

**AUDITED ACCOUNTS OF THE OFFICE OF THE
COMMISSIONER OF INSURANCE**

**FOR THE YEAR ENDED
31 DECEMBER 2008**

**AUDITORS: THE AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**



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AG: 59/2009

30 June 2009

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE OFFICE OF THE COMMISSIONER OF INSURANCE FOR THE YEAR ENDED 31 DECEMBER 2008

We have audited the accompanying financial statements of the Office of the Commissioner of Insurance which comprised of the balance sheet as at 31 December 2008, and the income and expenditure and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

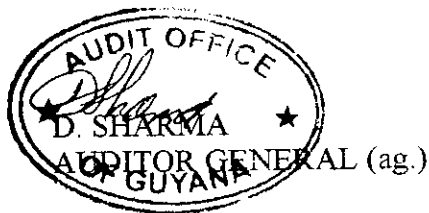
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 give a true and fair view of the financial position of the Office of the Commissioner of Insurance as at 31 December 2008, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

OFFICE OF THE COMMISSIONER OF INSURANCE
Income Statement For the Year Ended 31 December 2008

	Notes	2008	2007
		\$	\$
INCOME			
Assessment, registration fees	3	24,070,925	15,890,799
Government Subvention		2,000,000	4,500,000
Interest	9	281,606	508,600
Miscellaneous Income		53,500	327,459
		<u>26,406,031</u>	<u>21,226,858</u>
EXPENSES			
Administration		1,131,707	1,108,795
Bank charges		8,950	8,719
Depreciation	4	792,850	719,790
Salaries		23,995,764	21,578,350
Professional Fees		-	1,516,450
Motor Vehicle		222,519	273,996
		<u>26,151,790</u>	<u>25,206,100</u>
Net Income/(Deficit)		<u><u>254,240</u></u>	<u><u>(3,979,242)</u></u>

Statement of Accumulated Surplus

	2008	2007
	\$	\$
Balance as at 31 December 2007	19,987,375	23,966,617
Income / (Deficit) for the Period	254,240	(3,979,242)
Balance as at 31 December 2008	<u><u>20,241,615</u></u>	<u><u>19,987,375</u></u>

OFFICE OF THE COMMISSIONER OF INSURANCE
Balance Sheet as at 31 December 2008

	Notes	2008	2007
		\$	\$
ASSETS			
Non-Current Assets			
Property Plant and Equipment	4	2,292,895	2,648,512
Statutory Deposits	5	707,623,555	630,111,311
		709,916,450	632,759,823
Current Assets			
Cash at Bank	7	19,245,883	19,750,373
Petty Cash		25,000	25,000
Receivables & Prepayments	6	29,940	29,940
		19,300,823	19,805,313
		729,217,273	652,565,136
Total Assets		729,217,273	652,565,136
EQUITIES & LIABILITIES			
Retained Earnings		20,241,615	19,987,375
Non-Current Liabilities			
Deposits held for Insurers		707,623,555	630,111,311
Current Liabilities			
Accruals	8	1,352,103	2,466,450
Total Current Liabilities		1,352,103	2,466,450
		729,217,273	652,565,136
Total Equity & Liabilities		729,217,273	652,565,136

Commissioner of Insurance..... *Mary Parker*

Assistant Commissioner (Risk and Operations)... *Harmon*

OFFICE OF THE COMMISSIONER OF INSURANCE
Cash Flow Statement For the Year Ended 31 December 2008

	2008	2007
	\$	\$
Cash Flows from Operating Activities		
Net Income/(Deficit)	254,240	(3,979,242)
Adjustments for:		
Depreciation	792,850	719,790
Loss on Disposal of Asset	-	64,637
(Increase)/Decrease in Receivables	-	307,583
Increase/(Decrease) in Accruals	(1,114,347)	938,950
Total Adjustments	(321,497)	2,030,960
Net Cash Provided by Operations	(67,257)	(1,948,282)
Cash Flows from Investing Activities		
Used for purchase of:		
Computer Equipment	(273,694)	(559,253)
Office Equipment	(163,539)	(361,870)
Motor Vehicle	-	(1,796,000)
Net cash used in Investing	(437,233)	(2,717,123)
Net increase/(Decrease) in Cash	(504,490)	(4,665,405)
Summary		
Cash Balance at End of Period	19,270,883	19,775,373
Cash Balance at Beginning of Period	(19,775,373)	(24,440,778)
Net Increase/(Decrease) in Cash	(504,490)	(4,665,405)

**OFFICE OF THE COMMISSIONER OF INSURANCE
NOTES ON THE ACCOUNTS**

1. Background

The Office of the Commissioner of Insurance was established by the Insurance Act No. 20 of 1998. This Act repealed the 1970 Insurance Act and introduced direct supervision of the occupational pension plans. The office became operational on December 18th, 2002 by the virtue of Order No. 45 of 2002 issued by the Minister of Finance. The Commissioner is responsible for the general administration of the Act. In addition to insurance companies, underwriters and pension plans, the Commissioner is required to regulate all insurance intermediaries such as insurance sales agents, brokers, claims adjusters and surveyors and handle complains by the policy holders against insurance companies and brokers. The operations of the office are funded by the government and fees and assessments paid by regulated insurance companies, brokers, agents and pension plans.

2. Accounting

a. Accounting Conversions

The financial statements have been prepared under the historical cost convention, and in accordance with the international Accounting Standards adopted by the institute of Chartered Accounts of Guyana.

b. Fixed Assets and Depreciation

Fixed Assets are stated at cost and are depreciated on a straight line method at rates, which are estimated to write-off the assets over the term of their useful lives, as follows:-

Motor Vehicles	20%
Office Furniture	20%
Computer Equipment	20%

OFFICE OF THE COMMISSIONER OF INSURANCE
NOTES ON THE ACCOUNTS

3 Registration Fees and Assessments

These fees and assessments represent amount received from Insurance companies, pension plans, agents and brokers are as follows:-

Particulars	2008	2007
	\$	\$
Assessments		
Insurance Companies	23,394,885	14,585,299
Pension Plans	-	-
Brokers	250,000	350,000
Sub Total	23,644,885	14,935,299
Registration Fees		
Insurance Companies	-	250,000
Agents	426,040	455,500
Brokers	-	-
Pension Plans	-	250,000
Sub Total	426,040	955,500
Total	24,070,925	15,890,799

OFFICE OF THE COMMISSIONER OF INSURANCE
NOTES ON THE ACCOUNTS

4 Fixed Assets

	Office Equipment	Computer Equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Costs as at				
1 January 2008	717,030	1,436,571	1,796,000	3,949,601
Disposal	-	-	-	-
Additions	163,539	273,694	-	437,233
31 December 2008	<u>880,569</u>	<u>1,710,265</u>	<u>1,796,000</u>	<u>4,386,834</u>
 Depreciation				
1 January 2008	241,222	735,111	324,756	1,301,089
Depreciation on Disposal	-	-	-	-
Charge for the year	106,751	326,899	359,200	792,850
31 December 2007	<u>347,973</u>	<u>1,062,010</u>	<u>683,956</u>	<u>2,093,939</u>
 Net Book Value				
31 December 2008	<u>532,596</u>	<u>648,255</u>	<u>1,112,044</u>	<u>2,292,895</u>
31 December 2007	<u>475,808</u>	<u>701,460</u>	<u>1,471,244</u>	<u>2,648,512</u>

**OFFICE OF THE COMMISSIONER OF INSURANCE
NOTES ON THE ACCOUNTS**

5 Statutory Deposits

Where an insurer carries on carries on long-term and general insurance business, deposits in accordance with Section 40(1) of the Insurance Act are required to be made with the Commissioner of Insurance. These deposits are held until the insurer ceases to be registered. As at December 31st 2008 the commissioner and the insurer held the following deposits.

Deposits held for the Commissioner of Insurance

Company	Amount Deposited	Statutory Requirement
	\$	\$
Frandec	7,751,615	8,684,688
Diamond Fire & General Insurance	17,938,277	17,630,633
Guyana & Trinidad Mutual Fire Insurance	133,257,466	128,655,403
Guyana & Trinidad Mutual Life Insurance	21,707,848	18,750,000
Hand-in-Hand Mutual Fire Insurance	148,912,709	139,783,400
Hand-in-Hand Mutual Life Insurance	18,750,000	18,750,000
North American Life Insurance	21,129,713	18,750,000
North American Fire Insurance	103,645,448	85,008,369
Clico Life & General Insurance	47,496,088	34,767,685
GCIS	46,224,082	43,552,200
Caricom General Insurance Inc.	66,661,288	44,929,083
United Insurance	40,437,847	41,103,121
Demerara Fire & General insurance	19,442,545	16,373,588
Demerara Mutual Life Insurance	14,268,629	12,500,000
	707,623,555	629,238,170

**OFFICE OF THE COMMISSIONER OF INSURANCE
NOTES ON THE ACCOUNTS**

6 Prepayments

GT&T DSL Broadband Chgs - January to March 2009 @ \$9,980	<u>\$</u>	<u>29,940</u>
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7 Cash at Bank

	2008	2007
	\$	\$
Current account # NBIC 654-367-2	3,669,987	4,536,140
Savings account # NBIC 261-008-7	15,575,897	15,214,233
	<u>19,245,883</u>	<u>19,750,373</u>

8 Accruals

Agents Expenses - Cost for 21 Badges @ \$ 580		12,180
Telephone Charges Nov & Dec 08- Mobile# 674-7046		11,402
Miscellaneous - Christmas get-together (OCI & PU Staff)		13,440
Office Stationery - Printing and Posting		1,403
Fuel - OCI Car GKK 5164		9,878
Salaries - PAYE Payable Dec 2008		563,206
Salaries - NIS Payable Dec 2008		88,375
Website Maintenance		30,000
Gratuity for Jul-Dec 2008		622,219
		<u>1,352,103</u>

9 Interest

Interest Received		352,007
Less W/Holding Tax		<u>(70,401)</u>
Net Interest		<u>281,606</u>