loss.

8) **Reinsurance assets or receivables**

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of each reinsurance contract. The reinsurers' share of unearned premiums (i.e. the reinsurance assets) are recognised as an asset using principles consistent with the Company'smethod for determining unearned premium liability. The amount reflected on the statement of financial position is on a gross basis to indicate the extent of credit risk related to the reinsurance and its obligations to policy holders.

The Company assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

9) **Deferred acquisition costs (DAC)**

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable, can be measured reliably and its probable that they will be recovered. All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating unearned premium. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium. The DAC asset is tested for impairment annually and written down when it is not expected to be fully recovered.

10) **Deferred tax assets and liabilities**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

11) **Intangible Assets**

Intangible assets comprise computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Expenditure, which enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement and added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 10years. The residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives for the current and comparative period are as follows:

Computer software	10%

12) **Investment in Finance Lease**

Investments in finance lease are recognised when the company transfers substantially all the risks and rewards of ownership of the leased assets to the leasee. Investment in finance lease is initially measured at cost, being the purchase price of the assets and other incidental costs of acquiring and transferring the asset to the leasee and is subsequently measured at amortised cost less accumulated repayment (of principal sum) and accumulated impairment loss.

Interest income on investment in finance lease is recognised in the income statement as investment income in the period the interest is due receivable. An investment in finance lease is impaired if the carrying amount of the investment exceeds its recoverable or net realisable amount.

13) **Property, plant and equipment**

(a) Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(c) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS5, Non-current Assets Held for Sale and Discontinued Operations.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

The estimated useful lives for the current and comparative period are as follows:

Plant and Machinery	12½%
Leasehold, Land and buildings	2% of cost/value
Furniture, fittings and office equipment	10%
Computer equipment	33⅓ %
Motor vehicles	25%
Asset under lease	Over period of lease

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

(d) De-recognition

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

14) Statutory deposit

Statutory deposit represents a fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General insurance business. Interest income on the deposit is recognised in the income statement in the period the interest is earned.

15) **Insurance contracts and Insurance contract liabilities**

In accordance with IFRS 4 insurance contracts, the Company has continued to apply the accounting policies it applied in accordance with Nigerian GAAP. These contracts are accident, workmens compensation, motor, marine and aviation and fire insurance.

Insurance contracts protect the Company's customers against the risk of harm from unforeseen events their properties resulting from their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company□s customers for damage suffered to their properties or for the value of property lost.

Others forms of Insurance contracts include but are not limited to workmens compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company i.e. Claims incurred but not reported (IBNR) which is actuarial valuation. The Company does not discount its liabilities for unpaid claims other than for workmen compensation claims. Liabilities for unpaid claims are estimated using the impute of assessmentsof provision reported to the Company and analysis for the claims incurred but not reported (IBNR).

Reinsurance contracts held

The Company holds the under-noted reinsurance contracts:

- Treaty Reinsurance Outward is usually between the Company and Reinsurers.
- Facultative Reinsurance Outward is usually between the Company and other insurance companies or between the Company and Reinsurers.
- Facultative reinsurance inwards is usually between the Company and other insurance Companies or between the Company and Reinsurers.

Premiums due to the reinsurers are paid and all claims and recoveries due from reinsurers are received.

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the

Subsidiaries

Company under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amount associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

The company's Insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuary. These include Unearned premiums reserve and Outstanding claim reserve.

(i) Unearned premium reserve

Unearned premium provision is calculated using a time - apportionment basis, in particular, the 365ths method.

(ii) Outstanding claims reserve

Individual loss estimates are provided on each claim reported. In addition, provisions are made for adjustment expenses, changes in reported claims and for claims incurred but not reported (IBNR), based on past experience and business in force.

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR")as at the balance sheet date. The IBNRis based on the liability adequacy test carried out by an Actuary.

(iii) Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DACand by subsequently establishing a provision for losses arising from liability adequacy tests.

The provisions of the Insurance Act,CAP I17 LFN 2004 require an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act No.6, 2011 gives superiority to the provisions of IFRSand since it results in a more conservative reserving than the provision of the Insurance Act, CAP I17 LFN 2004, it supports the company's prudential concerns.

(iv) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

16) **Trade payables**

Trade payables (i.e insurance payables) are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The effective interest method is a method of calculating the amortised cost of the financial liabilities and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

17) **Provisions and other payables**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision are measured at the Director's best of estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method. They comprise of other short-term monetary liabilities such as Audit fees payable, Insurance levy payable, Dividend Tax liability.

18) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any dif erence between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the e a ective interest method

19) **Retirement obligations and Employee benefits**

The company operates the following contribution and benefit schemes for its employees:

(i) Defined benefit gratuity scheme

The company has a defined benefit gratuity scheme for management and non-management staff. Under this scheme, a specified amount as determined by actuarial valuation is contributed by the company and charged to the income statement over the service life of each employee.

(ii) Defined contribution pension scheme

The Company operates a defined contributory pension scheme for eligible employees. Company contribute 15%of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2004. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Company.

20) **Income Taxes - Company income tax and deferred tax liabilities**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differs from results as reported in the income statement because it includes not only items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The company's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

21) **Share capital and Share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as share premium' in equity. Incremental costs Directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

22) **Dividend on ordinary shares**

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

23) **Contingency reserves**

In compliance with Section 21 (2) of Insurance Act, CAPI17 LFN 2004, the contingency reserve is credited with the greater of 3%of total premiums, or 20%of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

24) **Revenue reserve**

Revenue reserve represents amount set aside out of the profits of the Company which shall at the discretion of the directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

25) **Contingent Assets and Contingent liabilities**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or the company has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities and contingent assets are never recognized rather they are disclosed in the financial statements when they arise.

26) **Premium and Unearned Premium**

Premiums written comprise the premiums on contracts incepting in the financial year. Premiums written are stated gross of commissions payable to agents and exclusive of taxes levied on premiums. The Company earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premium.

27) **Reinsurance expenses**

Reinsurance costs represent outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

28) **Fees and commission income**

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

29) **Claims expenses**

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. (See policy for reserve for outstanding claims above)The gross provision for claims represents the estimated liability arising from claims in current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

The gross provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

30) **Acquisition costs and other underwriting expenses**

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision (See policy for Deferred Acquisition Cost above). Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract.

31) **Investment income**

This includes interest income and dividend income. Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Dividend income for available-for-sale equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities.

32) **Other operating expenses**

Other expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin.

33) **Income tax expenses**

Income tax expense comprises current income tax, education tax levy, information technology tax and deferred tax. (See policy on taxation above)

34) **Earnings per share**

The Company presents basic earnings per share (EPS)data for its ordinary shares. Basic EPSis calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPSis determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Prestige Assurance Plc
Statement of Financial Position, 31 December 2013

	Notes	31 December 2013 N'000	(Restated) 31 December 2012 N'000
Assets			
Cash and cash equivalents	10	2,449,694	1,670,851
Financial assets:			
-Held-for-trading	11(a)	586,924	458,698
-Held-to-maturity	11(b)	355,998	426,796
-Available-for-sale	11(c)	538,713	448,655
Trade receivables	12	222	914,706
Other receivables and prepayments	13	123,152	65,836
Reinsurance receivables	14	3,168,227	3,454,954
Deferred Acquisition Cost	15	120,121	188,783
Intangible Assets	16	6,300	7,200
Investment in finance lease	17	130,366	68,044
Property, plant and equipment	18	2,354,776	1,716,341
Statutory deposit	19	300,000	300,000
Total Assets		10,134,493	9,720,864
Liabilities			
Insurance contract liabilities	20	3,877,074	4,596,879
Trade payables	21	383,526	482,170
Provisions and other payables	22	183,612	170,773
Borrowings	23	500,000	-
Retirement benefits obligation	24	116,958	89,313
Current income tax liabilities	25	396,070	319,565
Deferred tax Liability	26	268,889	173,234
Total Liabilities		5,726,129	5,831,934
Share capital	27	1,254,157	1,254,157
Share premium	28	1,155,540	1,155,540
Statutory Contingency reserve	29	1,522,688	1,396,026
Revenue reserve	30	(747,666)	(525,190)
Reserve on Actuarial valuation of gratuity	31	(29,058)	(20,028)
Reserve on Available-for-sale financial assets	32	247,986	157,928
Property revaluation reserve	33	1,004,717	470,497
Total equity		4,408,364	3,888,930
Total liabilities and equity		10,134,493	9,720,864

Signed on behalf of the Board by:

Mrs. K. O. Kola-Fasanu	Dr. A. P. Mittal	Mr. Adewole Jethro Olukayode
Chief Financial Officer	Managing Director	Director

The accounting policies on pages 19 to 35 and notes on pages 41 to 79 form part of these financial statements
Auditors' report, pages 17 and 18

Subsidiaries

Prestige Assurance Plc
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

	Notes	31 December 2013 N'000	(Restated) 31 December 2012 N'000
Gross premium written	34	4,222,338	4,790,054
Gross premium income	35	4,728,913	4,595,868
Reinsurance expenses	36	(2,864,663)	(2,749,712)
Net premium income		1,864,250	1,846,156
Fees and commission income		666,685	685,717
Net underwriting income		2,530,935	2,531,873
Claims expenses	37	(1,146,571)	(1,569,158)
Acquisition expenses	38	(812,981)	(650,088)
Maintenance expenses	39	(558,591)	(588,784)
Underwriting Profit/(Loss)		12,792	(276,157)
Investment income attributable to policy holders & shareholders	40	397,313	531,032
		410,105	254,875
Other operating income	41	312,298	906,947
		722,403	1,161,822
Impairment loss on trade receivables	12(ii)	(276,905)	-
Management expenses	42	(288,644)	(282,063)
Results from operating activities		156,854	879,759
Finance cost	43	(29,370)	-
Profit before taxation		127,484	879,759
Information Technology Development Levy	25	(1,275)	(8,798)
		126,209	870,961
Taxation	25	(222,024)	(257,905)
(Loss)/profit after taxation		(95,815)	613,056
Retained earnings for the year	30	(95,815)	613,056

Subsidiaries

Prestige Assurance Plc
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

	Notes	31 December 2013 N'000	(Restated) 31 December 2012 N'000
Other comprehensive income:			
Items within OCI that may be reclassified to the			
Profit or loss:			
Actuarial gain - change in assumption	31	-	12,690
Actuarial loss - experience adjustment	31	(9,030)	-
Gain on valuation of Available-for-sale financial assets	32	90,058	91,441
Items within OCI that will not be reclassified to the Profit or loss:			
Gain on revaluation of land and building (net of tax)	33	534,220	470,497
Total other comprehensive income for the year		615,248	574,628
Total comprehensive income for the year		519,433	1,187,684
Basic (loss)/earnings per share (Kobo)	45	(3.82)	24.44
Diluted (loss)/earnings per shares (Kobo)	45	(3.82)	24.44

The accounting policies on pages 19 to 35 and notes on pages 41 to 79 form part of these financial statements

Auditors' report, pages 17 and 18

Subsidiaries

Subsidiaries

Prestige Assurance Plc
Statement of Changes in Equity for the year ended 31 December, 2013

	Issued Share capital	Share premium	Contingency reserve	Equity revaluation reserves	Gratuity valuation reserve	Property Revaluation reserve	General reserve	Total
				N'000				
Balance 1 January, 2013	1,254,157	1,155,540	1,396,026	157,928	(20,028)	470,497	(525,190)	3,888,930
Total comprehensive income for the period:								
Loss for the year	-	-	-	-	-	-	(95,815)	(95,815)
Transfer to contingency reserve	-	-	126,662	-	-	-	(126,662)	-
	-	-	126,662	-	-	-	(222,477)	(95,815)
Other comprehensive income:								-
Changes in Available-for-sale financial assets	-	-	-	90,058	-	-	-	90,058
Changes in valuation of land and building	-	-	-	-	-	534,220	-	534,220
Changes in valuation of gratuity	-	-	-	-	(9,030)	-	-	(9,030)
	-	-	-	90,058	(9,030)	534,220	-	615,248
Transactions with owners recorded directly in Equity:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balance 31 December, 2013	1,254,157	1,155,540	1,522,688	247,986	(29,058)	1,004,717	(747,666)	4,408,364

Statement of Changes in Equity for the year ended 31 December, 2013

	Issued Share capital	Share premium	Contingency reserve	Equity revaluation reserves	Gratuity valuation reserve	Property Revaluation reserve	General reserve	Total
				N'000				
Balance 1 January, 2012	1,254,157	1,170,820	1,252,324	66,487	(32,718)	-	(944,378)	2,766,692
Total comprehensive income for the period:								
Profit for the year (restated)	-	-	-	-	-	-	613,056	613,056
Transfer to contingency reserve	-	-	-	-	-	-	613,056	613,056
Other comprehensive income:			143,702				(143,702)	-
	-	(15,280)	-	-	-	-	-	(15,280)
	-	(15,280)	143,702	-	-	-	469,354	597,776
Changes in Available-for-sale financial assets	-	-	-	91,441	-	-	-	91,441
Changes in valuation of land and building	-	-	-	-	-	470,497	-	470,497
Changes in valuation of gratuity	-	-	-	-	12,690	-		12,690
	-	-	-	91,441	12,690	470,497	-	574,628
Transactions with owners recorded directly in Equity:								
Dividend declared	-	-	-	-	-	-	(50,166)	(50,166)
	-	-	-	-	-	-	(50,166)	(50,166)
Balance 31 December, 2012	1,254,157	1,155,540	1,396,026	157,928	(20,028)	470,497	(525,190)	3,888,930

Prestige Assurance Plc
Statement of cash flows for the year ended 31 December, 2013

	Notes	2013 N'000	2012 N'000
Cash flows from operating activities:			
Premium received from policy holders	34	4,222,338	4,790,054
Commission received		666,685	685,717
Operating costs and payments to employees		(3,956,433)	(4,746,616)
Claims incurred	37	(1,146,571)	(1,569,158)
Other operating income	41	312,298	906,947
Company income tax paid	25	(110,496)	(191,587)
Net cash consumed by operating activities	47(a)	(12,179)	(124,643)
Cash flows from investing activities			
Purchase of property, plant & equipment	18	(134,072)	(433,514)
Redemption of bonds	11(b)	70,798	43,204
Purchase of bond	11(b)	-	(40,000)
Purchase of held for trading financial assets		(70,480)	-
Investment income and other receipts	40	389,797	426,548
Proceeds from disposal of held for trading financial assets	11(b)	64,349	142,520
		-	-
Net cash inflow from investing activities		320,392	138,758
Cash flows from financing activities			
Dividend paid	30	-	(50,166)
Finance cost	43	(29,370)	-
Share issue expenses	28	-	(15,280)
Borrowings	23	500,000	-
Net cash inflow/(outflow) from financing activities		470,630	(65,446)
Net increase/(decrease) in cash and cash equivalents		778,843	(51,331)
Cash and cash equivalents at the beginning of the year		1,670,851	1,722,182
Cash and cash equivalents at the end of the year	47(b)	2,449,694	1,670,851

The accounting policies on pages 19 to 35 and notes on pages 41 to 79 form part of these financial statements

Auditors' report, pages 17 and 18

Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

1 **General Information**

Prestige Assurance Plc (The Company) was incorporated under the laws of the Federal Republic of Nigeria and is subject to the Nigerian Insurance Act, CAPI17 LFN 2004. It is licensed to underwrite all Non-Life insurance business in Nigeria. It's head office and registered office is at 19, Ligali Ayorinde Street, Victoria Island, Lagos.

Prestige Assurance Plc is a subsidiary of The New India Assurance Co. Ltd., Mumbai, India, a 95 year old wholly owned by the Government of India undertaking with an asset base of over US$8 billion and rated 'A' EXCELLENT by A. M. Best of the U.S.A

Prestige Assurance Plc is a Public Liability Company quoted on the Nigerian Stock Exchange. Established in 1952 as a branch office of The New India Assurance Co. Ltd., Mumbai. Converted as New India's 100% subsidiary company in 1970 - The New India Assurance Company (Nig.) Limited. By the Nigerian Enterprises Promotion Act of 1977, The New India's holding was reduced to 40%, and the name changed to 'Prestige Assurance Plc in September, 1992.

The New India Assurance's Shareholding increased to 47.87% in 2004 (with a change in regulation) and increased to 51.01% in March, 2007.

Principal activities

The Company is licensed to write all classes of Non-life Insurance in Nigeria and positioned to give excellent services through its Total Quality Management Practices. The activities include insurance underwriting, claims administration and management of liquidity by investing the surplus in fixed deposit, bond and treasury bills.

2 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 19-35. These policies have been consistently applied to all the years presented, unless otherwise stated.

3 **Critical accounting estimates and judgments**

The Company makes estimates and assumptions about the future that affects the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to 'the carrying amounts of assets and liabilities within the next financial year are discussed below.

i **Income taxes**

The Company periodically assessesits liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

ii **Insurance contracts**

The uncertainty inherent in the financial statements of the Company arises principally in respect of the technical provisions. The technical provisions of the Company include Provision for Unearned Premiums and Outstanding claims (including IBNR).

iii **Estimates of future claims payments**

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgements;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and
- expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

iv **Sensitivity**

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

v **Uncertainties and judgements**

The uncertainty arising under insurance contracts may be characterised under a number of specific headings; such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occuring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

vi **Reinsurance**

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Company monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

vii **Held-to-maturity Investments**

The Company follows the guidance of International Accounting Standard (IAS) 39. Financial Assets "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity financial assets. This classification requires significant 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 specific circumstances explained in IAS 39. It will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

viii **Impairment of available-for-sale financial assets**

The Company follows the guidance of IAS 39 on determining when a financial asset is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, and the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

ix **Impairment of other assets**

At each statement of financial position date, management reviews and assesses the carrying amounts of the other assets and where relevant, writes them down to their recoverable amounts based on best estimates.

x **Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

xi **Limitations of sensitivity analysis**

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

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

4 **Premium and Reinsurance Receivables**

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance Committees to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the company's procedures on credit.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company's risk department.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

5 **Management of insurance and financial risk**

The Company issues contracts that transfers insurance risk. This section summarises the main risks linked to short-term insurance business and the way they are managed.

i **Insurance risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

ii **Frequency and severity of claims**

The frequency and severity of claims can be affected by several factors the most significant resulting from events like fire and allied perils and their consequencesand liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract if the perceived level of risk is very high.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Company is adequately protected and would only suffer predetermined amounts.

iii **Concentration of insurance risk**

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

Outstanding claims

Class of Business	2013			2012		
	No. of claims	Gross N'000	Net N'000	No. of claims	Gross N'000	Net N'000
Accident	227	365,746	100,984	141	289,693	54,782
Fire	236	1,128,928	180,109	70	1,049,174	225,329
Workmen's compensation	141	67,162	67,162	165	39,526	39,526
Motor	224	68,711	68,594	165	61,271	61,038
Marine and Aviation	107	995,483	5,444	239	1,172,565	17,598
Engineering	26	61,883	19,557	6	38,979	3,662
Oil and Gas	15	372,302	221,740	10	622,237	138,487
Bonds	0	46	46	-	46	46
	976	3,060,261	663,636	796	3,273,491	540,468

The Company manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

iv **Sources of uncertainty in the estimation of future claim payments**

Claims are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Company claims are short tail and are settled within a short time and the Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNRand a provision for reported claims not yet paid at the balance sheet date. The Company has ensured that liabilities on the balance sheet at year end for existing claims whether reported or not, are adequate.

The Company has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

v **Financial risk**

The Company is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Company's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management, individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

vi **Market risk**

Market risk is the risk of adverse financial impact due to changes in fair value of future cashflows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

The Company has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Company monitors adherence to this market risk policy through the Company's Investment Committee. The Company's Investment Committee is responsible for managing market risk.

The financial impact from market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Company's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

vii **Currency risk**

The Company purchases reinsurance contracts internationally, thereby being exposed to foreign currency fluctuations.
The Company's primary exposures are with respect to the US Dollar.

The Company has a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Company financial assets and financial liabilities by currency is detailed below:

		Equivalent in N'000			
At December 31, 2013	**N'000**	**£'000**	**€'000**	**$'000**	**Total**
Assets:					
Non-current assets	6,079,790	-	-	-	6,079,790
Current assets	1,605,009	-	-	-	1,605,009
Cash and cash equivalents	1,748,643	82,074	7,705	611,272	2,449,694
TOTAL ASSETS	9,433,442	82,074	7,705	611,272	10,134,493
Liabilities:					
Current liabilities	5,340,282	-	-	-	5,340,282
Non-current liabilities	385,847	-	-	-	385,847
TOTAL LIABILITIES	5,726,129	-	-	-	5,726,129

		Equivalent in N'000			
At December 31, 2012	**N'000**	**£'000**	**€'000**	**$'000**	**Total**
Assets:					
Non-currents assets	5,735,322	-	-	-	5,735,322
Current assets	2,314,691	-	-	-	2,314,691
Bank balances, deposits and cash	1,079,116	9,663	53,036	529,036	1,670,851
TOTAL ASSETS	9,129,129	9,663	53,036	529,036	9,720,864
Liabilities:					
Current liabilities	5,569,387	-	-	-	5,569,387
Non-current liabilities	262,547	-	-	-	262,547
TOTAL LIABILITIES	5,831,934	-	-	-	5,831,934

viii **Sensitivity**

If the Naira had weakened/strenthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

	GBP		USD		EURO	
	+ 5% N'000	**- 5% N'000**	**+ 5% N'000**	**- 5% N'000**	**+ 5% N'000**	**- 5% N'000**
Impact on Results :						
At December 31, 2013						
- Financial assets	-	-	-	-	-	-
- Bank balances and deposits	86,178	77,970	641,836	580,708	8,090	7,320
At December 31, 2012						
- Financial assets	-	-	-	-	-	-
- Bank balances and deposits	10,146	9,180	555,488	502,584	55,688	50,384

ix **Interest rate risk**

Interest rate risk arises from the Company's investments in long term debt securities and fixed income securities (Held to-Maturity financial assets), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

Sensitivity

The impact on the Company's results, had interest rates varied by plus or minus 1% would have been as follows:

		Impact on results	
	At December 31, 2013	**+ 1% N'000**	**- 1% N'000**
-	Held-to-maturity financial assets	377,298	341,364
-	Loans and receivables	359,558	352,438
-	Bank balances and deposits	2,474,191	2,425,197
	At December 31, 2012	**+ 1% N'000**	**- 1% N'000**
-	Held-to-maturity financial assets	431,064	422,528
-	Loans and receivables	923,853	905,559
-	Bank balances and deposits	1,687,560	1,654,142

Subsidiaries

x **Equity price risk**

The Company is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risk, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Company as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Company holds diversified portfolios of local and foreign investments in various sectors of the local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Company's shareholders' equity, had the equity market values increased/decreased by 10% with other assumptions left unchanged, would have been as follows:

- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.

The amounts presented in the balance sheets are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Company has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Company has policies in place to ensure that sales or services are made to clients, agents and brokers with sound credit history.

xi **Reinsurance credit exposures**

The Company is however exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk.
This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

xii **Estimates of future claims payments**

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgements;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and
- expected loss ratios.
- Actuarial valuation

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

xiii **Sensitivity**

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

xiv **Uncertainties and judgements**

The uncertainty arising under insurance contracts may be characterised under a number of specific headings. such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occuring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

xv **Reinsurance**

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Company monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

6. **Financial assets and liabilities**

Categorisation of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

(a) **Financial assets**

Financial assets	Held for Trading (carried at fair value)	Available for sale (fair value)	Held to maturity (carried at amortised cost)	Loans and receivables (carried at amortised cost)	Total
31 December 2013	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	-	-	-	2,449,694	2,449,694
Quoted investments	586,924	-	-	-	586,924
Unquoted investments	-	538,713	-	-	538,713
Bonds	-	-	355,998	-	355,998
Trade receivables	-	-	-	222	222
Other receivables and prepayments	-	-	-	123,152	123,152
	586,924	538,713	355,998	2,573,068	4,054,703

Financial liabilities	Derivatives used for hedging(fair value)	Designated at FVTPL	Other liabilities (carried at FVTPL)	Other liabilities (carried at amortised cost)	Total
31 December 2013	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	-	-	-	383,526	383,526
Provision and other payables	-	-	-	183,612	183,612
Borrowings	-	-	-	500,000	500,000
	-	-	-	1,067,138	1,067,138

(b) **Financial assets**

Financial assets	Held for trading (FVTPL)	Held to maturity (carried at amortised cost)	Available for sale (fair value)	Loans and receivables (carried at amortised cost)	Total
31 December 2012	**N'000**	**N'000**	**N'000**	**N'000**	N'000
Cash and cash equivalents	-	-	-	1,670,851	1,670,851
Quoted investments	458,698	-	-	-	458,698
Unquoted investments	-	-	448,655	-	448,655
Bonds	-	426,796	-	-	426,796
Trade receivables	-	-	-	914,706	914,706
Other receivables and prepayments	-	-	-	65,836	65,836
	458,698	426,796	448,655	2,651,393	3,985,542

Financial liabilities	Derivatives used for hedging(fair value)	Designated at FVTPL)	Other liabilities (carried at FVTPL)	Other liabilities (carried at amortised cost)	Total
31 December 2012	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	-	-	-	482,170	482,170
Provision and other payables	-	-	-	170,773	170,773
	-	-	-	652,943	652,943

The Held-for-trading financial assets are denominated in Naira and are publicly traded in Nigeria

7. Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of 'significant inputs used in fair value measurement, as follows:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (ie derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy of the fair value measurement of the Company's financial assets and financial liabilities are as follows:

31 December 2013	Level 1	Level 2	Level 3	Total
Assets	**N'000**	**N'000**	**N'000**	**N'000**
Held-for-trading financial assets	586,924	-	-	586,924
Available-for-sale financial assets	-	-	538,713	538,713
Total	**586,924**	**-**	**538,713**	**1,125,637**

31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Held for trading financial assets	458,698	-	-	458,698
Available-for-sale financial assets	-	-	448,655	448,655
Total	**458,698**	**-**	**448,655**	**907,353**

For held for trading financial assets, fair values have been determined by reference to their quoted bid prices at the reporting dates.

Subsidiaries

8 **ENTERPRISE RISK MANAGEMENT**

Introduction and Overview

Prestige Assurance Plc has a clear and functional Enterprise Wide Risk Management (ERM) Framework that is reponsible for identifying, assessingand managing the likely impact of risk faced by the company. The company is exposed to financial risk and business risk. Financial Risks are those risks with the probability of loss inherent in financing methods which may impair the ability to provide adequate return. Business risk plus the financial risk equal total corporate risk.

Enterprise-wide Risk Management Principles

Here in prestige, we try as much as possible to balance our portfolio while maximizing our value to stakeholders through an approach that mitigate the inherent risk.

To ensure effective and economic use of resources, we operate strictly by the following principles

- The company will not take any action that will compromise its integrity
- The company will at all times comply with all government regulations and uphold best international practice.
- The company will build an enduring risk culture, which shall prevade the entire organisation
- The company will at all time hold a balanced portfolio and adhere to guidelines on investment issued by the regulator and Finance and General Purpose Committee of the company.
- The company will ensure that there is adequate reinsurance in place for the business above its limit and also prompt payment of such premiums.

Approach to Risk Management

In Prestige Assurance, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigate the negative impact of risks facing the company.

The Board

The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risk. There are various committee nominated to serve of whom their various functions are geared towards minimising likehood impacts of risks faced by the company.

The Audit Committee:

This is one of the most powerful arms of the Board which is saddled with the following functions:

- Perform oversight function on accounting and financial reporting
- Liase with the external auditor
- Ensure regulatory compliance
- Monitoring the effectiveness of internal control processes within the company.

Board Risk Committee

This is more of a technical committee that oversee the business process. Their functions include;

- Reviewing of company's risk appetite
- Oversee management's process for the identification of significant risk across the company and the adequacy of prevention detection and reporting mechanisms.
- Review underwriting risks especially above limit for adequacy of reinsurance and company's participation.
- Review and recommend for approval of the Board risk management procedures and controls for new products and services

Board Investment Committee

- Set the investments limit and the type of business the company should invest in
- Reviews and approves the above company's investment policy
- Approves investments over and above managements' approval limit
- Ensures that there is optimal asset location in order to meet the targeted goals of the company.

The second level is the management of the company. This comprises of Managing Director and the management staff of the company.

They are responsible for strategy implementation of the Enterprise Risk Management policies and guidelines set both by the regulator, government and the board for risk mitigation. This is achieved through the business unit they supervised. The last level is that of independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the company's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organisation.

Risk Categorisation

As a business entity and an underwriter, Prestige Assurance Plc is exposed to an array of risk through its operations. The company has identified and categorised its exposure to these broad risks as listed below.

- Financial risk
- Business risk
- Operational risk
- Hazard risk
- Underwriting risk

Financial risk comprises of market, liquidity and credit risk.
Market risks are sub-divided into interest-rate risk, exchange risk, property price risk and equity risk. The liquidity risk includes; liquidation value risk, affiliated investment risk and capital funding risk. The credit risk: This includes default risk, downgrade or mitigation risk, indirect credit or spread risk and concentration risk. Business risk relates to the potential erosion of our market position. This includes customer risk, innovation risk and brand reputation risk.

Operational Risk

This is the risk of loss resulting from inadequacy or failure of internal processing arising from people, systems and or from external events.

Hazard Risk

These are risk which are rare in occurrence but likely impact may be major on the company. Examples of these are natural disaster, terrorism, health and environmental risk, employee injury and illness, property damage and third-party liability.

Insurance/underwriting Risk

Our activities involve various range of risk arising from the business itself. This manifest from underwriting, re-insurance, claims management, reserve development risk, premium default, product design and pricing risk. Our company has a pragmatic approach in identifying, assessing and mitigating risk of such approaches as stated above.

The risk categorization are presented in the table below:

FINANCIAL RISK REGISTER TABLE I

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Market**	a) interest rate risk	a) losses resulting from movement in interest rates to the extent that future cash flows from asset and liabilities are not well matched	extreme	where interest rate fluctuates in relation to existing commitments as a result of change in economic & monetary policies and CBN reserve deposits	setting of metrics to measure exposure to interest rate risk factors, setting appropriate limit structure to control exposures to interest rate risk, document appropriate alternative products to hedge exposures against interest rate risk, use stress testing to determine the potential effect of economic shifts, market events on interest rate
		b) equity risk	b) losses resulting from movement of market values of equities; to the extent that the insurer makes capital investments, which exposes its portfolio to sustained declines in market values	extreme	where equity prices fluctuates widely as a result of speculations and industry induced factors, while the company is forced to sell to meet emerging commitments, thus, incurring losses from fall in value of equity	setting of metrics to measure exposure to equity value risk factors, setting appropriate limit structure to control exposures to equity value risk, document appropriate alternative products to hedge exposures against equity value risk, use stress testing to determine the potential effect of economic shifts and market events on equity value
		c) real estate	c) losses resulting from movement of market values of real estates and other assets; to the extent that the insurer makes capital investments in real estate by which it becomes exposed to sustained declines in market values	high	where real estate prices fall in response to various market conditions	setting of metrics to measure exposure to real estate risk factors, setting appropriate limit structure to control exposures to real estate risk, document appropriate alternative products to hedge exposures against real estate risk, use stress testing to determine the potential effect of economic shifts and market events on real estate
		d) currency risk	d) losses resulting from movements in exchange rates; to the extent that cash flows, assets and liabilities are denominated in different currencies	high	where the naira fluctuates in response to limited intervention from CBN and majors oil companies.	set appropriate limits for foreign currency holding
ii	**Credit**	a) Default risk	a) non- receival or delayed receival of cash flows or assets to which it is entitled due to default in one or more obligations by the other party	extreme	where premiums are not received on time or interest and principal are delayed or become irrecoverable	credit is extended only on secured basis, where credit is unsecured a limited structure is established. Transactions and exposures involving affiliated entities must receive special approval and portfolio diversification
		b) Downgrade or Mitigation risk	b) changes in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today	low	where insurance premium owed overtime is to be rediscounted for payment	set appropriate premium credit limit structure
		c) Indirect credit or spread risk	c) Risk as a result of market perception of increased risk on either a macro or micro basis	low	where the insured and insurance intermediaries increasingly request for premium credit or staggered premium payment	set appropriate premium credit limit structure
		d) Concentration risk	d) losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties	extreme	where the company's investment portfolio is skewed towards a particular instrument or issuer, where premium generated is predominantly from one or two intemediaries	diversification of investment portfolio and premium base
		e) capital funding risk	c) inability to obtain sufficient outside funding, as its assets are illiquid, at the time it needs it (to meet an unanticipated large claim)	medium	where additional funding is difficult to obtain or raising of equity is laborious and long as a result of deterioration of the economy or stressed market	set appropriate limits

STRATEGIC RISK REGISTER

TABLE II

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Business**	customer risk, innovations risk & brand reputation risk	losses resulting from any incident or circumstance which dramatically alters customer preference, or deployment of new innovative products by competitors which induces a heavy reduction in company's customer base or renders company's product obsolete	medium	where extensive market rumours arise, where severe regulatory sanction arises, where competitors introduce a revolutionary innovative product, and where economic shift results in severe changes in customers taste & preferences	customer relationship management, monitoring of industry and market changes, continous product innovations & development
ii	Reputational	corporate governance breaches, reputational risk management process and event	losses resulting from any incidence or circumstance which ultimately results in reputation risk- the risk that the company's reputation may be damaged through negative publicity of its business practices, conduct or financial conditions	extreme	where the company suffers negative publicity, impaired public confidence which may result in costly litigation or decline in its customer base or businesss revenue	effective reputation risk management process, institution of good corporate governance, adequate management of reputation events
iii	Compliance	proposed regulatory changes, corporate positioning	losses resulting from forced merger and acquistion bid or the inability to anticipate fundamental changes in operative legislation	medium	where the company could not access capital funding to meet new legislation requirement	progressively build up share capital and share holders fund, establish media to anticipate new legislations, regularly monitor industry and market changes

HAZARD RISK REGISTER

TABLE III

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Natural Disasters, Terrorism & Vandalism**	Fundamental perils, Acts of Terrorism, Riot & Commotion	losses arising out of any one event or series of event caused by the occurrence of earthquake, civil war, riots or acts of terrorism that may result in damage to company's property or injury to staff or lead to a third party liability.	medium	where company is located near the source of a fundamental peril	insurance
ii	Health safety & Environmental risk	Pollution, Contagious diseases, Hazardous materials / Substances	losses arising out of any one event or series of event caused by pollution, contagious disease and use of hazardous material which may result in health risk to employees.	medium	where hazardous substances or materials are used in work processes or where pollution is prevalent around the work environment or where an employee with a contagious diseaese is not restricted	removal of hazardous processes and substances from work environment, restriction of access to employees in hazardous areas, wearing of protective devices for hazardous processes, restriction of employees with contagious disease to specified areas
iii	Employee injury & illness	Workplace accident, Hazardous Processes, Suffocation, Electrical shocks & burns	losses arising out of any one event or series of event caused by accident, electrical shocks & burns, resulting in illness, injury or permanent disability to the employee	medium	where hazardous processes are engaged or work environment is badly structured or where the company has a poor maintenance culture	removal of hazardous processes, effective maintenance system and decent work environment
iv	Property damage	fire, explosion, robbery, accidental damage	losses arising out of any one event or series of events caused by fire, explosion, robbery and accidental damage which may result in loss of property or injury to employees and third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system
v	Third-Party Liability	Slipping / tripping/ falling risk, falling Objects	losses arising out of any one event or series of events caused by slipping, tripping or falling objects which may result in loss of property or injury to third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system

INSURANCE RISK REGISTER

TABLE IV

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**Insurance Underwriting**	Risk Assessment & Risk Rating, Process & Control deficiency, System Risk	weaknesses in the system of underwriting and control which exposes the company to more than normal risks or limits the ability of the company to charge equitable premium	extreme	where material information necessary for prudent underwriting is ambiguos without the undewriter getting clarifications, where necessary risk survey and inspection are not carried out, where risks are written at ridiculous rates and where system error compounds the underwriting process	existence of underwriting policy, rating guides, and functional reporting & supervision system
ii	Re-insurance	a) Inadequate reinsurance arrangement	weaknesses in the reinsurance process which may result in omission of risks exposures from current reinsurance coverage or exhausion of reinsurance covers through multiple losses	high	where there is failed process or errors of omission by staff or system error	existence of reinsurance policy and procedure, functional reporting & supervision system, rendition of quarterly account
		b) Reinsurers selection error / failure	weakness in the reinsurance management process which overlooks the strength, capacity and performance as necessary factors in selection of reinsurers from time to time : insufficient consideration for the possibility of insolvency of the reinsurer or its inability to respond to cash calls during the year	medium	where the reinsurers are not regularly appraised and evaluated	annual pre-qualifications for reinsurers, standard parameters established for reinsurers participation in companys' accounts
iii	Claims Management	illiquidity, Failed Process, Fraud	weaknesses in the underwriting & Claims management process which may hinder or prevent the company from fulfilling its contractual obligation to policy holders; illiquidity arising out of huge outstanding premium, or inability to liquidate assets or obtain funding; or inability to discover claims fraud	extreme	where the underwriting is poorly done, where the company has illiquidity problems or where claims conultants collude with staff to defraud the company, or where the process is laborious	existence of claim management policies & procedures, existence off internal SLAs, functional reporting & supervision system

iv	Reserve Development risk	Computation error, Solvency & System error	weakness in reserving method which results in insurance reserve being less than the net amount payable when the risks crystalise, such weaknesses may include, calculation error, system error, people error or a sign of the impending insolvency of the company	extreme	where calculation error, systeme error, people error exists or where the company is tending toward insolvency	statutory basis for reserve calculation, internal & external audit checks
v	Premium default	Agent default, Brokers default & Fraud	weakness in the management system that allows agent and brokers to freely owe or defraud the company	extreme	where there are huge outstanding premium due to uncollectable premium from agents, brokers or direct insured; where ther is collusion between staff members and such intermediaries; where there is pressure to meet production target	defined basis for premium recognition, pre-qualification for premium credit, establishment of credit control
vi	Product Design & Pricing risk	Product recall / default, Pricing Defect	the possiblity that a newly developed product may be wrongly priced or not accepted in the market	extreme	where new product is not based on market need, or where a produt is inappropriately priced	step by step procedure for new product development, new product emerge only through a committee comprising members from different departments

OPERATIONAL RISK REGISTER

TABLE V

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	**People**	a) Discrimination	a)Gender discrimination, Tribe discrimination+ Qualification discrimination(B.Sc/ HND).	High	a)where HR employs more males than females, or B.sc, is given precedence over HND, or one tribe is predominantly employed.	a)Recruitment & Selection is strictly on merit, minimum qualifications are specified for every position in the organisation, deliberate policy of the company is to engage a minimum number of physically challenged people
		b) Demotivated & Disgruntled workforce	b)Poor conditions of service, Bad Management, Delayed gratuity payment, poor work environment	Medium	b) where Salary, Promotion & confirmation of Staff are delayed, Where Salary & emoluments are not regularly reviewed	b) review of salaries & emoluments in line with inflation, adherence to employees union agreements, agreed timeline for payment of salaries & emoluments
		c) Employee Health & safety	c)Unconducive work environment, staff constant exposure to harzadous pollutants	Medium	c) where adequate provision is not made for Health maintenance of employees, where work environment is tight & untidy	c) Availability of Health Insurance, retained Medical clinics for emergencies, Decent & well lighted work environment
		d) Misappropriation of assets	d)Conversion of company's asset for personal use, theft.	High	d) where assets are not properly labelled, where assets register is poorly maintained, and where assets movement & control are inadequate.	d) regularly updated assets register, adequately labelled & asset inscription, strict security checks, documented asset movement
		e) Internal fraud	e)Ghost workers, forgery, Aiding and Abating, financial collusions, over invoicing, delayed retirement of advances & IOU	High	e) where financial control is loose, where regular audit is far in between, where filing & access to financial documents / department is free	e) Regular Audit, , regular monitoring of compliance with financial controls, regular updating of financial controls, secure financial documents & checks, establishment of comprehensive control administrative & accounting procedure, strict adherence to functional reporting.
		f) High Staff attrition	f) High turn-over of Staff, forced & Voluntary resignations, Abadonment	Medium	f) where there is the absence of Staff forum, where there is poor management-staff relationship, where there is poor internal communication and where there is under-employment of Staff	f) competitive remuneration package, comprehensive Learning & Development program, continously improved work environment, fully engaged employees
		g) Sudden Resignation of Key employee	g) Efficient employees leaving, key employees leaving	High	g) where employees productivity is not matched with reward, where there is poor Management-Staff relationship, where Management integrity is absent, where Managent & Board is wasteful	g) regular management-key employees dialogue, comprehensive training & development program, adequate motivation
ii	**Process**	a)Clientele Service/ Interaction	a)Poor customer relations management, Unable to meet customers promised deadlines	High	where there is delayed response to customers enquiries and requests arising out of process breakdown and poor interpersonal relations and abridged communication	matching employees skills with roles, comprehensive Human Capital Learning & Development programs, Customer Relationship Management training, Service Level Agreements
		b) Documentation Errors	b) flaws in documentation, flaws in marketing & promotion literature, errors in policy documentation, failure to maintain proper records.	High	where employees are poorly trained, sentimentally recruited & supervision is weak, where functional manuals are not made available, where manual record keeping is still prevalent	automation of processes, re-engineering of processes, enforcement of strong supervisory controls, zero tolerance for process errors, introduction of self assessment programs, Training & development
		c) Miscommunication / Misreporting	c) issuance of factually incorrect or miisleading information to internal &external customers, errors in policy wordings & financial statements, unauthorised disclosure of confidential information	High	where functional supervision is loose, where functional reporting is not strictly enforced, where there is no comprehensive control administrative procedure	establishment of central communication center at corporate & functional levels, enforcement of strong supervisory control
		d) Transaction & Payment processing error	d)Manual data entry errors, design & specification errors, casting errors, omissions	High	where record keeping is still largely manual, where there is no comprehensive control accounting procedures, where financial controls are weak, and where employees are poorly trained	enforcement of comprehensive control and accounting procedure, automation of processes, pre-payment audit
		e) Sales advise / practice errors	e) Mis-selling & negligent sales advisory services	High	where customers frequently return policies and endorsements, where sales people oversell company's products, and where policies are prematurely terminated or not renewed	training & employees capacity building in sales & marketing management, customer retention as a KPI for Sales/ Marketing employees

Subsidiaries

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
iii.	**System**	Hardware failure, software failure, utility disruptions	system hang, system hacking, electricity disruption, software design failure, data corruption, viruses, theft of information, security breaches	extreme	where disruption is caused to service delivery for internal & external customers because of system failure, telecommunication failure, security breaches and frequent down-time	standardised proprietry hardware, robust software deployment, availability of maintenance contract, strict adherence to security control system, adequate system & data Back-up, controlled infrastructure and dependable telecommunications network
iv	**External events**	a)legislative & regulatory risk	a) non compliance, delayed compliance & inability to fully comply with regulatory & legislative procedures	extreme	where penalties are paid for non-compliance or delayed compliance of regulatory procedures	establishment of compliance unit, enforment of compliance requirement
		b) damage to company's assets	b) loss of company assets due to terrorism, riots and civil commotion and other fundamental perils	extreme	where the company looses one of its assets due to the occurrence of a fundametal peril	asset insurance, authorised movement of assets
		c) external fraud	c) Theft of information, financial collusion & forgery, impersonation, frauduent claims, fraudulent billing by suppliers	extreme	where signatures are forged by third parties, where fraudulent billings are presented and where policy claims are manipulated	secured storage of company's financial documents, pre & post audit of supplies, pre audit of claims payment
		d) Third party liabilities.	d)outsourcing delivery failure, actions by third party against the company	medium	where services outsourced to third parties are impaired, and where third parties make claims on the company for negligence or breach of contract	enforceable outsourcing contract, imposition of by-laws within company premises
v	**Legal/ Litigation**	Contracts &documentation, outsourcing, fiduciary breaches	a) missing or incomplete legal documentation, poor contract staff management, risk relating to tax legislation, either general taxation or VAT, claims dispute	extreme	where contracts are not carefully drafted, where policy documents are ambiguous, where existing legislation is hard to comply with	centralisation of all contracts with legal, functional supervision of policy documents

Aside from this, the company trains and re-trains the personnel in risk handling techiques which has put the company as one of the leading underwriters with proven track records over the years.

9. **Capital Management**

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAPI17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Insurance Act CAPI17, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

The Company is also subject to a solvency requirement under the Insurance Act CAPI17, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP I17 LFN, 2004

The Company's capital requirement ratio and Solvency margin exceed the requirement of the Insurance Act CAP I17, LFN 2004.

10	**Cash and cash equivalents**	31 December 2013 N'000	31 December 2012 N'000
	Balances with local banks	760,275	779,039
	Balances with foreign banks	67,871	8,565
	Deposits and placements with local banks	94,926	270,025
	Bankers acceptances	1,036,622	183,222
	Treasury bills	490,000	430,000
		2,449,694	1,670,851
	Current	2,449,694	1,670,851
	Non-current	-	-

Deposits with banks earn interest at floating rates based on daily bank deposit rates. Cash and deposits are available for use in the company's day- to- day operations.

11	**Financial assets**	N'000	N'000
	Held for trading	586,924	458,698
	Held-to-maturity	355,998	426,796
	Available -for-sale	538,713	448,655
		1,481,635	1,334,149
	Current	586,924	458,698
	Non-current	894,711	875,451
		1,481,635	1,334,149

a) The following table presents a reconciliation of the Held-for-trading financial assets

	N'000	N'000
Balance, beginning of the year	458,698	483,586
Gains recognised in net income	129,288	129,360
Loss recognised in net income	(7,193)	(11,728)
Additions during the year	70,480	-
Disposals during the year	(64,349)	(142,520)
Balance, end of the year	586,924	458,698

b) The following table presents a reconciliation of the Held-to-maturity financial assets

	N'000	N'000
Balance, beginning of the year	426,796	430,000
Additions during the year	-	40,000
	426,796	470,000
Redemption during the year	(70,798)	(43,204)
Balance at the end of the year	355,998	426,796

		N'000	N'000
c)	The following table presents a reconciliation of the Available -for-sale financial assets		
	Balance, beginning of year	448,655	357,214
	Additions during the year	-	-
		448,655	357,214
	Net fair value of available for sale financial assets (note ci)	90,058	91,441
		538,713	448,655

		N'000	N'000
c)i	The movement in net fair value of Available -for-sale financial assets		
	Fair value gain	103,588	91,441
	fair value (loss)	(13,530)	-
	Net fairvalue at the end of the year	90,058	91,441

ii) There were no impairment provisions required on held-for-trading financial assets as at 31 December 2013, 2012 (Nil)

iii) The fair value of Held-for-trading financial assets is based on published market prices, by the Nigerian Stock Exchange

iv) The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available for sale.

12 **Trade receivables**

	31 December	31 December
	N'000	N'000
Amount due from Insurance Brokers	108,124	643,254
Amount due from Insurance Companies	-	1,020,631
Amount from re-insurers	115,513	336,664
Amount due from direct Insured.	53,490	793,980
	277,127	2,794,529
Impairment losses/ write off of trade receivables	(276,905)	(1,879,823)
	222	914,706
Current	222	914,706
Non-current	-	-

i) **Detail of net trade receivables**

Amount due from Insurance Brokers	222	233,273
Amount due from Insurance Companies	-	214,778
Amount from re-insurers	-	219,062
Amount due from direct Insured.	-	247,593
	222	914,706

ii) **Movement in impairment loss on Trade receivables**

Balance, beginning of year	-	2,662,187
Allowance for impairment during the year	276,905	-
Write off of trade receivables	-	(1,879,823)
Recoveries on impairment loss	-	(782,364)
Balance, end of year	276,905	-

Subsidiaries

iii) **The age analysis of amounts due on trade receivables is**

	N'000	N'000
Under 90 days	222	1,511,953
91 - 180 days	-	187,223
Above 180 days	-	1,095,353
	222	2,794,529

iv) **The following trade receivables were received subsequent to the year end:**

	N'000	N'000
Insurance Brokers/Agents	222	41,091
Re-insurance/Co-insurance Companies	-	19,062
Direct insured	-	59,570
	222	119,723

v) **The following trade receivables were confirmed subsequent to the year end:**

	N'000	N'000
Insurance Brokers/Agents	-	192,182
Re-insurance/Co-insurance Companies	-	414,779
Direct insured	-	188,022
	-	794,983

vi) **Summary of confirmed and collected trade receivables subsequent to the year end:**

	N'000	N'000
Trade receivables collected subsequent to the year end	222	119,723
Trade receivables confirmed subsequent to the year end	-	794,983
	222	914,706

13 **Other receivables and prepayments**

	N'000	N'000
Prepayments	15,715	11,192
Staff loans	81,246	33,773
Other debtors	36,820	20,871
Balance, end of the year	133,781	65,836
Allowance for credit losses (Note 13(i))	(10,629)	-
	123,152	65,836
Current	123,152	65,836
Non-current	-	-

(i) **Movement in allowance for credit losses**

	31 December 2013 N'000	31 December 2012 N'000
Balance, beginning of year	-	-
allowance for credit losses during the year	10,629	-
Balance, end of year	10,629	-

At 31 December 2013, other receivables of N10,629,000 (2012: Nil) were impaired. Allowance for credit losses of the same amount has been recorded accordingly in profit or loss. Other receivables with significant degree of uncertainty of recovery were assessed to be impaired.

14	**Reinsurance Asset**	**N'000**	**N'000**
	Outstanding claims recoverable (note 14a)	2,724,204	2,733,024
	Prepaid reinsurance	444,023	721,930
	Balance, end of the year	3,168,227	3,454,954
	Current	3,168,227	3,454,954
	Non-current	-	-
(a)	Outstanding claims recoverable:		
	Balance at beginning	2,733,024	691,149
	Increase during the year	9,875	2,041,875
	Balance at end of the year	2,742,899	2,733,024
	Allowance for credit losses (Note 14a(i))	(18,695)	-
		2,724,204	2,733,024

At 31 December 2013, reinsurance asset of N18,695,000 (2012: Nil) were impaired, and an allowance for credit losses of the same amount has been recorded accordingly in profit or loss. Reinsurance assets is considered impaired when there is objective evidence that the cedant may not receive all amounts due under the terms of the contract due to reinsurers default.

(i)	**Movement in allowance for credit losses**	**N'000**	**N'000**
	Balance, beginning of year	-	-
	allowance for impairment during the year	18,695	-
	Balance, end of year	18,695	-

15 **Deferred Acquisition Cost**

Deferred acquisition costs represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition costs during the year is shown below:

	N'000	**N'000**
Balance at the beginning of the year	188,783	133,400
(Decrease)/increase during the year	(68,662)	55,383
Balance at the end of the year (Note 38)	120,121	188,783
Current	120,121	188,783
Non-current	-	-

16 **Intangible Assets**

	2013	**2012**
Cost:	**N'000**	**N'000**
Balance at beginning of the year	9,000	9,000
Balance at end of the year	9,000	9,000
Amortisation:		
Balance at beginning of the year	1,800	900
Charge during the year	900	900
Disposal	-	-
Balance at end of the year	2,700	1,800
Net Book Value	6,300	7,200

Intangible assets relate to purchased computer software used by the Company.

17	**Investment in finance leases**	**N'000**	**N'000**
	Gross investment in finance leases	199,305	279,409
	Unearned finance income	(68,939)	(211,365)
		130,366	68,044
	Current	130,366	68,044
	Non-current	-	-

Subsidiaries

18 Property, plant and equipment	Plant & Machinery N'000	Leasehold land & building N'000	Building under construction N'000	Furniture and fittings N'000	Computer equipment N'000	Motor vehicles N'000	Assets on lease N'000	Total N'000
Cost/valuation								
At 1 January, 2012	24,058	165,376	635,819	40,223	70,642	92,022	972,298	2,000,438
Additions	-	-	324,292	1,518	5,577	2,537	99,590	433,514
Transfer to property revaluation reserve (note 33)	-	(94,130)	-	-	-	-	-	(94,130)
Revaluation (note 33)	-	600,000	-	-	-	-	-	600,000
Disposals	-	-	-	-	-	(4,500)	(213,747)	(218,247)
At 31 December, 2012	24,058	671,246	960,111	41,741	76,219	90,059	858,141	2,721,575
At 1 January, 2013	24,058	671,246	960,111	41,741	76,219	90,059	858,141	2,721,575
Additions	119	-	93,348	3,218	3,827	33,560	-	134,072
Transfer to property revaluation reserve (note 33)		(671,246)						(671,246)
Revaluation (note 33)		1,240,000						1,240,000
Disposals						(3,798)	(74,255)	(78,053)
At 31 December, 2013	24,177	1,240,000	1,053,459	44,959	80,046	119,821	783,886	3,346,348
Accumulated depreciation								
At 1 January, 2012	14,929	25,370	-	24,735	64,350	80,415	895,222	1,105,021
Charge for the year	2,381	2,933	-	2,704	9,563	6,094	134,516	158,191
Transfer to property revaluation reserve (note 33)	-	(16,904)	-	-	-	-	-	(16,904)
On disposals	-	-	-	-	-	(4,500)	(213,745)	(218,245)
At 31 December, 2012 (Previously reported)	17,310	11,399	-	27,439	73,913	82,009	815,993	1,028,063
Correction of prior period error (Note 49)							(22,829)	(22,829)
At 31 December, 2012 (As restated)	17,310	11,399	-	27,439	73,913	82,009	793,164	1,005,234
At 1 January, 2013	17,310	11,399	-	27,439	73,913	82,009	793,164	1,005,234
Charge for the year	1,886	13,425	-	2,870	5,924	13,836	51,274	89,215
Transfer to property revaluation reserve (note 33)		(24,824)						(24,824)
On disposals						(3,798)	(74,255)	(78,053)
At 31 December, 2013	19,196	-	-	30,309	79,837	92,047	770,183	991,572
Net book values at:								
31 December, 2013	**4,981**	**1,240,000**	**1,053,459**	**14,650**	**209**	**27,774**	**13,703**	**2,354,776**
31 December, 2012	**6,748**	**659,847**	**960,111**	**14,302**	**2,306**	**8,050**	**64,977**	**1,716,341**

Land and building were professionally valued by Messrs J.C. Obasi & Co. FRC/2013/NIESV/00000002148 (Estate Surveyors and Valuers) as at 30th December, 2013 on the basis of their open market values. The revised value of the properties was N1,240,000,000 resulting in a surplus on revaluation of N593,578,000 which has been credited to the property, plant and equipment revaluation account.

The re-valued property is the company's Head Office building located at 19, Ligali Ayorinde Street, Victoria Island Lagos and the company's property located in flat c, Niger towers, 51/55 Glover Road, Ikoyi Lagos.

The head office building was constructed at a cost of N94,130,000 and the property in nature is a freehold property. In 2009, the property was re valued to N600,000,000 and a further revaluation on the property was carried out on 31 December 2013 in an open market by reference to the investment method of valuation and used the market comparison method as a check

The company's property located at flat c, Niger towers, 51/55 Glover Road Ikoyi Lagos was acquired under a lease agreement with UACN Property Development Company in 2005. the lease period is 42 years and Prestige Assurance Plc is allowed to sub-lease it for another term after expiration of the current term. The cost of this building at the date of revaluation was N71,246,000 and has been valued in an open market as at 31 December 2013.

The total cost of N671,246,000 and the accumulated depreciation N24,824,000 of the revalued properties as at 31 December, 2013 have been transferred to revaluation account and were used to determine the surplus on the revaluation of the property.

		31 December 2013	31 December 2012
19	**Statutory deposit**	N'000	N'000
	Balance at the beginning and end of year	300,000	300,000

This represents amount deposited with the Central Bank of Nigeria at the financial year end in accordance with the provisions of section 9(i) and 10(3) of the Insurance Act, CAP I17, LFN 2004.

20	**Insurance contract liabilities**	N'000	N'000
	Outstanding claims reserve(Note 20(a))	3,060,261	3,273,491
	Unearned Premium reserve (Note 20(d))	816,813	1,323,388
		3,877,074	4,596,879
	Current	3,877,074	4,596,879
	Non-current	-	-
(a)	**Outstanding claims reserve**		
	Accident	331,284	967,940
	Fire	644,792	450,658
	Workmen's compensation	49,104	9,750
	Motor	51,916	13,400
	Marine and Aviation	880,294	1,042,729
	Engineering	52,330	9,764
	Oil and Gas	360,649	13,750
		2,370,369	2,507,991
	IBNR	689,892	765,500
	Total	3,060,261	3,273,491
(b)	Oustanding claims reserve at the beginning	3,273,491	1,288,205
	(Decrease)/Increase in provision during the year	(213,230)	1,985,286
	Oustanding claims reserve at the end	3,060,261	3,273,491

(c) The age analysis of outstanding claims was as follows:

		N'000	N'000
i	0 - 90 days	1,174,297	2,054,145
	91 - 180 days	290,746	500,202
	181 - 270 days	162,147	498,108
	271 - 360 days	299,222	166,036
	361 days and above	1,133,849	55,000
		3,060,261	3,273,491

ii **Claims Paid Triangulations as at December 2013**

In addition to scenario testing, the development of insurance liabilities provides a measure of the company's ability to estimate the ultimate value of claims. The table explained how claims outstanding has changed at each successive year end and the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Subsidiaries

Fire

Accident Period	Development								
	0	1	2	3	4	5	6	7	8
2005	-	68,741,444	69,560,639	75,947,680	75,947,680	75,947,680	75,947,680	75,947,680	75,947,680
2006	93,298,025	114,677,342	125,388,796	127,553,909	127,553,909	127,553,909	127,553,909	127,553,909	
2007	15,857,485	329,970,945	388,421,348	401,264,105	412,299,981	412,299,981	412,323,550		
2008	194,210,614	431,070,852	456,082,942	527,681,310	527,752,889	527,752,889			
2009	248,103,542	674,224,104	823,582,646	832,854,119	842,218,696				
2010	102,014,543	407,615,191	470,121,541	503,774,503					
2011	102,197,720	1,310,119,363	1,664,915,473						
2012	323,603,205	1,311,548,727							
2013	186,359,956								

General Accident

Accident Period	Development								
	0	1	2	3	4	5	6	7	8
2005	-	35,729,040	42,214,130	42,214,130	42,214,130	42,257,780	42,257,780	42,257,780	42,257,780
2006	17,466,651	36,178,031	44,386,189	44,570,703	45,665,298	57,037,099	57,037,099	57,037,099	
2007	46,041,611	115,224,104	123,744,886	124,743,256	124,750,456	124,759,593	124,759,593		
2008	20,573,453	59,705,885	60,635,660	73,932,233	74,242,145	74,696,183			
2009	23,800,787	106,703,740	126,487,126	145,902,785	147,001,222				
2010	60,210,608	84,523,201	110,579,002	121,418,039					
2011	3,459,443	489,015,902	627,671,602						
	162,032,881	286,945,093							
	145,048,816								

Motor

Accident Period	Development								
	0	1	2	3	4	5	6	7	8
2005	-	8,454,997	8,976,549	8,976,549	8,976,549	8,976,549	8,976,549	8,976,549	8,976,549
2006	21,536,496	42,518,157	42,613,237	42,613,237	42,613,237	42,613,237	42,613,237	42,613,237	
2007	29,463,763	60,740,094	67,194,401	68,684,401	72,079,801	72,079,801	72,079,801		
2008	49,888,878	92,967,730	94,947,941	96,822,657	96,838,857	96,838,857			
2009	34,259,623	64,748,542	73,148,369	74,989,849	74,989,849				
2010	25,070,479	69,855,836	75,155,625	75,235,625					
2011	35,783,906	63,659,258	64,232,146						
2012	43,956,047	90,300,035							
2013	30,394,322								

Marine

Accident Period	Development								
	0	1	2	3	4	5	6	7	8
2005	-	54,357,020	54,711,170	54,711,170	54,711,170	54,711,170	54,711,170	54,711,170	54,711,170
2006	89,288,416	140,742,900	145,839,455	145,839,455	151,842,925	151,842,925	151,842,925	151,842,925	
2007	135,173,626	173,344,880	193,419,346	195,932,807	196,085,807	196,085,807	196,085,807		
2008	135,745,206	254,326,257	308,646,076	309,060,933	309,477,084	309,477,084			
2009	148,365,269	224,458,252	230,305,097	311,738,599	318,880,715				
2010	29,077,132	122,779,472	159,796,059	164,817,336					
2011	82,832,545	282,721,002	432,606,035						
2012	764,725,082	888,505,172							
2013	64,405,544								

WC

Accident Period	Development								
	0	1	2	3	4	5	6	7	8
2005	-	8,871,789	10,746,521	11,622,404	12,574,999	12,574,999	12,686,911	12,686,911	12,686,911
2006	7,011,813	21,550,571	26,712,925	28,639,925	28,916,794	29,216,794	29,216,794	29,216,794	
2007	5,825,259	25,104,457	31,589,162	32,350,045	32,999,965	33,309,905	33,309,905		
2008	8,290,757	23,485,308	33,551,716	38,022,190	39,079,767	39,079,767			
2009	5,978,273	17,101,339	30,070,500	34,547,735	35,507,035				
2010	5,652,762	42,471,584	45,849,972	48,443,436					
2011	5,131,288	23,860,325	31,864,026						
2012	14,862,873	33,698,754							
2013	8,247,342								

(d) **Unearned premium reserve**

	N'000	N'000
Accident	119,181	253,325
Fire	363,219	577,715
Workmen's compensation	9,353	9,926
Motor	107,601	114,493
Marine and Aviation	117,715	277,891
Engineering	21,907	74,250
Oil and Gas	77,837	12,537
Bond	-	3,251
	816,813	1,323,388

	31 December 2013 N'000	31 December 2012 N'000
(e) Unearned premium reserve at beginning	1,323,388	1,129,202
(Decerease)/Increase in provision during the year	(506,575)	194,186
	816,813	1,323,388

(f) **Hypothecation of investments**

	Insurance funds N'000	Shareholders' funds N'000	31 December 2013 N'000	31 December 2012 N'000
Cash and cash equivalents	2,449,694	-	2,449,694	1,670,851
Quoted investments	586,924	-	586,924	458,698
Unquoted investments	538,713	-	538,713	448,655
Bonds	355,998	-	355,998	426,796
Investment in finance lease	-	130,366	130,366	68,044
	3,931,329	130,366	4,061,695	3,073,044

21 **Trade payables**

	N'000	N'000
Due to agents	4,026	1,324
Due to brokers	73,360	105,666
Due to direct insured	121,100	71,212
Due to reinsurers	64,027	1,623
Due to insurance companies	73,920	86,152
Unexpired commission received	47,093	216,193
	383,526	482,170
Current	383,526	482,170
Non-current	-	-

Subsidiaries

22 **Provisions and other payables**

Professional fees	5,000	13,343
Industrial Training fund	4,000	4,889
Audit fees	6,500	6,500
Insurance levy	18,640	20,000
Profit sharing	26,324	44,388
Other creditors	41,008	13,125
Withholding tax	26,524	13,163
VAT	55,616	55,365
	183,612	170,773
Current	183,612	170,773
Non-current	-	-

23 **Borrowings**	**2013 N'000**	**2012 N'000**
New India Assurance Company Limited (Note 23(a)	500,000	-
Current	-	-
Non-current	500,000	-

23(a) The New India Assurance Company Limited granted a loan of N500,000,000 to the company for the completion of the Company's7 storey building. The loan was granted at a fixed rate of 8%. The loan is for a period of 2 years with a moratorium period of a year. Repayment of principal and interest is to start from 2014 which shall be payable quarterly. The loan is secured by the title documents of one storey head office building located at Number 19, Ligali Ayorinde Street, Victoria Island, Lagos, Nigeria .

24 **Retirement benefits obligation**

The Company operates a funded defined benefit plan ("gratuity") for qualifying employees in Nigeria. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 60 or 30 years of continuous service, which ever comes first. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2013 by HR Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	31 December 2013 %	**31 December 2012 %**
Discount rate	13	14
Rate of salary increase	12	12
Rate of inflation	10	9

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

	2013 N'000	2012 N'000
Balance at the beginning of the year	89,313	150,656
Current service cost	10,376	9,740
Interest cost	10,982	14,080
Benefit paid	(2,742)	(72,473)
Actuarial loss/(gain)	9,029	(12,690)
	116,958	89,313
Current	-	-
Non-current	116,958	89,313

25 **Income taxes**

Taxation

	2013	2012
i **Per profit and loss account**	**2013**	**2012**
Income tax	**N'000**	**N'000**
Education tax	170,417	184,331
Deferred taxation	15,310	17,963
	36,297	55,611
	222,024	257,905
ii **Per balance sheet**		
Balance at the beginning of the year		
Income tax	319,565	300,060
Education tax	170,417	184,331
Payments during the year	15,310	17,963
	(110,496)	(191,587)
Information technology development levy	394,796	310,767
	1,275	8,798
Balance at the end of the year		
	396,070	319,565
iii **Payments during the year:**		
Income tax		
Education tax	110,496	170,686
Information technology development levy	-	16,702
	-	4,199
	110,496	191,587

iv **Reconciliation of Taxes**	**2013 N'000**	**2012 N'000**
Current tax expense		
Current tax on profit for the year:		
Income tax	170,417	184,331
Education tax	15,310	17,963
Total current tax	185,727	202,294
Deferred tax liability		
Origination and reversal of temporary differences	36,297	55,611
Total tax expense	222,024	257,905

v **Tax expense recognised in other comprehensive income**

Capital Gains Tax on Revaluation of Head Office	59,358	52,277
The reasons for the difference between the actual tax charge for the year and the standard rate of corporate tax in Nigeria applied to Profit before tax is as follows:	**N'000**	**N'000**
Profit before tax	127,484	879,759
Expected tax charge based on the standard rate of Nigeria corporate tax at the domestic rate of 30% (2011: 30%)	38,245	263,928
Income tax as per computations	170,417	184,331
Difference (see below)	(132,172)	79,597
Profit before tax	127,484	879,759

	2013	**2012**
Adjustment for tax deductable and non-deductable items	**N'000**	**N'000**
Adjusted Net Premium	667,716	611,571
Net Commission	(146,241)	35,629
Sundry Income	7,201	994
Other income taxable	238,452	254,145
Less: NITDA levy paid in 2012	(1,636)	(4,199)
Add balancing charge	-	15
Less: Balancing allowance	(9,640)	(24,603)
Less: Investment allowance	(402)	(5,133)
Less: Capital allowances	(187,374)	(253,982)
	568,076	614,437
Difference	(440,592)	265,322
Income tax @ 30%- Difference (as above)	(132,178)	79,597

Subsidiaries

26 **Deferred tax assets and liabilities**

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

	1 January 2013	Recognised in Income statement	Recognised in OCI	3l December 2013
Deferred tax liabilities	**N'000**	**N'000**	**N'000**	**N'000**
Excess of NBV over TWDV	120,957	36,297	-	157,254
Unrealised exchange gain	-		-	-
Revaluation surplus	52,277	-	59,358	111,635
	173,234	36,297	59,358	268,889
Deferred tax assets				
Gratuity provision	-		-	-
	-	-	-	-
Deferred tax liabilities	173,234	36,297	59,358	268,889

27 **Share capital**

i **Authorised:**

	2013 N'000	2012 N'000
6,000,000,000 ordinary shares of 50 kobo per share	3,000,000	3,000,000

ii **Issued and fully paid:**

	N'000	N'000
2,508,315,437 Ordinary shares of 50k Balance at the beginning and end of the year	1,254,157	1,254,157

28 **Share premium**

	N'000	N'000
Balance at the beginning of the year	1,155,540	1,170,820
Rights issue expenses	-	(15,280)
Balance at the end of the year	1,155,540	1,155,540

29 **Statutory contingency reserve**

	N'000	N'000
Balance at the beginning of the year	1,396,026	1,252,324
Transfer from revenue reserve	126,662	143,702
Balance at the end of the year	1,522,688	1,396,026

Subsidiaries

This is maintained in compliance with sections 21(1) and (2) and 22(16) of Insurance Act CAP I17, LFN 2004.

30 **Revenue reserve**

	N'000	Restated N'000
Balance at the beginning of the year	(525,190)	(944,378)
Dividend paid	-	(50,166)
Transfer to contingency reserves	(126,662)	(143,702)
Transfer from profit or loss	(95,815)	613,056
Balance at the end of the year **(restated)**	(747,666)	(525,190)

31 **Actuarial valuation reserve on gratuity**

	N'000	Restated N'000
Balance at the beginning of the year	(20,028)	(32,718)
Actuarial gain - change in assumption (Note 49d(ii))	-	12,690
Actuarial loss - experience adjustment	(9,030)	-
Balance at the end of the year	(29,058)	(20,028)

32 **Reserve on available-for-sale-financial assets**

	N'000	N'000
Balance at the beginning of the year	157,928	66,487
Appreciation during the year	90,058	91,441
Balance at the end of the year	247,986	157,928

33 **Property revaluation reserve**

	N'000	N'000
Balance at the beginning of the year	470,497	-
Transfer from Property, plant and equipment:		
-cost (Note 18)	(671,246)	(94,130)
-accumulated depreciation (Note 18)	24,824	16,904
Revaluation amount (note 18)	1,240,000	600,000
	593,578	522,774
Capital Gain Tax (See note 26(v))	(59,358)	(52,277)
Additional revaluation surplus during the year	534,220	470,497
Balance at the end of the year	1,004,717	470,497

PRESTIGE ASSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS

		2013 N'000	2012 N'000
34	**Gross premium written**		
	Direct premium	2,398,658	3,189,610
	Inward reinsurance	1,823,680	1,600,444
		4,222,338	4,790,054
35	**Gross premium income**		
		N'000	N'000
	Unearned premium brought forward	1,323,388	1,129,202
	Premium written during the year	4,222,338	4,790,054
		5,545,726	5,919,256
	Unearned premium carried forward	(816,813)	(1,323,388)
		4,728,913	4,595,868
36	**Reinsurance expenses**		
		N'000	N'000
	Outward reinsurance	2,586,754	2,893,503
	Increase/ (Decrease) in prepaid reinsurance	277,909	(143,791)
		2,864,663	2,749,712
37	**Claim expenses**		
		N'000	N'000
	Gross claims	2,965,599	3,283,825
	Decrease/Increase in outstanding claims	(213,230)	1,985,286
		2,752,369	5,269,111
	Change in re-insurance assets	(9,875)	(2,041,875)
	Re-insurance recoveries	(1,595,923)	(1,658,078)
		1,146,571	1,569,158

38 **Acquisition expenses**

The acquisition expenses are those incurred in obtaining and reviewing insurance contracts. These expenses include commissions or brokerage paid to agents or brokers and indirect expenses such as salaries of underwriting staff.

	N'000	N'000
Deferred acquisition cost b/f	188,783	133,400
Commission for the year	744,319	705,471
Gross commission	933,102	838,871
Deferred acquisition cost c/f (note 15)	(120,121)	(188,783)
	812,981	650,088

		2013	Restated 2012
39	**Maintenance expenses**	**N'000**	**N'000**
	Salaries	285,310	211,736
	Leave encashment	5,700	5,903
	Children school fees	2,520	2,003
	Travelling	57,950	61,475
	Postage, telephone & telegrams	5,957	7,168
	Profit incentive	6,295	42,496
	Pension & Gratuity (Note 49b(ii))	46,569	71,031
	Entertainment & hotel expenses	40,957	29,828
	Motor running expenses	12,740	12,494
	Conveyance	8,148	3,339
	Staff training	13,109	46,327
	Medical	23,950	21,161
	Staff welfare	26,746	49,089
	Industrial Training Fund	4,000	3,668
	Insurance levy	18,640	21,066
		558,591	588,784

40	**Investment income**	**N'000**	**N'000**
	Interest income	263,366	219,340
	Dividend income	33,874	27,456
	Lease rental income	92,557	179,751
	Profit on sale of shares	6,727	102,347
	Profit on sale of leased assets	789	2,138
		397,313	531,032
	Allocation	**N'000**	**N'000**
	Attributable to policy holders	142,203	190,062
	Attributable to shareholders	255,110	340,970
		397,313	531,032

41	**Other operating income**	**N'000**	**N'000**
	Exchange gain realised	24,137	6,695
	Bad debt recovered	158,806	782,364
	Gain realised on held-for-trading financial assets	122,097	116,886
	Profit on disposal of property, plant & equipment	57	8
	Sundry income	7,201	994
		312,298	906,947

42 **Management expenses**

		Restated
	N'000	N'000
Directors expenses	13,190	6,743
Auditors fees	6,500	6,500
Other professional fees	15,209	4,901
Advertisement and publicity	11,308	9,889
Office expenses	34,039	23,091
Subscriptions	7,346	34,249
Residential rent, rates and other expenses	19,355	24,714
Depreciation (restated) (note 49 b(i))	-	135,362
Depreciation (note 18)	89,214	-
Amortisation (note 16)	900	900
Insurance	23,016	11,907
Other administration expenses	39,243	23,807
Allowance for credit losses	29,324	-
	288,644	282,063

43 **Finance costs**

	2013	2012
	N'000	N'000
Interest on loan	29,370	-

44 **Supplementary profit and loss information**

		N'000	N'000
i	Profit before taxation is arrived at after charging:	N'000	N'000
	Depreciation of property,plant and equipment	89,214	135,362
	Auditors' fees	5,600	5,300
	Directors' emoluments	17,646	15,260
	and after crediting:		
	Profit on disposal of property,plant and equipment	57	2,145
	Unrealised exchange gains	24,137	6,695
ii	Staff costs:		
	Employee costs excluding executive directors during the year amounted to:	N'000	N'000
	Wages and salaries	285,310	252,639
	Staff welfare	26,746	49,089
	Medical	23,950	24,829
	Staff Training	13,109	24,490
	Gratuity	10,276	13,161
	Pension	36,293	45,180
		395,684	409,388

iii The average number of persons employed (excluding directors) in the Company during the year was as follows:

	Number	Number
Managerial	13	10
Senior staff	32	26
Junior staff	35	42
Total	80	78

iv Directors' remuneration:

a) Aggregate emoluments of the directors were:

	N'000	N'000
Fees	1,500	580
Other emoluments	16,146	14,680
	17,646	15,260

b) The emoluments of the Chairman (excluding pension contributions) totalled	300	300
c) The emoluments (excluding pension contributions) of the highest paid director amounted to	16,146	14,680

v Staff position as at the end of the year:

Category	Male	Female	Total
Executive Directors	1	-	1
Management (Managers & above)	7	6	13
Senior staff	26	6	32
Junior Staff	30	5	35
	64	17	81

vi **Changes during the year 2013:**

	Executive Directors	Management	Senior staff	Junior staff
Additions	-	3	-	2
Withdrawals	-	1	1	1
	-	2	1	1

45 **Basic earnings per ordinary share**

Basic earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.

	2013 ₦'000	2012 ₦'000
(Loss)/profit for the year attributable to shareholders (N'000)	(95,815)	613,056
Weighted average number of ordinary shares of 50 kobo each in issue	2,508,315	2,508,315
Basic earnings per share (kobo)	(3.82)	24.44

46 **Related party disclosure**

(a) **Parent**

The parent company, which is also the ultimate parent company, is New India Assurance, holding 51.01% of the Company's shares. The remaining 48.99% of the shares are widely held.

Related parties	Nature of transaction	2013 N'000	2012 ₦'000
Chief H. B. Chanrai	Indirect Share Holding	89,282,727	89,282,727
Chief H. B. Chanrai	Direct Share Holding	38,578,071	38,578,071
		127,860,798	127,860,798
Ramesh Hathiramani	Indirect Share Holding	102,896,437	102,896,437

Subsidiaries

(b) Transactions with Key management personnel

The Companys key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Prestige Assurance plc.

The following are related parties and their respective transaction balances as at period under review, the transactions have been carried out at arm's length.

	2013 N'000	2012 N'000
Loan from related party		
The New India Assuance Company Limited (Note 23a)	500,000	-

(c) Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is, as follows:

	2013 N'000	2012 N'000
Salaries	16,146	14,680
Fees	1,500	580
Total	17,646	15,260

(d) Sale of Insurance contracts and other services

	2013 N'000	2012 N'000
Premium received (see (i) below)	57,460	285,096
Claims paid	245,631	663,786

Terms and conditions:

(i) Both premium received and claims paid relate to sale of insurance contracts and are transactions conducted at arm's length.

Subsidiaries

Subsidiaries

47	**Reconciliation of operating profit to cash provided by operating activities**	**N'000**	**N'000**
a)	Profit after tax	(95,815)	613,056
	Adjustments to reconcile net income to net cash provided by operating activities:		
	Depreciation of property, plant and equipment	89,215	135,362
	Amortisation of intangible assets	900	900
	Profit on disposal of property, plant and equipment	-	-
	other Investment income	(389,797)	(426,547)
	Profit on disposal of quoted investments	-	-
	Gain realized on held for trading financial assets	(122,097)	(116,886)
	Exchange gain realized	-	(6,598)
	Provision written back	-	-
	Loss recognised	-	-
	Actuarial valuation of gratuity	(9,030)	12,690
	Reserved of available for sale	-	-
	Finance cost	29,370	-
		(497,254)	211,977
	Changes in assets and liabilities		
	(Decrease)/Increase in unearned premium	(506,575)	194,186
	(Decrease)/Increase in claims provision	(213,230)	1,985,286
	Increase/(decrease) in other receivables and prepayments	(57,316)	54,182
	Decrease/(increase) in reinsurance assets	286,726	(2,185,666)
	decrease/(increase) in trade receivables	914,484	(670,570)
	Decrease/(increase) in deferred acquisition cost	68,662	(55,383)
	Decrease/(increase) in trade payables	(98,642)	179,796
	Increase in provisions and other payables	12,839	48,308
	(increase)/decrease in finance lease asset	(62,322)	93,616
	Increase/(decrease) in tax liabilities	76,505	(19,505)
	Increase/(decrease) in retirement obligation	27,647	(61,343)
	Decrease in deferred tax assets	-	21,084
	Increase in deferred tax liability	36,297	79,389
	Cash consumed by operating activities	(12,179)	(124,643)

b)	Cash and cash equivalents included in the statement of cashflows are represented by:		
		₦'000	**₦'000**
	Bank and cash balances	828,146	787,604
	Short term investments	1,621,548	883,247
		2,449,694	1,670,851

48 **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.

49 **Prior period restatement**

I) Correction of depreciation over charge on property plant and equipment In 2012, depreciation charge on leased assets was overstated to the tune of N22,828,965. As a result property plant and equipment was understated by N 22,828,965 while operating expenses was overstated by N22,828,965.

ii_ **Correction of treatment of actuarial gain on gratuity wrongly expensed**

In 2012, actuarial gain on gratuity of N12,690,000 which should have been treated in other comprehensive income and transferred to equity was wrongly treated as administrative expenses. As a result, adminstative expenses was understated by N12,690,000 while gratuity reserve was overstated by N12,690,000.

The financial statements have been restated to correct these errors. The restatements required adjustments in the statement of financial position as at 31 December 2012 and adjustments of certain items in the statement of profit or loss and other comprehensive income for the period 31 December 2012. To this effect, the Statement of profit or loss and other comprehensive Income, Statement of financial position, statement of changes in equity and affected notes showed restated comparative information for the period ended 31 December 2012.

The details of the restatements are as follows:

2012 Restatements

a **Statement of profit or loss and other comprehensive income**

	N'000
Profit before tax **(Previously reported)**	869,620
correction of depreciation over charge	22,829
correction of gain on gratuity wrongly expensed	(12,690)
	879,759
Revised Information technology development levy	(8,798)
Taxation charge	(257,905)
Profit for the year **(As restated)**	613,056

b) **Management expenses** **N'000**

i	Depreciation **(Previously reported)**	(158,191)
	correction of depreciation over charge	22,829
	Depreciation **(As retated)**	(135,362)
		N'000
ii	Pension and Gratuity **(Previously reported)**	58,341
	correction of gain on gratuity wrongly expensed	12,690
	Pension and Gratuity **(As restated)**	71,031

Subsidiaries

		N'000
c)	Retained Earnings **(As previously reported)**	(535,227)
	correction of depreciation over charge	22,829
	correction of gain on gratuity wrongly expensed	(12,690)
	effect of correction of error on information technology development levy	(102)
		10,037
	Retained Earnings **(As restated)**	(525,190)

d) **Statement of financial position**

		N'000
i	Property plant and equipment	
	Cost	858,141
	Accumulated depreciation	(815,993)
	Net book value **(Previously reported)**	42,148
	correction of depreciation over charge	22,829
	Net book value **(As restated)**	64,977

		N'000
ii	Actuarial Valuation reserve on gratuity **(Previously reported)**	(32,718)
	correction of gain on gratuity wrongly expensed	12,690
	Actuarial Valuation reserve on gratuity **(As restated)**	(20,028)

50 **Contingencies and commitments**

a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not belive that such proceedings (including litigation) will have a material effect on its results and financial position.

The Company is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

b) Capital commitments and operating lease

The Company has no capital commitments at the reporting date.

51 **Events after the reporting period**

There were no events after the reporting period which could have a material effect on the financial position of the company as at 31 December 2013 and profit attributable to equity holders.

52 **Contravention of laws and regulations**

The company contravened Section 49(3) of 1997 NAICOM Act and Clause 1.1OE (3) of the 2011 operational guidelines and violation of section 81 NAICOM Act during the year the fine imposed has been settled totalling N2,200,000.

Penalty was imposed by The Nigerian Stock Exchange for default in returns filling amounting to N2,900,000 during the year, this has been settled.

PRESTIGE ASSURANCE PLC

REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

REVENUE	Fire N'000	General Accident N'000	Motor N'000	Workmen Compensation N'000	Marine and Aviation N'000	Oil & Energy N'000	CAR & Engineering All risk N'000	Bond N'000	GIT N'000	2013 N'000	2012 N'000
Direct Premium	1,042,526	295,962	303,745	34,277	417,889	179,149	42,646	-	82,463	2,398,657	3,225,504
Inward Premium	670,680	966,554	8,270	-	122,155	35,561	20,461	-	-	1,823,681	1,564,550
Gross Premium Written	1,713,206	1,262,516	312,015	34,277	540,044	214,710	63,107	-	82,463	4,222,338	4,790,054
(Increase)/decrease in Unearned Premium	214,497	134,144	6,892	573	160,176	(65,300)	52,343	3,251	-	506,576	(194,186)
Gross Premium Earned	1,927,703	1,396,660	318,907	34,850	700,220	149,410	115,450	3,251	82,463	4,728,914	4,595,868
Outward Reinsurance	(1,262,410)	(845,897)	(23,544)	-	(365,924)	(48,841)	(40,138)	-	-	(2,586,754)	(2,893,503)
Prepaid Re-insurance	(186,832)	(89,904)	(178)	-	48,310	5,298	(54,604)	-	-	(277,910)	143,791
Net Premium Earned	478,461	460,859	295,185	34,850	382,606	105,867	20,708	3,251	82,463	1,864,250	1,846,156
Commission	307,885	287,068	1,657	-	43,172	6,547	20,356	-	-	666,685	685,717
Total income	786,346	747,927	296,842	34,850	425,778	112,414	41,064	3,251	82,463	2,530,935	2,531,874
EXPENSES											
Gross claims paid	1,575,602	420,515	76,856	41,620	525,684	233,614	34,208	-	57,500	2,965,599	3,283,825
(Decrease)/increase in outstanding claims	79,754	143,472	7,440	27,636	(177,082)	(249,935)	22,904		(67,419)	(213,230)	1,985,286
Gross claims expenses	1,655,356	563,987	84,296	69,256	348,602	(16,321)	57,112	-	(9,919)	2,752,369	5,269,111
Movement in outstanding claims recoverables from reinsurance	(430,632)	(101,330)	116	-	236,415	292,564	(7,009)	-	-	(9,876)	(2,041,875)
Reinsurance claims recoveries	(760,553)	(357,570)	-	-	(462,490)	(10,000)	(5,310)	-	-	(1,595,923)	(1,658,078)
Reinsurance share of Outstanding claim											-
Net claims expenses	464,171	105,087	84,412	69,256	122,527	266,243	44,793	-	(9,919)	1,146,570	1,569,158
Acquisition cost	304,889	318,161	23,285	3,505	99,961	29,896	22,951	71	10,263	812,982	650,088
Maintenance cost	226,647	167,024	41,278	4,535	71,445	28,405	8,349	-	10,909	558,591	588,784
Total expenses	**995,707**	**590,272**	**148,975**	**77,296**	**293,933**	**324,544**	**76,093**	**71**	**11,253**	**2,518,143**	**2,808,030**
Underwriting (loss)/profit	**(209,361)**	**157,655**	**147,867**	**(42,446)**	**131,845**	**(212,130)**	**(35,029)**	**3,180**	**71,210**	**12,792**	**(276,157)**

Subsidiaries

PRESTIGE ASSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2013
STATEMENT OF VALUE ADDED

	2013 N'000		2012 N'000	
Gross premium written - Local	2,398,658		3,225,504	
Foreign	1,823,680		1,564,550	
	4,222,338		4,790,054	
Other income - Local	312,298		906,947	
	4,534,636		5,697,001	
Reinsurance,claims,commission and services - local	(3,796,866)		(4,124,796)	
Value added	737,770	100	1,582,242	100
Value added as a percentage of gross premium		17%	33%	
Applied as follows:				
To pay employees:				
Salaries and other employees benefits	395,684	54	409,388	26
To pay government:				
Taxation	222,024	30	257,905	16
Retained for replacement of assets and expansion of business:				
Depreciation	89,215	12	158,191	10
Contingency reserve	126,662	17	143,702	9
Result for the year	(95,815)	(13)	613,056	39
Value added	737,770	100	1,582,242	100

PRESTIGE ASSURANCE PLC
FINANCIAL STATEMENTS, 31 December 2013
FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION	IFRS Compliance				NGAAP
	2013	2012	2011	2010	2009
ASSETS	N	N	N	N	N
Cash and cash equivalents	2,449,694	1,670,851	1,722,182	2,557,583	2,743,331
Financial assets (investments)	1,481,635	1,334,149	1,270,800	1,062,684	1,016,941
Trade receivables	222	914,706	244,136	208,597	1,307,473
Other receivables and prepayments	123,152	65,836	120,018	127,441	539,720
Reinsurance assets	3,168,227	3,454,954	1,269,288	1,114,773	303,771
Deferred Acquisition cost	120,121	188,783	133,400	137,974	118,504
Deferred tax assets	-	-	28,499	-	-
Intangible assets	6,300	7,200	8,100	-	-
Investment in finance lease	130,366	68,044	161,660	-	-
Property, plant and equipment	2,354,776	1,716,341	895,416	917,054	608,196
Statutory deposit with CBN	300,000	300,000	300,000	300,000	300,000
	10,134,493	9,720,864	6,153,499	6,426,106	6,937,936
LIABILITIES					
Insurance contract liabilities	3,877,074	4,596,879	2,417,407	1,860,147	1,471,348
Trade payables	383,526	482,170	302,374	762,729	296,493
Provisions and other payables	183,612	170,773	122,465	247,452	473,086
Borrowings	500,000	-	-	-	-
Retirement obligations	116,958	89,313	150,656	111,095	-
Income tax liability	396,070	319,565	300,060	316,553	289,154
Deferred taxation	268,889	173,234	93,845	92,197	64,134
	5,726,129	5,831,934	3,386,807	3,390,173	2,594,215
EQUITY					
Share capital	1,254,157	1,254,157	1,254,157	1,074,992	1,074,992
Share premium	1,155,540	1,155,540	1,170,820	1,170,820	1,349,986
Statutory Contingency reserve	1,522,688	1,396,026	1,252,324	1,124,122	957,948
Revenue reserve	(747,666)	(525,190)	(944,378)	(513,166)	960,795
Reserve on Actuarial valuation of gratuity	(29,058)	(20,028)	(32,718)	-	
Equity revaluation reserves	247,986	157,928	66,487	-	-
Property revaluation reserve	1,004,717	470,497	-	-	-
Bonus issue reserve	-	-	-	179,165	-
	4,408,364	3,888,930	2,766,692	3,035,933	4,343,721
	10,134,493	9,720,864	6,153,499	6,426,106	6,937,936
INCOME STATEMENT					
Gross premium written	4,222,338	4,790,054	4,273,386	3,874,452	3,445,447
Net premiumwritten	1,864,250	1,846,156	1,307,101	1,864,567	1,655,870
Profit before taxation	127,484	879,759	156,858	822,561	864,682
Information Technology Development Levy	(1,275)	(8,798)	(1,569)	(8,226)	(8,647)
Taxation	(222,024)	(257,905)	(189,978)	(334,862)	(271,610)
(loss)/Profit after taxation	(95,815)	613,056	(34,689)	479,473	584,425
Dividend	-	-	50,166	128,999	214,998
Basic (loss)/earnings per share (kobo)	(3.82)	24.44	(1.38)	22.30	27.58
Net assets per share (kobo)	176	155	110	141	202

Subsidiaries

Subsidiaries

THE NEW INDIA ASSURANCE COMPANY LIMITED OFFICES IN INDIA

Sr. No.	REGIONAL OFFICE	CODE NO.	DO	BO	DAB	MICRO	TOTAL OFFICES
1	MUMBAI - I	110000	13	0	0	4	17
2	MUMBAI - II	140000	13	5	3	9	30
3	MUMBAI - III	120000	10	2	0	0	11
4	MUMBAI - IV	130000	9	0	1	3	13
5	MUMBAI - V	170000	8	6	0	12	26
6	PUNE	150000	24	30	1	40	95
7	NAGPUR	160000	12	16	1	55	84
8	AHMEDABAD	210000	15	15	0	44	74
9	BARODA	220000	10	6	0	14	30
10	SURAT	230000	9	6	1	19	35
11	DELHI - I	310000	19	14	1	6	40
12	DELHI - II	320000	13	19	2	34	69
13	JAIPUR	330000	12	20	1	45	78
14	DEHRADUN	340000	10	24	0	53	88
15	CHANDIGARH	350000	18	36	1	28	83
16	LUDHIANA	360000	17	31	1	36	85
17	KANPUR	420000	17	37	1	72	127
18	BHOPAL	450000	19	29	1	97	146
19	KOLKATA	510000	19	29	1	49	98
20	GUWAHATI	530000	10	21	0	37	68
21	PATNA	540000	10	29	1	41	81
22	BHUBANESHWAR	550000	10	23	1	32	66
23	HYDERABAD	610000	20	21	2	38	81
24	VISHAKHAPATNAM	620000	15	20	1	25	67
25	BENGALURU	670000	23	39	0	31	93
26	CHENNAI	710000	21	24	4	43	92
27	COIMBATORE	720000	20	34	1	114	169
28	ERNAKULAM	760000	16	47	1	60	124
	TOTAL		**412**	**583**	**27**	**1041**	**2064**

HO	Ros	LCOs	Dos	Bos	DABs	Mos	Total
1	**28**	**4**	**412**	**583**	**27**	**1041**	**2097**

* As per feedback received from Ros

THE NEW INDIA ASSURANCE COMPANY LIMITED

LIST OF OVERSEAS OFFICES

“NEW INDIA” has 19 Branch offices in 9 Countries and 7 Agency Offices in 7 Countries. “NEW INDIA” 3 Subsidiary Companies in 6 countries.

A. FOREINE 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. FOREINE 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. Bahrian	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

B. SUBSIDIARY COMPANIES

Country		Year of commencement of operations
1. Nigeria	1. Lagos	1970
	2. Kano	1966
	3. Port Harcourt	1973
2. Trinidad & Tobago	1. Port of Spain	
3. St. Lucia	2. Castries	
4. Dominica	3. Roseau	
5. St. Maarten	4. Philipsburg	
6. Sierra Leone	1. Freetown	

ASSOCIATES

1. WAFA Insurance, Saudi Arabia (Prevously SICCI)
2. India International Insurance Pte. Ltd., Singapore
3. Kenindia Assurance Company Ltd., Nairobi, Kenya