# Commissioner of Insurance
# ANNUAL REPORT

For the year ended 31 December 2003

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This report is made in pursuance of section 16 of the Insurance Act 1998 and submitted by the Commissioner of Insurance for consideration by the Minister of Finance.

*Note: Throughout this report the Office of the Commissioner of Insurance, comprising the Commissioner of Insurance and staff, is referred to as "the OCI". The Commissioner of Insurance is referred to as "the Commissioner".*

The OCI is the regulatory body for the insurance and pensions sectors in the Co-operative Republic of Guyana. It is headed by the Commissioner of Insurance ("the Commissioner"), Mrs Maria van Beek, who is charged with the general administration of the Insurance Act 1998 ("the Act").

The primary objective of the OCI is to regulate and supervise participants' activities, with integrity and efficiency, and in so doing help to promote and enhance the reputation of the industry as a cornerstone to the development of Guyana.

As at 31 December 2003 the Commissioner had one member of staff, Mr Imran Huggins, who acts as Assistant Sales and Administration Supervisor.

This is the first Annual Report of the Commissioner in pursuance of section 16 of the recently commenced Act. It reports on the activities of the Commissioner of Insurance and the administration of the Act for the year ended 31 December 2003.

Similar annual reports were produced under previous legislation but due to the absence of a Commissioner of Insurance for many years, no recent reports have been produced.

The data used in this report are mainly provided by companies or derived from company accounts. The end of the financial year for companies vary therefore figures derived from accounts and consolidated in this report may not correspond to a particular time but instead cover values over the year 2003. This distortion will hopefilly be removed in future reports, after the reporting regulations are issued.

The OCI wishes to acknowledge the help of Mr Dennis Gashpar, the Insurance Association of Guyana, the sales managers of the insurance companies, the Government and the staff of the Privatisation Unit and to extend sincere gratitude for their assistance and co-operation.

# CONTENTS

# Commissioner's Overview

## *Activities of the Regulator*

As may be expected for the first full year of operation, 2003 was an extremely busy year for the OCI. It saw the introduction of some of the many changes brought into effect by the new legislation, affecting thousands of persons from sales agents, insurance brokers, employees within the insurance sector, pension plan managers and trustees to members of pension plans and policyholders. These sweeping changes are intended to modernise regulation of the insurance and pensions sectors of the financial market, and in so doing, hopefully boost public and investor confidence in these areas.

The task of alerting affected parties of the changes and their responsibilities was and still is challenging. Although the industry was involved in the drafting of the Act, 4 years would pass before a Commissioner was appointed to administer the Act that was ratified in 1998. During this period and prior to the new legislation being passed, the insurance sector suffered from the lack of regulatory overview. Self-regulation helped companies to maintain some semblance of good management but there was and remains a clear need for improvement in many areas that have seen slippage over the years.

Many pension plans are in a worse condition. They have had no direct supervision and managers and/or trustees of these plans were and in some cases remain uncertain or negligent over their responsibilities to the members of the plans.

The setting up of statutory deposits and funds has begun. This requires insurance companies to identify sufficient and appropriate assets that will be used to meet their obligations to policyholders. The Commissioner is responsible for ensuring they are of sufficient value and comply with the requirements of the Act. This is a big step forward in securing policyholder benefits and should go a far way in promoting confidence in the financial security of the sector. In addition it is a major capital investment in our economy and an indicator that insurance companies remain committed to doing business in Guyana and providing a much needed and valued service.

Other sections of the report demonstrate the numerous activities undertaken by the Commissioner and the OCI. However it is worth mentioning here that the main focus in 2003 of the Commissioner and staff has been the registration of the various participants. In all cases this required an intensive look at their activities and financial affairs. In the absence of regulations, participants needed substantial guidance and direction from the Commissioner who was without staff for half of the year.

While giving some guidance was expected after such an extended absence of a regulator, it was somewhat disappointing that the industry appeared so unprepared for the Act. It appears that the industry either lack the appropriate expertise or have not sufficiently prioritised compliance and demonstration of financial solvency. Neither situation is desirable for an industry plagued by public mistrust. The industry needs to make much better efforts at restoring confidence. Full compliance and importantly demonstration of such compliance will help.

It bodes well for the future that the Commissioner received cooperation from the majority of the industry in most cases when requested. However the industry should not delay compliance with the Act in instances where their responsibilities are clear. We encourage the industry to embrace a culture of openness, self-discipline and pro-activity. The OCI has significant challenges ahead and it is only with the continued co-operation of the participants and government that these may be satisfactorily overcome.

## *The Industry*

2003 proved to be a difficult year for the insurance sector, especially general insurance providers. With the impact of the 9/11 and subsequent events still being felt by reinsurance companies, local fire claims are expected maintain relatively high levels following record high claims in 2002. This may put even more pressure on reinsurance rates. Insurance companies have in the past generally tried to absorb the effects of these increases but this course of action has proved onerous and expensive for most. Nevertheless the general insurance industry appears to have withstood the losses of 2002/2003 and be well placed to face the challenges ahead.

The inability or reluctance of insurance companies to invest in appropriate local instruments weighs heavily on their ability to protect against losses. In particular the lack of fixed interest instruments affects the long-term insurance companies and pension plans the most and will continue to have a significant impact on the cost of insurance and pensions as well as the financial health of these entities. This may either force companies to invest overseas or where this is not possible, lead to serious long-term financial difficulties.

Insurance companies continue to incur high expenses relative to their income. This increases the cost of insurance to the public, offering poor value for money to customers. Companies are urged to make every effort to manage their expenses down to a more appropriate level over the coming years. The OCI sees this problem as one of the most challenging facing the industry.

In the shorter term insurance rates appear to be unsustainable in light of relatively high expenses and high commission. While a solid capital base may support current levels, care should be taken that erosion of capital does not significantly endanger solvency. The industry needs to take an honest and detailed look at its products and question whether or not they are providing value for money and whether it can afford to continue to offer products in their present form. They must seek to balance competitive pressures with the need to operate in a sustainable manner. While this may mean a rate review, at least the same attention must be placed on expenses, commissions and product design.

The industry also appears to be plagued by a lack of technical expertise. In its drive to control expenses the industry must ensure it does not take any backward steps in this area. Our business is complex and it can be fatal to the industry if business decisions are taken without or ignoring the advice of actuaries, underwriters (claims and new business) and other technical personnel.

Our industry has worked hard to provide for the needs of its customers. However it must work harder. In today's world there are many new challenges that need to be faced. I am confident that the experience and commitment that is so prevalent in our industry will be enough to see through the hardest of these. I look forward to serving the industry and country in 2004.

# 1.0 Regulatory Framework and Awareness

The Insurance Act 1970 was repealed and replaced by the Act, which commenced on 18 December 2002.

The Commissioner of Insurance was appointed on 14 October 2002.

Several guidelines, explanatory notes and a draft regulation have subsequently been issued. Further draft regulations as well as the finalisation of draft regulations are expected during 2004.

The Act applies to insurance companies, underwriters, pension plans (excluding the National Insurance Scheme) and insurance intermediaries including brokers and agents.

The industry was generally unprepared for the commencement of the Act despite its ratification since 1998. A seminar was also held in December 2002 by the Commissioner prior to the commencement of the Act to alert invited participants to their requirements. This lack of preparation has unfortunately meant that by varying degrees many within the industry are non-compliant and/or unable to provide information requested in a timely manner. This has also led to delays in the registration processes especially for pension plans and insurance companies. Due to limited resources, we do not anticipate completion of registration for pension plan applications before 2005. However we hope to complete the registration of all insurance companies during 2004.

Another seminar was held by the OCI in August 2003 for insurance companies to increase awareness of the statutory fund and deposit requirements, inform on the budgetary requirements of the OCI and highlight other important areas. A follow-up meeting was held to complete consultations over the OCI budget for 2004.

Individual meetings with all the representatives of the insurance companies were also held during 2003 to discuss particular areas of concern and to seek clarification on other matters. We expect that this will be a regular feature, as it has provides both parties with an opportunity to discuss specific concerns and requirements.

Information submitted by insurance companies regarding their products is still being assessed. Further investigation regarding their reinsurance arrangements is also expected as part of the registration process.

# 2.0 Insurance

## *2.1 Insurance Companies*

During 2003, seventeen insurance companies applied for registration under the Act. A list of these companies is shown in Appendix 1.

Of these, registration for Republic Insurance Company Ltd has not been granted and that company is currently reviewing its position in the market in close co-operation with the OCI. The application for Lloyd's of London is incomplete and being clarified. These two companies are not considered further in the remainder of this report. The remaining companies may be classified as follows:

| | Local | Overseas | Total |
|---|---|---|---|
| Long term Insurers | 4 | 0 | 4 |
| General Insurers | 7 | 1 | 8 |
| Composites | 3 | 0 | 3 |
| Total | 14 | 1 | 15 |

The following is a summary of the classes of insurance business carried on by these insurance companies:

| Class of Insurance Business | Local | Overseas | Total |
|---|---|---|---|
| General Life | 7 | 0 | 7 |
| Health | 5 | 0 | 5 |
| Annuities & Pensions | 6 | 0 | 6 |
| Accident & Liability | 9 | 1 | 10 |
| Auto | 8 | 1 | 9 |
| Aviation & Marine | 5 | 1 | 6 |
| Fire | 8 | 1 | 9 |

Insurance classes appear to be well represented. This should mean a wide selection available to the public. It also implies that competition in these classes should be high.

A new register of Insurance Companies has been established.

The Commissioner met with insurance companies and identified key areas that need improvement. Insurers should now understand what is required of them regarding compliance with the Act. Most companies have been co-operative and we expect that 2004 will show a marked improvement in the quality and quantity of information provided. It is intended that the registration for all compliant companies will be completed during 2004.

Other sections of the report deal with the financial data of insurance companies.

## 2.2 Insurance Intermediaries

### 2.2.1 Brokers

Six insurance brokers have applied for registration. Appendix 2 shows the names of these. Brokers must renew their application for registration annually.

After extensive consultation with brokers, the Commissioner has issued a Code of Conduct for brokers as required by the Act.

### 2.2.2 Insurance Sales Agents

Of the 267 agents that applied for registration, two thirds have completed the registration process. Uncompleted or unclear registration forms caused most of the delays.

The Insurance Association of Guyana ("the IAG") has been assisting the OCI with the registration of agents. It has been appointed to act during 2004 on behalf of the Commissioner in areas of regulation regarding sales agents as provided for in the Act.

Applications received may be classified at time of writing as follows:

| | Registered | Pending | Rejected |
|---|---|---|---|
| Long-term insurance companies | 32 | 7 | 95 |
| General insurance companies | 28 | 24 | 23 |
| Composite companies | 0 | 58 | 0 |
| Total | 60 | 89 | 118 |

It has become apparent that several persons may have previously been operating as agents without appropriate qualifications or training. The requirements of the Act mean that much more investment in the training and monitoring of the sales force is required on an on-going basis. For example the Act requires insurers to be responsible for checking that their agents are fit and competent.

More stringent assessments will also be enforced and measures have been introduced to promote good selling practices and ensure only qualified persons sell insurance to the public. For example all sales agents must produce evidence that they are registered by the OCI to customers before they conduct any business. It is expected that this will take the form of a photo ID badge produced by the OCI.

Sales agents are required to renew their registration annually.

Appendix 3 has a list of all active agents that so far have been registered to conduct business during 2004 and the classes of business for which they have been registered to sell to the public.

### 2.2.3 Other Insurance Intermediaries

These are all other parties that are involved in sales, underwriting and the valuation of insurance related transactions and events. Regulations covering these parties have not yet been prepared.

Our priorities for our limited resources are such that it is unlikely that the necessary groundwork for this aspect of the Act will be completed in the near future.

## *2.3 Deposits*

Fourteen insurance companies deposited with the Commissioner the sum of \$569.4 million. Local banks are currently holding the majority of these deposits.

The positions of the remaining three companies, Great Eagle Star Insurance Company, Republic Insurance Company and Lloyd's of London are being investigated to ascertain whether a deposit is necessary and if so, the size of the deposit.

The deposits may be held as cash and/or bonds guaranteed by approved Governments. The following shows a breakdown by sector:

| | Long term G$M | General G$M | Composite G$M | Total G$M |
|---|---|---|---|---|
| Statutory Deposits | 68.2 | 353.8 | 147.4 | 569.4 |

## *2.4 Statutory Funds*

Both long term and general insurers are required to identify and set aside statutory funds for each class of business they undertake. This is an on-going requirement that must be completed within 4 months following the end of each financial year.

Most companies have still not confirmed this figure with the OCI so we have not included an analysis in this report. However based on estimates derived from company accounts and other information, the total statutory funds have been estimated at about \$7.3 billion, of which \$5.1 billion are long-term funds and the remaining \$2.2 billion are general insurance funds.

These funds must be invested in accordance with Schedule 3 of the Act.

In addition, under section 55 of the Act, long-term insurance companies are required to invest a minimum of 85% of its statutory fund in Guyana; this minimum reducing by 1% for each percent of its assets invested in companies in Guyana to 10%.

The breakdown for statutory funds is unavailable, as all companies have not yet provided this information. Appendix 4 shows the breakdown of total assets by asset class and sector.

Trust deeds are currently being arranged and it is expected that all statutory funds will be held by approved trustees before the end of 2004.

## *2.5 Insurance companies financials*

### 2.5.1 Financial strength

Under Section 68, to be deemed solvent, long-term insurance companies must hold assets that have a value greater or equal to the value of its liabilities. General insurance companies must have an asset value exceeding the value of its liabilities by the greater of $1,000,000 and 25% of its net premium income collected in the preceding financial year. For composites both conditions apply to the respective parts of the business.

Appendix 5 shows a consolidated balance sheet for the industry. This is based on estimates of the statutory funds. Once these have been confirmed, we will also be able to provide individual figures.

Total assets of companies, valued between 31.12.2002 and 31.12.2003, amount to $20.6 billion. This may be split into $13.1 billion for long-term business and the remaining $7.5 billion for general insurance business.

Long term insurance overall appears to have little available capital to write significant new business and/or sustain financial shocks and adverse experience. The possible reasons for this are many. It may be that the industry believes there is little growth potential for existing products and therefore more capital is unnecessary. It is also possible that the picture has been distorted by inaccurate allocation of assets between lines of business. This will need to be checked. It is also possible that this has occurred over time due to inadequate rates or high expenses.

The inability to withstand adverse experience is a serious concern. Further investigation into the causes of this is therefore necessary. It is fortunate that this industry is less prone to sudden shocks compared to general insurance and if acted on immediately the situation can be improved over time.

General insurance net assets are valued well over the required solvency margins and the industry appears to have a significant capital buffer against adverse experience. However it is a source of concern that a significant proportion of assets are held in investments that may be deemed high risk or have highly uncertain value. For example the value of "other assets" for general insurers amount to nearly $1.5 billion or 20% of total assets held by the sector. These include related party receivables and loans. If we exclude these assets from the analysis, the funding ratio drops from 150% to 121%. This gets even worse if we also remove those types of assets that may be allocated to general insurance business held by composites.

Nevertheless it would appear that the industry is still in a good position despite the significant losses sustained over 2002/2003. However it is doubtful that such losses can be afforded over a sustained period.

### 2.5.2 Asset Liability Matching and Liquidity

The nature of assets compared to liabilities is as important as value. Asset and liability matching is therefore to be made part of the monitoring process. Appendix 4 shows broad assets classification by type of insurance business.

It is clear that medium and long-term bonds which generally provide the basis for long-term insurance pricing and reserving exercises are in short supply. This increases the risk of getting premium rates wrong and not holding enough reserves to meet liabilities in the future.

The general insurance industry appears overweight on relatively illiquid assets such as immovable property. Over-exposure in any asset class is generally undesirable as it increases exposure to asset default risk. However high holdings in illiquid assets pose additional problems if a large amount of money is required unexpectedly. One of the lessons of the Jamaican insurance crisis is a large exposure in property (including indirectly with mortgages and similar investments) can cause liquidity problems that can quickly escalate and affect other areas of the financial sector.

Companies have tried to offset this risk by holding relatively large amounts of cash and cash like investments. However this has the downside risk of falling interest rates leading to worse than expected investment returns. For long-term liabilities especially it is extremely important to minimise this risk.

The entire industry has significant assets held that may have uncertain value in the time of a crisis. Composite companies are especially guilty and have been urged to reduce such holdings.

However a lack of other appropriate assets for long and medium term liabilities does not help. The industry appears to be in much need of medium and long term fixed interest and index linked bonds. Property and cash make poor substitutes. In summary, the assets being held by companies appear to be insufficiently diversified and there also may be significant mis-match between assets and liabilities. These increase the risk of poorer than expected returns and impacts profitability in the short term and viability in the long term.

### 2.5.3 Sustainability

We monitor the performance of companies as a way to check adequacy of premium rates and for early indications of potential problems with solvency and capital erosion. However this in itself is not sufficient. Without further information and without previous years to compare against, we cannot make many conclusions at this point and only extremely limited interpretations may be derived.

We hope that we will be able to conduct a more thorough review during 2004.

Appendix 6 shows a constructed revenue account for the industry. We have not yet received the details of reserves and other items that are not shown in the companies' accounts and therefore cannot provide an individual breakdown.

Clearly the general insurance industry has suffered large losses during 2002/2003. However an overall net loss ratio of 39% is still relatively low.

Without the benefit of previous years' analyses, it is not possible to comment on trends within the industry at this stage.

## 3.0 Pension Plans

100 pension plans have applied for registration. These may be classified as follows:

| Manager | Defined Benefit | Defined Contribution | Hybrid | Unclear | Total |
|---|---|---|---|---|---|
| Insurance company | 30 | 48 | 1 | 0 | 79 |
| Trust company | 16 | 1 | 0 | 2 | 19 |
| Self | 2 | 0 | 0 | 0 | 2 |
| Total | 48 | 49 | 1 | 2 | 100 |

Appendix 7 is a list of all pension plans that have applied for registration. Note this may also include plans in the process of being wound up.

It is difficult to comment on whether these represent all the pension plans (active or discontinued) that operate in Guyana. Information received from other sources indicate that there may be more but unfortunately due to very limited resources and with many employers ceasing operations over the years and changes to contact details, we have not yet been able to verify this.

Unfortunately the resources of the OCI are not sufficient at the time of writing to fulfil the requirements of the Act with regard to pension plans. At current staffing levels it may take several years before the relevant regulations, training and registration is completed. It is anticipated that the planned recruitment of an additional member of staff in 2004 will help the situation.

The regulation of pension plans also suffers from the absence of comprehensive legislation covering trusts and trustees. It is unfortunate that common law is still the primary legal application. This reduces the effectiveness of the Act, which requires that all pension plans have a trust deed and trustees. Under the current legislation, only licensed trust companies are regulated (by the Bank of Guyana).

## 4.0 Insurance Arbitration Board & Complaints

Members of the Insurance Arbitration Board were decided in 2003. At present the Board comprises the Commissioner, Mr H. Barrow (representing brokers) and Mr B. Mahadeo (representing insurance companies). Complaints involving insurance policyholders are referred to this Board.

No complaints were referred to the Board in 2003.

Prior to the formation of the Board, the Commissioner received 4 complaints. The Commissioner facilitated in the amicable closure of two and one opted to take legal action. The outstanding active complaint is a pensions matter and legal opinion may be sought.

## 5.0 International Standards

The OCI hopes to adopt the principles of the International Association of Insurance Supervisors in the future. In the interim, we are guided by the practice of Caribbean regulators.

The financial statements of insurance companies and companies sponsoring pension plans should be prepared in accordance with international accounting standards. These are the International Financial Reporting Standards or IFRS.

We have conducted a study to analyse compliance of IFRS by insurance companies. The final results of this are expected in 2004.

It is important for the regulation and development of the industry that international standards be adopted. Not only does this reduce the risk of financial failure, but it also improves comparability, management and protection of policyholder and shareholder rights.

## 6.0 Conferences and training

The Commissioner attended a conference for Caribbean insurance supervisors hosted by CARTAC and CIDA in Bahamas in May 2003. This proved extremely useful and productive, not only regarding the informative topics but also as an opportunity to meet with fellow regulators and establish useful contacts.

The Commissioner attended a pensions symposium in Barbados in June 2003 hosted by the Caribbean Development Bank. This highlighted the potential usefulness of private pension providers and different ways policymakers have dealt with rising pensions cost.

The Assistant Sales and Administration Supervisor attended several training programs aimed at familiarising him with some of the more technical aspects of insurance business and insurance sales.

Both the Commissioner and staff attended a conference hosted by the Bank of Guyana covering new and existing accounting standards that companies are expected to comply with and the difficulties faced with introducing these requirements in Guyana.

## Appendix 1: Insurance Companies that applied for registration in 2003

| Name of Insurance Company | Long-term Insurance Classes | General Insurance Classes |
|---|---|---|
| Clico Life & General Insurance Company (SA) Ltd | 1, 2, 3 | 1, 2, 4 |
| Diamond Fire & General Insurance Inc | N/a | 1, 4 |
| Frandec & Co, Inc | N/a | 1 |
| GCIS Inc. | 1 | 1, 2, 3, 4 |
| Guyana & Trinidad Mutual Fire Insurance Company Ltd | N/a | 1, 2, 3, 4 |
| Guyana & Trinidad Mutual Life Insurance Company Ltd | 1, 2, 3 | N/a |
| Guyana Fire, Life & General Insurance Company Inc | 1, 2, 3 | 1, 2, 3, 4 |
| Hand-in-Hand Mutual Fire Insurance Company Ltd | N/a | 1, 2, 3, 4 |
| Hand-in-Hand Mutual Life Assurance Company Ltd | 1, 2, 3 | N/a |
| Lloyd's of London | To be confirmed | To be confirmed |
| North American Fire & General Insurance Co. Ltd. | N/a | 1, 2, 3, 4 |
| North American Life Insurance Co. Ltd. | 1, 2, 3 | N/a |
| Republic Insurance Company Ltd | N/a | 2 |
| The Demerara Fire and General Insurance Co. Ltd | N/a | 1, 2, 4 |
| The Demerara Mutual Life Assurance Society Ltd | 1, 3 | N/a |
| The Great Eagle Star Insurance Company (Guyana) Ltd | N/a | 2 |
| United Insurance (represented by John Fernandes Insurance Services Ltd) | N/a | 1, 2, 3, 4 |

Classes of insurance business are defined in schedules 1 and 2 of the Act as follows:

| Long-term insurance | |
|---|---|
| 1 | General Life |
| 2 | Health |
| 3 | Annuities and Pensions |
| **General Insurance** | |
| 1 | Accident and Liability |
| 2 | Auto |
| 3 | Marine and Aviation |
| 4 | Fire |

## Appendix 2: Insurance Brokers

Abdool & Abdool Inc.
Apex Insurance Brokers Inc.
Insurance Brokers - Guyana - Ltd
M.P. Insurance Brokers & Consultants Ltd
P&P Insurance Brokers & Consultants Ltd
Raj Singh Insurance Brokers & Risk Management Consultants

## Appendix 3: Registered Insurance Agents

| Agent Name | Long Term Insurance - Registered Classes | General Insurance – Registered Classes |
|---|---|---|
| Alexander : Aubrey | | 4 |
| Alli : Irshaad Munaf | | 1,2,4 |
| Augustus : Trevor A | 1,2 | |
| Baksh : Mohamed S | | 1,2,4 |
| Belle : Christi | 1,2 | |
| Broomes : Albertha | 1,2 | |
| Cadogan : Donna | | 1,2,4 |
| Caesar : Colin Anthony | 1,2 | |
| Chandebal : Khamechand | | 2,4 |
| Clarke : Charles | 1,2 | |
| Clarke : Kurt | 1,2 | |
| Clarke : Patricia | | 4 |
| Clarke : Shawn Wilson | 1,2 | |
| Cox : Elizabeth | 1,2 | |
| D' Onellas : Neil A. | 1,2 | |
| De Nobrega : Aubrey | | 1,2,4 |
| Ghaness : Totaram | 1,2 | |
| Gibbs : Ninion | | 4 |
| Gobin : Sugrim | 1,2 | |
| Gomanie : Devenand | 1,2 | |
| Gomes : Benson Rawle | 1,2 | |
| Goodchild : Michael | 1,2 | |
| Gooding : Joseph A. | 1,2 | |
| Griffith : Chioma | | 4 |
| Hackette : Edward | 1,2 | |
| Hendricks : Olivia J | 1,2 | |
| Holder : Norma Sophia | 1,2 | |
| Hutson : Penelope | 1,2 | |
| Jaikaran : Mahendra | | 4 |
| Jardine : Marisa Jennifer | | 4 |
| Jones : Elwin Stevenson | | 4 |
| King : Elisa | | 4 |
| Lall : Madho | | 4 |
| Legall : Ronald E. | 1,2 | |
| London : Anthony | | 4 |
| Luckham : Walter Ivan | | 1,2,4 |
| Lustal : Henry | 1 | |
| Lynch : Monique | | 4 |

| Agent Name | Long Term Insurance - Registered Classes | General Insurance – Registered Classes |
|---|---|---|
| continued | continued | continued |
| Mc Kenzie : Richard | | 4 |
| Mc Lean : Mark Anthony | | 1,4 |
| Milner : Winston | | 4 |
| Munsami : Shanzaman | 1,2 | |
| Noord : Charles J | 1,2 | |
| Omo : Sase | 1,2 | |
| Persaud : Ramesh T | | 1,2,4 |
| Persaud : Robert | | 1,2,4 |
| Rampersaud | 1,2 | |
| Reid : Alexander | 1,2 | |
| Roberts : Susette E. | 1,2 | |
| Samuels : Franklin C. | 1,2 | |
| Singh : Hansraj | 1,2 | |
| Singh : Hardat | | 1,2,4 |
| Singh : Khemraj | | 4 |
| Skeete : Fiona | | 4 |
| Soman : Jerome A. | | 4 |
| Spencer : Rofurce | 1,2 | |
| Sukhu : George | 1,2 | |
| Sulker : Tyron | 1,2 | |
| Tulloch : Clement J | | 1,2,4 |
| Warren : Roy Hulbert | 1,2 | |

Fourteen of the above agents are still being considered for registration of additional classes

Classes of insurance business are defined in schedules 1 and 2 of the Act.

## Appendix 4: Asset classification

Total Assets (in millions)

| Asset classes | Long-term insurers | | General insurers | | Composites | |
|---|---|---|---|---|---|---|
| Bonds (local) | 290.3 | 3% | 313.9 | 5% | 25.4 | 1% |
| Bonds (overseas) | 407.5 | 4% | 34.1 | 1% | 0 | 0% |
| Other securities (local) | 1,539.9 | 14% | 733.4 | 12% | 550.2 | 14% |
| Other securities (overseas) | 188.6 | 2% | 484.7 | 8% | 764.3 | 19% |
| Immovable property | 1836.7 | 17% | 1,764.4 | 30% | 148.9 | 4% |
| Cash | 3,293.9 | 30% | 952.7 | 16% | 791.7 | 20% |
| Policy loans | 1,208.2 | 11% | 0 | 0% | 0 | 0% |
| Mortgages | 521.5 | 5% | 142.8 | 2% | 227.3 | 6% |
| Other | 1,401.9 | 13% | 1,508.5 | 25% | 1,447.4 | 37% |
| | | | | | | |
| **Totals** | **10,688.5** | | **5,934.5** | | **3,955.2** | |

Values are a mix of ledger value and market value. With the introduction of appropriate regulations, values will in future be given as fair value (generally market value).

Asset classes are chosen based on typical industry investments and also by broad categories outlined in the Act.

## Appendix 5: Constructed Industry Balance Sheet

| **Balance sheet for long-term business** | 2002/2003 |
|---|---|
| **Assets** | **13,064,197,936** |
| Deposit & estimated statutory funds | 5,255,543,327 |
| Overseas policyholder liabilities | 6,173,207,417 |
| Other liabilities* | 1,081,017,965 |
| **Total liabilities** | **12,509,768,709** |
| Other capital | 554,429,227 |
| **Assets/liabilities** | **104%** |

| **Balance sheet for general insurance** | 2002/2003 |
|---|---|
| **Assets** | **7,514,037,332** |
| Deposit & estimated statutory funds | 2,636,823,310 |
| Overseas policyholder liabilities | 0 |
| Other liabilities* | 2,330,040,921 |
| **Total liabilities** | **4,966,864,231** |
| Other capital | 2,547,173,101 |
| Required Solvency margin | 494,711,769 |
| **Assets/liabilities** | **151%** |

## Appendix 6: Revenue Account

| Revenue account for Long-term insurance | 2003/2002 |
|---|---|
| Net premiums | 2,678,951,211 |
| Investment & other income | 656,331,406 |
| **Total income** | **3,335,282,617** |
| Net claims, surrenders & maturities | 973,368,968 |
| Expenses | 999,869,308 |
| Net Commission | 245,036,175 |
| **Total Expenditure excl tax** | **2,218,274,451** |
| Tax paid* | 41,617,291 |
| Net revenue | 1,075,390,875 |
| Net transfer from/(to) insurance funds** | (1,075,390,875) |

** Insurers require the advice of an actuary before transferring any money out of long-term funds. Therefore in the absence of such we have assumed that all revenue has been retained in the funds.

| Revenue account for General Insurance | 2003/2002 |
|---|---|
| Net earned premiums (allows for changes in unearned premium reserves) | 1,821,791,230 |
| Investment & other income | 183,580,401 |
| **Total income** | **2,005,371,631** |
| Net Incurred Claims | 706,751,187 |
| Expenses | 1,037,128,163 |
| Net Commission | 324,813,962 |
| **Total Expenditure excl tax** | **2,068,693,311** |
| Tax paid* | 62,498,610 |
| Net revenue | -125,820,291 |

*estimate

## Appendix 7: Pension plans that applied for registration in 2003

| Name of Plan | Manager |
|---|---|
| Singer Sewing Machine Company Staff Pension Fund Plan | CLICO |
| Shell Antilles & Guianas Ltd Contributory Pension Fund | CLICO |
| Guyana Bank for Trade & Industry Ltd Group Pension Fund Plan | CLICO |
| Kayman Sankar and Company Ltd Pension Fund Plan | CLICO |
| Linden Town Council Group Annuity Plan | CLICO |
| Continental Group of Companies Pension Fund Plan | CLICO |
| New Guyana Marketing Corporation Deposit Administration Policy | CLICO |
| Guyana Fertilizers Ltd Pension Fund Plan | CLICO |
| John Fernandes Ltd | DML |
| Demerara Mutual Life Assurance Society Ltd - Office Staff | DML |
| Demerara Mutual Sales Representatives Pension Scheme | DML |
| Guyana Telephone & Telegraph Company Defined Benefit Pension Plan for Employees | DML |
| Bauxite Industry Pension Plan | GNCB Trust |
| Guyana Geology & Mines Commission Pension Plan | GNCB Trust |
| Guyana School of Agriculture Pension Plan | GNCB Trust |
| Guyana Electricity Corporation Pension Plan | GNCB Trust |
| National Agriculture Research Institute Pension Plan | GNCB Trust |
| Sugar & Trading Enterprise Pension Plan | GNCB Trust |
| National Bank of Industry & Commerce Ltd | GTM LIFE |
| Demerara Tobacco Company Ltd | GTM LIFE |
| Sales Representatives of Guyana and Trinidad Mutual Insurance Companies | GTM LIFE |
| Diocese of Guyana | GTM LIFE |
| Francis De Caires & Co Ltd | GTM LIFE |
| Humphrey & Company Ltd | GTM LIFE |
| Correia Group of Companies | HH LIFE |
| National Frequency Management Unit | HH LIFE |
| Guyana Stockfeeds Inc | HH LIFE |
| Guyana Civil Aviation Authority | HH LIFE |
| Laparkan Trading (Guyana) Company Ltd and Laparkan Holdings | HH LIFE |
| Ansa McAl Trading Ltd | HH LIFE |
| Central Housing and Planning Authority | HH LIFE |
| Bank of Boroda | NALICO |
| U.S. Embassy | NALICO |
| North American Life Insurance Company Ltd | NALICO |
| North American Fire & General Insurance Company Ltd | NALICO |
| Guyana Bank for Trade & Industry Ltd | NALICO |
| Guyana National Industrial Company Inc | Self |
| Demeral Distillers Ltd Pension Plan | TCG |
| Courts (Guyana) Inc Pension Plan | TCG |
| Fogarty Pension Scheme | TCG |
| T. Geddes Grant (Guyana) Ltd Pension Scheme | TCG |
| New Building Society Pension Plan | TCG |
| Neal & Massy Group Pension Scheme | TCG |

| | |
|---|---|
| GEB Pension Plan | TCG |
| New GPC Inc Pension Plan | TCG |
| Hand in Hand Pension Scheme | TCG |
| Sterling Products Ltd Pension Scheme | TCG |
| Demerara Power Company Group Flexible Premium Annuity | CLICO |
| Guyana Office for Investment Group Flexible Premium Annuity | CLICO |
| Linden Power Company Inc Group Flexible Premium Annuity | CLICO |
| Banks DIH Group Flexible Premium Annuity | CLICO |
| Guyana Revenue Authority Group Flexible Premium Annuity | CLICO |
| Clico Life & General Insurance Co (SA) Ltd Agents Pension Fund Plan | CLICO |
| Clico Life & General Insurance Co (SA) Ltd Staff Pension Fund Plan | CLICO |
| Guyana Agricultural & General Workers' Union Group Flexible Premium Annuity | CLICO |
| C.A.Phillips Ltd | DML |
| Friendship Slipway & Co Ltd | DML |
| John Fernandes Insurance Services Ltd | DML |
| Rentokil (Guyana) Ltd | DML |
| Little Equipment Repairs & Bunkering | DML |
| Guyana Forestry Commission | DML |
| Caricom Rice Mills Ltd | DML |
| PBS Investment Ltd | DML |
| Mards Rice Milling Complex (Georgetown) | DML |
| Mards Rice Milling Complex (Mahaicony) | DML |
| Moravian Church | DML |
| Guyana Broadcasting Corporation | DML |
| Guyana Congregational Union | DML |
| Guyana Rice Development Board | DML |
| GNCB Trust Corporation Pension Plan | GNCB Trust |
| Omai Gold Mines Ltd | GTM LIFE |
| Mae's Under 12 School | GTM LIFE |
| Central Garage Ltd | GTM LIFE |
| Sodexho Marriott Services Ltd | GTM LIFE |
| Camex Ltd | GTM LIFE |
| National Data Management Authority | GTM LIFE |
| Guyana Energy Agency | GTM LIFE |
| Aroaima Mining Company Inc (Hourly Plan) | GTM LIFE |
| Aroaima Mining Company Inc (Staff Plan) | GTM LIFE |
| Trust Company Guyana Ltd | GTM LIFE |
| Sugar Industry Labour Welfare Fund Committee | GTM LIFE |
| C&F Meat Centre | GTM LIFE |
| East Demerara Water Conservancy Board | GTM LIFE |
| Evangelical Lutheran Church in Guyana | GTM LIFE |
| Guyana Water Inc | GTM LIFE |
| Marics & Company Ltd | GTM LIFE |
| Mayor & Councillors of the City of Georgetown | GTM LIFE |
| Guyana Presbyterian Church | GTM LIFE |
| The Citizens Bank (Guyana) Inc | HH LIFE |
| P&P Insurance Brokers & Consultants Ltd | HH LIFE |
| Guyana National Bureau of Standards | HH LIFE |
| Marian Academy Inc | HH LIFE |
| Food for the Poor (Guyana) Inc | HH LIFE |

| | |
|---|---|
| Machinery Corporation of Guyana Ltd | HH LIFE |
| Grains Guyana Ltd | HH LIFE |
| Guyana Natural Resources Agency | GTM LIFE |
| Linden Mining Enterprise Thrift Plan | GNCB Trust |
| Mahaica Mahaicony Abary Agricultural Development Authority Pension Plan | GNCB Trust |
| Guyana National Co-Operative Bank Group Flexible Premium Annuity | CLICO |
| Wieting and Richter Pension Scheme | Self |

Institutional plan managers applying on behalf of plans are:

| | |
|---|---|
| Clico Life & General Insurance Company (SA) Ltd | CLICO |
| Guyana & Trinidad Mutual Life Insurance Company Ltd | GTM Life |
| Hand-in-Hand Mutual Life Assurance Company Ltd | HH Life |
| GNCB Trust | GNCB Trust |
| Trust Company Guyana | TCB |
| North American Life Insurance Co. Ltd. | NALICO |
| The Demerara Mutual Life Assurance Society Ltd | DML |