

AUDITED FINANCIAL STATEMENTS OF THE
OFFICE OF THE COMMISSIONER OF INSURANCE

FOR THE PERIOD
18 DECEMBER 2002 TO 31 DECEMBER 2003

AUDITORS: OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Office of the Auditor General

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG:99/2004

16 November 2004

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE OFFICE
OF THE COMMISSIONER OF INSURANCE
FOR THE PERIOD 18 DECEMBER 2002 TO 31 DECEMBER 2003

I have audited the attached financial statements of the Office of the Commissioner of Insurance for the period 18 December 2002 to 31 December 2003. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies as set out at page 6.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of the Management of the Office of the Commissioner of Insurance. My responsibility is to form an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion

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



Office of the Auditor General

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>

AG:41/2005

24 June 2005

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE OFFICE
OF THE COMMISSIONER OF INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2004

I have audited the attached financial statements of the Office of the Commissioner of Insurance for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies as set out at page 7.

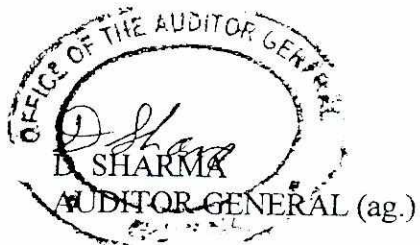
Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of the Management of the Office of the Commissioner of Insurance. My responsibility is to form an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion

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

In my opinion, the financial statements referred to above, present fairly in all material respects the financial position of the Office of the Commissioner of Insurance as at 31 December 2004 and of its net surplus for the period then ended in conformity with generally accepted accounting principles.



OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Office of The Commissioner of Insurance
Income Statement For The Year Ended 31 December 2004

	Notes	2004 \$	2003 \$
Income			
Levies, registration fees	3	9,682,916	6,849,421
Government Subventions		1,500,000	-
Interest		237,504	100,025
Total Income		11,420,420	6,949,446
Expenses			
Admin expenses		652,891	483,902
Bank charges		6,300	1,500
Depreciation		177,489	64,507
Salaries		8,743,125	455,340
Professional fees		-	990,000
Web site development costs	4	222,200	-
Total Expenses		9,802,005	1,995,249
Net Income		1,618,415	4,954,197

Statement of Accumulated Surplus

	2004 \$
Balance at 31 December 2003	4,954,197
Net income for the period	1,618,415
Balance at 31 December 2004	<u>6,572,612</u>

**Office of The Commissioner of Insurance
Balance Sheet As At 31 December 2004**


	Notes	2004 \$	2003 \$
Assets			
Non- current assets			
Fixed assets	2(b)&5	645,452	611,681
Statutory Deposit	6	<u>525,608,718</u>	<u>351,652,861</u>
		<u>526,254,170</u>	<u>352,264,542</u>
Current assets			
Cash at bank		5,873,839	9,470,826
Petty cash		6,188	-
Debtors		307,633	-
Prepayments		-	5,072
		<u>6,187,660</u>	<u>9,475,898</u>
Total assets		532,441,830	361,740,440
Equity and liabilities			
Retained earnings		6,572,612	4,954,197
Non - current liabilities			
Deposits held for Insurers	6	525,608,718	351,652,861
Current liabilities			
Accruals		260,500	1,051,651
Prepaid fees		-	4,081,731
Total current liabilities		<u>260,500</u>	<u>5,133,382</u>
Total Equity and liabilities		532,441,830	361,740,440


Commissioner of Insurance.....*M. Paul*.....

Asst. Insurance Supervisor/ Accountant.....*J. Stoldt*.....

OFFICE OF THE COMMISSIONER OF INSURANCE
BALANCE SHEET
AS AT 31 DECEMBER 2003

	Note	2003 \$
ASSETS		
Non-current assets		
Fixed assets	2(b)&5	611,681
Statutory deposits	6	351,652,861
		<u>352,264,542</u>
Current assets		
Cash at bank		9,470,826
Prepayments		5,072
		<u>9,475,898</u>
Total assets		<u>361,740,440</u>
EQUITY AND LIABILITIES		
Equity		
Retained earnings		<u>4,954,197</u>
Non-current liabilities		
Deposits held for insurers	6	<u>351,652,861</u>
Current liabilities		
Accruals		1,051,651
Prepaid fees		4,081,731
		<u>5,133,382</u>
Total equity and liabilities		<u>361,740,440</u>

Commissioner of Insurance 

Asst. Insurance Supervisor / Accountant 

The accompanying notes form an integral part of these financial statements

**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 occupational pension plans. The Office became operational on 18 December 2002 by 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 adjustors, surveyors as well as the marketing operations of the insurance companies and handle complaints by policyholders against insurance companies and brokers. The operations of the office are funded by the government and fees and levies paid by regulated insurance companies, brokers and agents.

2. Accounting policies.

a. Accounting conventions

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

b. Fixed Assets and Depreciation

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

Office Furniture	20 %
Computer Equipment	20 %

Office of The Commissioner of Insurance
Cash Flow Statement For The Year Ending 31 December 2004

	\$
Cash Flows from operating activities	
Net Income	1,618,415
Adjustments for :	
Depreciation	177,489
Increase in Debtors	(307,633)
Decrease in prepayments	5,072
Decrease in accruals	(791,151)
Decrease in Prepaid fees	(4,081,731)
Total Adjustments	<u>(4,997,954)</u>
Net Cash provided by Operations	(3,379,539)
Cash Flows from Investing activities	
Used for purchase of ;	
Computer Equipment	(123,260)
Office Equipment	(88,000)
Net cash used in investing	<u>(211,260)</u>
Cash Flows from financing activities	-
Net increase (decrease) in cash	<u>(3,590,799)</u>
Summary	
Cash Balance at End of Period	5,880,027
Cash Balance at Beg of Period	<u>9,470,826</u>
Net Increase (Decrease) in Cash	<u><u>(3,590,799)</u></u>

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 occupational pension plans. The Office became operational on 18 December 2002 by 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 adjustors, surveyors as well as the marketing operations of the insurance companies and handle complaints by policyholders against insurance companies and brokers. The operations of the Office are funded by the Government and fees, levies and assessments paid by regulated insurance companies, brokers, agents and pension plans.

2. Accounting policies.

a. Accounting conventions

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

b. Fixed Assets and Depreciation

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

Office Furniture	20 %
Computer Equipment	20 %

3. Registration fees and Assessments

These fees and assessments represent amounts received from insurance companies, agents and brokers, as follows:-

Particulars	2004	2003
	\$	\$
Insurance Companies	8,884,416	6,007,421
Agents	498,500	542,000
Brokers	<u>300,000</u>	<u>300,000</u>
Total	<u>9,682,916</u>	<u>6,849,421</u>

3. Registration fees

These fees represent amounts received from companies, agents and brokers who submitted application for registration with the office during the year, as follows:-

Particulars	Amount
	\$
Insurance Companies	6,007,421
Agents	542,000
Brokers	<u>300,000</u>
Total	<u>6,849,421</u>

4. Professional fees

Chartered Accountants, Ram and McRae were contracted during the period to review the financial statements submitted by insurance companies.

5.	Office Equipment G\$	Computer Equipment G\$	Total G\$
Cost as at			
18 December 2002	46,500	-	46,500
Additions	<u>50,000</u>	<u>579,688</u>	<u>629,688</u>
31 December 2003	<u>96,500</u>	<u>579,688</u>	<u>676,188</u>
Depreciation			
Charge for the Year	<u>9,300</u>	<u>55,207</u>	<u>64,507</u>
Net book value			
At 31 December 2003	<u>87,200</u>	<u>524,481</u>	<u>611,681</u>

6. Statutory deposits

Where an insurer proposes to carry 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 before carrying on any business. These deposits are held until the insurer ceases to be registered. As at 31 December 2003 the Commissioner and the insurers jointly held the following deposits.

Deposits held jointly with the Commissioner of Insurance

Company	Amount Deposited \$	Statutory Requirement \$
Diamond Fire & General Insurance	10,000,000	10,000,000
Guyana & Trinidad Mutual Fire Insurance	73,346,500	95,372,685
Guyana & Trinidad Mutual Life Insurance	18,250,000	18,250,000
Hand in Hand Life Insurance	18,750,000	18,750,000
Hand in Hand Fire Insurance	86,878,000	86,878,000
North American Life Insurance	133,050,506	18,750,000
North American Fire & General Insurance	11,377,855	*
Total deposits made	351,652,861	248,000,685

Note 6 continued

Breakdown of deposits required and funds that have been identified and set aside by companies but have not yet been jointly or solely deposited

Company	Funds Identified & Set Aside \$	Statutory Requirement \$
Clico Life & General Insurance Long Term	18,750,000	18,750,000
Clico Life & General Insurance General	51,297,181	*
Demerara Mutual Life Assurance	12,500,000	12,500,000
Demerara Fire & General Insurance	15,000,000	*
Frandec & Co	6,175,350	6,053,700
GCIS Inc- Long Term Insurance	6,250,000	6,250,000
GCIS Inc- General Insurance	32,338,758	40,788,108
Guyana Fire ,Life & General Insurance - Long Term	18,750,000	18,750,000
Guyana Fire, Life & General Insurance – General Insurance	20,000,000	*
United Insurance	36,685,658	*
Total deposits	217,746,947	103,091,808

Note: * Indicates that sufficient information was not provided to enable a calculation of the deposit requirement.

(a) Companies that have not identified or set aside funds towards their deposits

1. The Great Eagle Star Insurance Company (Guyana) Ltd
2. Republic Insurance Company Ltd
3. Lloyds of London

