

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

**FOR THE PERIOD  
1 JANUARY TO 22 JULY 2009**

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



## *Audit Office of Guyana*

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AG: 68/2009

17 August 2009

**REPORT OF THE AUDITOR GENERAL**  
**ON THE FINANCIAL STATEMENTS**  
**OF THE OFFICE OF THE COMMISSIONER OF INSURANCE**  
**FOR THE PERIOD 1 JANUARY TO 22 JULY 2009**

We have audited the accompanying financial statements of the Office of the Commissioner of Insurance which comprised of the balance sheet for the period 1 January to 22 July 2009, 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 for the period 1 January to 22 July 2009 and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

  
D. SHARMA

AUDITOR GENERAL (ag.)

AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**OFFICE OF THE COMMISSIONER OF INSURANCE**  
**Statement of Comprehensive Income For the Period 1 Jan - 22 July 2009**

	Notes	2009	2008
		\$	\$
<b>INCOME</b>			
Assessment, registration fees	3	9,441,773	24,070,925
Government Subvention		-	2,000,000
Interest	9	133,508	281,606
Miscellaneous Income		35,400	53,500
		<u>9,610,681</u>	<u>26,406,031</u>
<b>EXPENSES</b>			
Administration		621,179	1,131,707
Bank charges		7,900	8,950
Depreciation	4	339,877	792,850
Salaries		13,290,745	23,995,764
Loss on Disposal of Asset		48,611	-
Motor Vehicle		311,836	222,519
		<u>14,620,148</u>	<u>26,151,790</u>
<b>Net Income/(Deficit)</b>		<u><u>(5,009,467)</u></u>	<u><u>254,240</u></u>

**Statement of Changes in Equity**

	2009	2008
	\$	\$
Balance as at 31 December 2008	20,241,615	19,987,375
Income / (Deficit) for the Period	(5,009,467)	254,240
<b>Balance as at 30 June 2008</b>	<u><u>15,232,148</u></u>	<u><u>20,241,615</u></u>

**OFFICE OF THE COMMISSIONER OF INSURANCE**  
**Statement of Financial Position as at 22 July 2009**

	Notes	2009	2008
		\$	\$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	4	1,923,771	2,292,895
Statutory Deposits	5	724,036,249	707,623,555
		725,960,020	709,916,450
<b>Current Assets</b>			
Cash at Bank	7	13,283,377	19,245,883
Petty Cash		25,000	25,000
Receivables & Prepayments	6	-	29,940
		13,308,377	19,300,823
<b>Total Assets</b>		<b>739,268,397</b>	<b>729,217,273</b>
<b>EQUITIES &amp; LIABILITIES</b>			
Retained Earnings		15,232,148	20,241,615
<b>Non-Current Liabilities</b>			
Deposits held for Insurers		724,036,249	707,623,555
<b>Current Liabilities</b>			
Accruals	8	-	1,352,103
<b>Total Current Liabilities</b>		-	1,352,103
<b>Total Equity &amp; Liabilities</b>		<b>739,268,397</b>	<b>729,217,273</b>

Commissioner of Insurance..... *Mary G. Ryan*.....

Assistant Commissioner (Risk and Operations).... *J. Samaroo*.....

**OFFICE OF THE COMMISSIONER OF INSURANCE**  
**Statement of Cash Flows For the Period 1 Jan-22 Jul 2009**

	2009	2008
	\$	\$
<b>Cash Flows from Operating Activities</b>		
<b>Net Income/(Deficit)</b>	<b>(5,009,467)</b>	<b>254,240</b>
<b>Adjustments for:</b>		
Depreciation	339,877	792,850
Loss on Disposal of Asset	48,611	-
(Increase)/Decrease in Receivables	29,940	-
Increase/(Decrease) in Accruals	(1,352,103)	(1,114,347)
<b>Total Adjustments</b>	<b>(933,675)</b>	<b>(321,497)</b>
<b>Net Cash Provided by Operations</b>	<b>(5,943,142)</b>	<b>(67,257)</b>
<b>Cash Flows from Investing Activities</b>		
<b>Used for purchase of:</b>		
Computer Equipment	(19,364)	(273,694)
Office Equipment	-	(163,539)
Motor Vehicle	-	-
<b>Net cash used in Investing</b>	<b>(19,364)</b>	<b>(437,233)</b>
<b>Net increase/(Decrease) in Cash</b>	<b>(5,962,506)</b>	<b>(504,490)</b>
<b>Summary</b>		
Cash Balance at End of Period	13,308,377	19,270,883
Cash Balance at Beginning of Period	(19,270,883)	(19,775,373)
<b>Net Increase/(Decrease) in Cash</b>	<b>(5,962,506)</b>	<b>(504,490)</b>

**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 18<sup>th</sup>, 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:-

<b>Particulars</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Assessments</b>		
Insurance Companies	8,728,673	23,394,885
Pension Plans	-	-
Brokers	100,000	250,000
<b>Sub Total</b>	<u>8,828,673</u>	<u>23,644,885</u>
 <b>Registration Fees</b>		
Insurance Companies	250,000	-
Agents	113,100	426,040
Brokers	-	-
Pension Plans	250,000	-
<b>Sub Total</b>	<u>613,100</u>	<u>426,040</u>
 <b>Total</b>	 <u><u>9,441,773</u></u>	 <u><u>24,070,925</u></u>



**OFFICE OF THE COMMISSIONER OF INSURANCE**

**NOTES ON THE ACCOUNTS**

**4 Fixed Assets**

	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Costs as at</b>				
1 January 2009	880,569	1,710,265	1,796,000	4,386,834
Disposal	-	(189,346)	-	(189,346)
Additions	-	19,364	-	19,364
<b>30 June 2009</b>	<b>880,569</b>	<b>1,540,283</b>	<b>1,796,000</b>	<b>4,216,852</b>
<b>Depreciation</b>				
1 January 2009	347,973	1,062,010	683,956	2,093,939
Depreciation on Disposal	-	(140,735)	-	(140,735)
Charge for the year	42,232	134,043	163,602	339,877
<b>31 December 2007</b>	<b>390,205</b>	<b>1,055,318</b>	<b>847,558</b>	<b>2,293,081</b>
<b>Net Book Value</b>				
<b>30 June 2009</b>	<b>490,364</b>	<b>484,965</b>	<b>948,442</b>	<b>1,923,771</b>
<b>31 December 2008</b>	<b>532,596</b>	<b>648,255</b>	<b>1,112,044</b>	<b>2,292,895</b>

**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**

<b>Company</b>	<b>Amount Deposited</b>	<b>Statutory Requirement</b>
	<b>\$</b>	<b>\$</b>
Frandec	8,731,582	8,684,688
Diamond Fire & General Insurance	17,382,052	17,630,633
Guyana & Trinidad Mutual Fire Insurance	138,899,326	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	21,445,791	18,750,000
North American Fire Insurance	105,195,871	85,008,369
Clico Life & General Insurance	47,496,088	34,767,685
GCIS	46,224,082	43,552,200
Caricom General Insurance Inc.	67,141,879	44,929,083
United Insurance	48,437,847	41,103,121
Demerara Fire & General insurance	19,442,545	16,373,588
Demerara Mutual Life Insurance	14,268,629	12,500,000
	<b>724,036,249</b>	<b>629,238,170</b>

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

	2009	2008
<b>6 Prepayments</b>		
GT&T DSL Broadband Chgs - January to March 2009 @ \$9,980	<u>\$ -</u>	<u>\$ 29,940</u>
<b>7 Cash at Bank</b>		
	\$	\$
Current account # NBIC 654-367-2	818,263	3,669,987
Savings account # NBIC 261-008-7	12,465,114	15,575,897
	<u>13,283,377</u>	<u>19,245,883</u>
<b>8 Accruals</b>		
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>-</u>	<u>1,352,103</u>
<b>9 Interest</b>		
Interest Received	166,885	352,007
Less W/Holding Tax	(33,377)	(70,401)
<b>Net Interest</b>	<u>133,508</u>	<u>281,606</u>