ANNUAL REPORT 2019

IICF

Insurance Industry Compensation Fund

under the aegis of the Ministry of Financial Services and Good Governance

CONTENTS

CHAIRPERSON'S MESSAGE

During the course of the year, we have seen the number of claims submitted by victims of hit and run road traffic accidents total twenty for the year. In times where road traffic accidents remain high, a total compensation amount of MUR 1,800,000 has been paid to assist victims whose claims have been approved by the IICF. We trust that the compensation paid to victims will to an extent diminish the affliction caused by hit-and-run accidents.

The increase in successful claims and compensation figures is the result of amendments proposed by the IICF and which came into force in August 2018. The process is swifter and the payments more commensurate to the needs of victims who have suffered and, in some cases, still suffer from emotional and physical trauma.

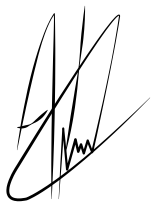
Following the transition to its new office on the 8^{th} floor of the SICOM Tower, Ebène, the IICF carried out a tedious recruitment exercise and recruited two Office Secretaries who assist the Managing Committee in its administrative duties and also victims aggrieved by the aftermath of hit-and-run road traffic accidents who apply to the IICF for compensation.

In line with Government's ambition to place Information and Communication Technology at the forefront of its agenda, we have launched our user-friendly website where claimants can submit their claim forms electronically.

Furthermore, our team is working on proposed amendments to the Insurance (Industry Compensation Fund) Regulations to broaden the scope of assistance to victims of road accident.

I am thankful to each and every member of the Managing Committee, the Technical Sub-Committee and our staff for their commendable work during the year.

Yours faithfully,



Anas Rawat
Chairperson

MANAGEMENT REPORT

year ended 31 December 2019

Background Information

The Insurance Industry Compensation Fund (the 'IICF') was established under section 88(1) (b) of the Insurance Act 2005.

A Hit & Run Sub-fund was set up to provide for the payment of compensation to persons suffering personal injury in road traffic accidents where the tortfeasor or the vehicle which caused the injury is untraceable.

Initially, the Hit & Run Sub-fund paid compensation to those victims in accordance with the amounts prescribed in the Second Schedule to the Insurance (Industry Compensation Fund) Regulations 2015 (the 'Principle Regulations').

The Principle Regulations were made by the Minister of Financial Services and Good Governance (the 'Minister') and came into force on 1^{st} January 2016.

In August 2018, the Principle Regulations were amended by the Insurance (Industry Compensation Fund) (Amendment) Regulations 2018 which brought the following salient changes in the interest of victims:

(1) the amount of compensation payable to victims of hit and run road traffic accidents was increased; and
(2) compensation claims may now be made to the IICF within 3 months from the date of the accident instead of the previous longer period of 6 months.

Future of the IICF

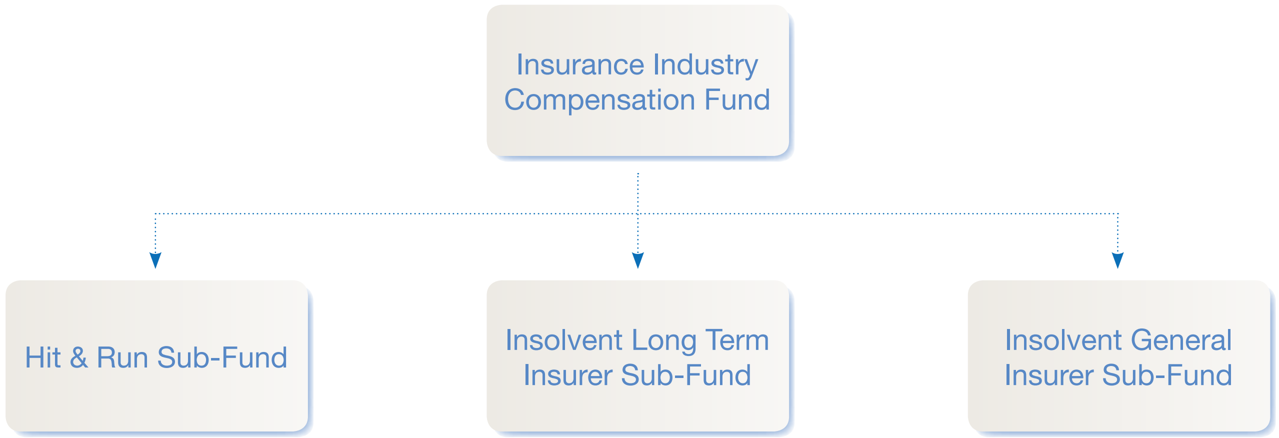
Section 88 (1) (a) of the Insurance Act stipulates that the IICF has the power to pay any claims, in respect of risks situated in Mauritius against an insurer which remain unpaid by reason of the insolvency of the insurer.

The IICF may be organised in Section 88 (2) of the Insurance Act 2005 allows the IICF to be organised in different sub-funds designed to provide for compensation in respect of different classes of policies or parts of classes of policies.

The IICF will thus create two new sub-funds which will be known as:

(a) The Insolvency Long Term Insurer Sub-fund; and
(b) The Insolvent General Insurer Sub-fund.

After finalisation of the new sub-funds, the IICF's new structure will consist of three pillars as illustrated:



Contribution

As present, the IICF is financed by regular contributions from insurance companies.

The contribution rate is prescribed in First Schedule to the Insurance (Industry Compensation) Fund Regulations 2015.

Administration

The IICF is managed and administered by a Managing Committee appointed by the Ministers. The Managing Committee has appointed a Technical Sub-Committee to assist it in its managerial duties.

Claims Received

During the year under review, the IICF received twenty claims under the Hit and run Sub-fund, out of which, only one was not paid as it did not meet the legal requirements.

As at 31st December 2019, 14 claims were pending while awaiting police and medical reports.

Contributions Received

The contribution received from insurers for the year under review amounted to MUR 40,443,383 and interest income amounted to MUR 3,318,053.

Claims Paid

The total amount disbursed for payment of compensation to eight victims for the year under review amounted to Rs 1,800,000.

Amount of Compensation Fund

As at 31st December 2019, the Hit and Run sub-fund stood at MUR 147,307,200.

Website

The IICF website was launched in the year under review enabling claimants to submit their applications electronically.

New office space

The IICF has been allocated an office space on Level 8, Sicom Tower Wall Street, Ebene, by the Ministry of Financial Services and Good Governance.

Recruitment of Staff

After a selection exercise was carried out, two Office Secretaries were recruited by the IICF.

Advertising Campaign

In order to raise awareness of the existence of the IICF, its activities and purpose, press publications in the form of communiqués and radio programs were organised.

IICF also participated in the Financial Literacy Fair organised by the Ministry of Financial Services and Good Governance so as to inform the general public about the IICF's objectives.

Cooperation with Third Parties

Meetings were held with stakeholders such as Municipal Councils, District Councils and citizen support units whereby mutual agreements were concluded in order to raise awareness of the IICF.

The IICF is also working in close collaboration with each Police division to locate and identify Hit and Run victims across Mauritius.

Meetings of the Managing Committee

As required by Regulation 5 of the Principle Regulations which provides that the Managing Committee shall meet as often as is necessary and at least once every 3 months, the Managing Committee met nineteen times during the year under review.

The Managing Committee was originally appointed on 5th February 2016 by the Minister and was reconstituted in July 2017.

FUND DATA

			Date of appointment
MANAGING COMMITTEE	Me. Anas Moussa Ismael Rawat	Chairperson	05 July 2017
	Mr Pradeo Buldee	MC Member	28 July 2017
	Mr Louis Eric Salmine	MC Member	28 July 2017
	Mr Mamode Raffic Elahee	MC Member	05 July 2017
	Mr Ranjaysingh Koonbeeharry	MC Member	17 November 2017
	Me. Bishan Ramdenee	TC Member	14 June 2018
	Mr Tedj Iswar Boodia	TC Member	14 June 2018
	Mr Parmessur Chummun	TC Member	13 December 2018
	Miss Beebee Raaniyah Bhunnoo	Secretary	30 May 2018
	Miss Maneesha Gokool	Secretary	28 January 2019
REGISTERED OFFICE	**Insurance Industry Compensation Fund** Level 8 SICOM Tower Wall street Ebene Mauritius		
BANKERS	**Absa Bank Mauritius Limited** 1st Floor, ABSA House 68-68A Cybercity Ebene Mauritius **MauBank Ltd** 25, Bank Street,Cybercity Ebene Mauritius		
AUDITOR	**RSM Mauritius** Room 109 Moka Business Centre Mount Ory Road, Bon Air Moka Mauritius		

CORPORATE GOVERNANCE REPORT

for the year ended 31 December 2019

1.0 Preamble

The National Code of Corporate Governance for Mauritius (the “Code”) requires the Board to ensure reporting requirements on Corporate Governance are in accordance with the principles of the Code.

2.0 Managing Committee of the IICF

For the period starting from 1st January 2019 to 31st December 2019 (the ‘Reporting Period’), the Managing Committee of the IICF (the ‘Managing Committee’), consisted of five members including the Chairperson, namely-

1. Mr. Anas Moussa Ismael Rawat - appointed as Chairperson on 5th July 2017
2. Mr. Eric Louis Salmine – appointed as member on 28th July 2017
3. Mr. Mamode Raffic Elahee – appointed as member on 5th July 2017
4. Mr. Pradeo Buldee – appointed as member on 28th July 2017
5. Mr. Ranjaysingh Koonbeeharry – appointed as member on 17th November 2017

Since May 2018, Miss Raaniyah Bhunnoo, Office Management Assistant at the Ministry of Financial Services and Good Governance is acting as Secretary to the Managing Committee and Technical Sub-Committee. On the 28th January 2019, Miss Maneesha Gokool and Miss Marie Rebecca Premila Veeren were appointed as Office Secretary for administrative duties. On 17th September 2019, Miss Veeren tendered her resignation as Secretary with immediate effect.

3.0 Role of the Managing Committee

Pursuant to Regulation 4(1) (a) of the Insurance (Industry Compensation Fund) Regulations 2015, the Managing Committee is responsible for the management and administration of the IICF.

The Managing Committee was assisted in the discharge of its functions by members of the Technical Subcommittee.

4.0 Meetings of the Managing Committee

Regulation 5(1) of the Insurance (Industry Compensation Fund) Regulations 2015, requires the Managing Committee to meet as often as is necessary but at least once every 3 months.

During the Reporting Period, the Managing Committee satisfied the requirements of Regulation 5(1) and met on 19 occasions in intervals of less than three months.

The Chairperson and members of the Managing Committee attended the following number of meetings:

Members	Date of appointment
Me Anas Moussa Ismael Rawat	19
Mr. Eric Louis Salmine	17
Mr. Mamode Raffic Elahee	17
Mr. Pradeo Buldee	10
Mr. Ranjaysingh Koonbeeharry	12

5.0 Chairperson's and Members' Fees

The remunerations of the Chairperson and members of the Managing Committee were as follows –

Members	Remunerations for the Reporting Period (MUR)
Me Anas Moussa Ismael Rawat (Chairperson)	329,150
Mr Eric Louis Salmine	211,395
Mr Mamode Raffic Elahee	211,395
Mr Pradeo Buldee	211,395
Mr Ranjaysingh Koonbeeharry	211,395

6.0 Related Party Transactions and Disclosure for the Reporting Period

The terms and conditions of the appointment of the members of the Managing Committee are determined by the Minister of Financial Services and Good Governance. No conflict of interest or related party transaction was reported.

7.0 Explanation on the application of the principles of the Code

It is to be noted that-

(1) relevant Corporate Governance disclosures, financial disclosures and disclosures on the activities of the Managing Committee have been made in the Annual Report 2019;

(2) the appointment of the Chairperson and members of the Managing Committee is made by the Minister of Financial Services and Good Governance in accordance with Regulation 4(1)(b) of the Insurance (Industry Compensation Fund) Regulations 2015. The composition of the Managing Committee is diverse and its members are all independent from the parent Ministry;

(3) the financial statements of the IICF for the Reporting Period have been audited by an external auditor, RSM Mauritius;

(4) the operation of the IICF has limited impact on the environment and the statutory objective of the IICF is of a social nature; and

(5) given the nature of the IICF's operations, the other principles of the Code have limited application. For example, it would not have been practical for the IICF to have a Corporate Governance Committee and an Audit & Risk Committee as well as Internal Control/Audit functions. In addition, it would not have been necessary or cost effective to set up an elaborate risk management framework and IT policy framework.

The Managing Committee presents its comments together with the audited financial statements of the INSURANCE INDUSTRY COMPENSATION FUND (the "Fund") for the year ended 31 December 2019.

RESULTS

The results for the year are shown on page 7 in the statement of financial performance and related notes.

MANAGING COMMITTEE

The present membership of the Managing Committee is set out on page 1.

STATEMENT OF MANAGING COMMITTEE'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Managing Committee is responsible for preparing financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Fund. In preparing those financial statements, the Managing Committee is 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue.

The Managing Committee's responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Managing Committee has confirmed that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The auditors, RSM Mauritius, have expressed their willingness to continue in office until the next financial year.

TO THE MANAGING COMMITTEE OF THE INSURANCE INDUSTRY COMPENSATION FUND

This report is made solely to the Managing Committee of The Insurance Industry Compensation Fund (the "Fund") as a body. Our audit work has been undertaken so that we might state to the Fund's Managing Committee those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Managing Committee, as a body, for our audit work, for the opinion we have formed.

Opinion

We have audited the financial statements of Insurance Industry Compensation Fund, (the "Fund"), which comprise of the statement of financial position at 31 December 2019, the statement of financial performance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 14 to 29 give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Sections 88 and 92 of the Mauritius Insurance Act 2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 20 to the financial statements which describe the uncertainty of the effect of the impact of the recent outbreak of COVID-19. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of these financial statements as a whole, and in forming my opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other matter

The financial statements of the Fund for the year ended 31 December 2018 were audited by predecessor auditors who expressed an unmodified opinion in these financial statements.

Other Information

The Managing Committee are responsible for the other information. The other information comprises the commentary of the Managing Committee, but does not include the financial statements and our auditor's report thereon.

RSM

Other Information (Cont'd)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Managing Committee for the Financial Statements

The Managing Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of Sections 88 and 92 of the Mauritius Insurance Act 2005, and for such internal control as the Managing Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Managing Committee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Managing Committee either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Committee.

RSM

Auditors' Responsibilities for the audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Managing Committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Managing Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors' Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above. We are also responsible to report to the Board whether:

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

- the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;

- in our opinion, and, as far as could be ascertained from our examination of the financial statements submitted to us, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;

- in our opinion, the Insurance Industry Compensation Fund has been applying its resources and carrying out its operations fairly and economically;

- the provisions of Part V of the Public Procurement Act regarding the Bidding Process have been complied with; and

- disclosure in the Annual Report is consistent with the requirements of the National Code of Corporate Governance issued in accordance with the Financial Reporting Act.

We perform procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibility.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT
for the year ended 31 December 2019

Statutory Bodies (Accounts and Audit) Act

We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

The Insurance Industry Compensation Fund has complied with the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister in so far as they relate to the accounts.

Based on our examination of the accounts of the Insurance Industry Compensation Fund, nothing has come to our attention that indicates that:

- Any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and

- The Insurance Industry Compensation Fund has not applied its resources and carried out its operations fairly and economically.

Public Procurement Act

For the year ended 31 December 2019, no purchase has been undertaken under the bidding process. The Insurance Industry Compensation Fund has opted for one of the methods of procurement as permitted by the Act.

Financial Reporting Act

The Managing Committee is responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the Annual Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Annual Report is consistent with the requirements of the Code.

RSM
Chartered Accountants
Moka, Mauritius
Date: 13 August 2020

Ravi R Kowlessur, FCCA
Licensed by FRC

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 December 2019

	Notes	2019 Rs	2018 Rs
Income			
Contributions from insurance companies	12	40,443,383	38,947,556
Less: provision for claims	10	(2,075,000)	(65,000)
Income after deducting compensation to victims		38,368,383	38,882,556
Interest income	13	3,318,053	1,759,707
Net income		41,686,436	40,642,263
Expenses			
Managing committee fees		(1,684,443)	(1,276,119)
Administrative expenses	14	(1,636,211)	(873,882)
		(3,320,654)	(2,150,001)
Surplus and other comprehensive income for the year		38,365,782	38,492,262

The notes on pages 17 to 32 form an integral part of these financial statements.
Independent auditors' report is on pages 10 to 13

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	2019 Rs	2018 Rs
ASSETS			
Property, plant and equipment	4	285,429	-
Intangible asset	5	18,427	-
		303,856	-
Current assets			
Receivables	6	4,676,388	4,184,802
Treasury bills	8	80,445,208	58,420,331
Cash and cash equivalent	7	63,731,778	47,377,853
		148,853,374	109,982,986
Current liabilities			
Provision for claims	9	725,000	450,000
Other payables	11	1,125,030	591,568
		1,850,030	1,041,568
NET ASSETS		147,307,200	108,941,418
Represented by:			
Reserves and Liabilities			
Hit and Run-Sub Fund	15	147,307,200	108,941,418
TOTAL RESERVES AND LISBILITIES		147,307,200	108,941,418

These financial statements have been approved for issue by the Managing Committee on 13 August 2020 and signed on its behalf by:

Chairperson

Member

The notes on pages 17 to 32 form an integral part of these financial statements.
Independent auditors' report is on pages 10 to 13.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 Rs	2018 Rs
Cash flows from operating activities			
Surplus and other comprehensive income for the year		38,365,782	38,492,262
Adjustments for:			
Depreciation	4	83,973	-
Amortisation	5	7,087	-
Interest income	13	(3,318,053)	(1,759,707)
		35,138,789	36,732,555
Changes in working capital			
Receivables	6	(491,586)	15,211
Other payables	11	533,462	(675,033)
Provision for claims	9	275,000	(650,000)
Cash generated from operations		35,455,665	35,422,733
Interest received	13	3,318,053	1,759,707
Net cash generated from operating activities		38,773,718	37,182,440
Cash generated from investing activities			
Purchase of Property, plant and equipment	4	(369,402)	-
Purchase of intangible asset	5	(25,514)	-
Increase in investment in Treasury bills	8	(22,024,877)	(58,420,331)
Net cash used in investing activities		(22,419,793)	(58,420,331)
Net increase/(decrease) in cash and cash equivalent		16,353,925	(21,237,891)
Cash and cash equivalent at beginning of the year		47,377,853	68,615,744
Net movement		16,353,925	(21,237,891)
Cash and cash equivalent at end of year		63,731,778	47,377,853

The notes on pages 17 to 32 form an integral part of these financial statements.
Independent auditors' report is on pages 10 to 13

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. GENERAL INFORMATION

The Insurance Industry Compensation Fund was established in the Republic of Mauritius under Sections 88 and 92 of the Insurance Act 2005, which shall be organised into sub-funds including the Hit and Run Sub Fund which became effective on 1 January 2016.

The financial statements of the Insurance Industry Compensation Fund (The 'Fund') for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Managing Committee on13 August 2020.

The registered office of the Fund is located at SICOM Tower, Level 8, Wall Street, Ebene, Mauritius.

(a) Statement of compliance

The Fund has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) and the interpretation of these standards as issued by the International Accounting Standards Board (IASB) as per Section 21 of the Insurance (Industry Compensation Fund) Regulations 2015. These statements have been prepared on the historical cost basis, except for financial assets and liabilities.

The preparation of financial statements in accordance with IFRS requires the Managing Committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

(b) Basis of measurement

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs) and comply with Sections 88 and 92 of the Insurance Act 2005.

(c) Going concern

The Managing Committee have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

(d) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The Fund's performance is evaluated and its liquidity is managed in Mauritian Rupees ("Rs"). The financial statements are presented in Mauritian Rupees ("Rs").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Application of new and revised International Financial Reporting Standards (IFRS)

The following standards and amendments are effective for annual periods beginning on or after 01 January 2019:

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration
- IFRS 16 - Leases

The above new and amended standards are not relevant and therefore, have no effect on the Fund.

(b) New and revised IFRSs in issue but not yet effective

Several standards and interpretations have been issued, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. None of the following new standards, amendments and interpretations to standards are expected to have a significant impact on the Fund's financial statements:

- IFRS 17 - Insurance Contracts
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material

(c) Revenue recognition

Contributions from Insurance Companies

Monthly contribution fees are raised in terms of the Insurance (Industry Compensation Fund) Regulations 2015.

Fees are earned from Insurance Companies selling motor insurance business/policies.

Recognition

Revenue from fees is recognised on an accrual basis and to the extent that it is probable that the economic benefits will flow to the Fund and which can be measured reliably.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the Insurance (Industry Compensation Fund) Regulations 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (continued)

Interest income

For all financial instruments which are interest bearing financial assets, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

(d) Expense recognition

All expenses have been accounted on accrual basis. The expenditure is classified in accordance with the nature of the expense.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the useful life of the assets as follows:

Furniture	20%
Computer Equipment	33.33%
Office Equipment	33.33%

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

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible asset. The software is capitalised at cost and amortised over its estimated useful life. The principal annual rate used for the purpose is 33.33%.

(g) Financial instruments – initial recognition and subsequent measurement

Financial assets

Classification

From 1 January 2018, the Fund classifies its financial assets in the following measurement categories, as set out in IFRS 9:

- those to be measured subsequently at fair value (either through OCI (FVOCI) or through profit or loss (FVPL)), and;
- those to be measured at amortised cost

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

The basic classification and measurement category is FVPL unless restrictive criteria are met for classifying the asset at FVOCI or amortised cost. Whether an entity can classify and subsequently measure financial assets at FVOCI or amortised cost depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

Equity investments are classified as held at FVPL. However, at initial recognition, the Fund may irrevocably elect to classify an investment in an equity instrument at FVOCI if that investment is not held for trading.

The Fund subsequently measures all equity investments at fair value. Where the Fund has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Fund's right to receive payments is established.

Changes in fair value of equity investments at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund may classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Measurement (continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 January 2018, the Fund assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Fund's loans and other receivables measured at amortised cost are subject to the expected credit loss model.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Fund has the following non-derivative financial liabilities: trade and other payables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments – initial recognition and subsequent measurement (continued)

Non-derivative financial liabilities (continued)

Other payables

Other payables are initially recognised at fair value, net of transaction costs incurred and subsequently at amortised cost using the effective interest method. Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

(h) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

(i) Taxation

The Fund is exempted from payment of tax as per the provisions of the Income Tax Act 1995 (to be confirmed).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Related parties

Parties are considered related to the Fund if they have the ability, directly or indirectly, to exercise significant influence over the Fund in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

Salaries to key personnel are determined and paid as per respective terms of appointment, and are expensed in the period of their service.

(k) Contingent liabilities

Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes unless the probability of an outflow of resource embodying economic benefits is remote. A contingent liability exists when a possible obligation which has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events wholly within the control of Insurance Industry Compensation Fund, or when a present obligation that arises from past events is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(l) Financial risk management objectives and policies

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of the following types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk. Financial instruments affected by market risk include receivables, bank deposits and accounts payable denominated in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows if a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates mainly to the Fund's bank balances with floating interest rates.

The Fund manages its interest rate by placing its excess funds in term-deposits with fixed interest rates.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily for contribution received) and from its investing activities including treasury bills, treasury notes and deposits with banks.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial risk management objectives and policies (continued)

Fees receivable

Licence credit risk is managed subject to the Fund's established policy, procedures and control relating to licensee credit risk management.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Fund in accordance with its investment policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Fund on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Liquidity risk

The Fund monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Fund's objective is to maintain a balance between continuity of funding and flexibility by keeping a minimum float and investing any excess in short term deposits. The Fund has no borrowings, nor does it plan to raise funds in the foreseeable future.

3. CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Judgements and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Limitation of sensitivity

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged.

3. CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Limitation of sensitivity (continued)

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 Fund's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Fund's view of possible near term market changes that cannot be predicted with any certainty.

Determination of functional currency

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The Managing Committee has considered those factors therein and have determined that the functional currency of the Fund is the Mauritian rupees (MUR).

4. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Computer Equipment	Office Equipment	Total
	Rs	Rs	Rs	Rs
COST				
At 1 January 2019	-	-	-	-
Additions	233,610	133,293	2,499	369,402
At 31 December 2019	**233,610**	**133,293**	**2,499**	**369,402**
DEPRECIATION				
At 1 January 2019	-	-	-	-
Charge for the year	42,829	40,728	416	83,973
At 31 December 2019	**42,829**	**40,728**	**416**	**83,973**
NET BOOK VALUES				
At 31 December 2019	**190,781**	**92,565**	**2,083**	**285,429**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

5. INTANGIBLE ASSET

	Computer Software
	Rs
COST	
At 01 January 2019	-
Additions	25,514
At 31 December 2019	25,514
AMORTISATION	
At 01 January 2019	-
Charge for the year	7,087
At 31 December 2019	7,087
Net book value	
At 31 December 2019	18,427
At 31 December 2018	-

6. RECEIVABLES

	2019	2018
	Rs	Rs
Fees receivable	**3,535,671**	3,552,270
Accrued interest	**1,156,438**	632,532
Expected credit loss	**(15,722)**	-
	4,676,388	4,184,802

7. CASH AND CASH EQUIVALENT

	2019	2018
	Rs	Rs
Term deposit	**40,000,000**	30,000,000
Cash at bank	**23,892,022**	17,364,621
Cash in hand	**4,173**	13,232
Expected credit loss	**(164,417)**	-
	63,731,778	43,377,853

8. TREASURY BILLS

	2019	2018
	Rs	Rs
Within one year		
Treasury bill	82,000,000	60,000,000
Discount on Treasury bill	(1,554,792)	(1,579,669)
	80,445,208	58,420,331

Treasury bills are carried at amortised cost using the effective interest method, less any provision for impairment. The maturity date of the treasury bills is 18 September 2020.

9. PROVISION FOR CLAIMS

	2019	2018
	Rs	Rs
Death claim	-	350,000
Disability claim	725,000	100,000
	725,000	450,000

The provision for claims has been made based on the requirements of the Insurance Act 2005. As at 31 December 2019, the claims were made but not yet approved by the Managing Committee.

10. COMPENSATION

	2019	2018
	Rs	Rs
Claims paid during the year	1,800,000	715,000
Additional claim	275,000	50,000
Claim rejected	-	(700,000)
	2,075,000	65,000

11. OTHER PAYABLES

	2019	2018
	Rs	Rs
Audit fees accrued	109,280	70,000
FSC administrative & management fees	1,000,000	500,000
Mauritius Revenue Authority	15,750	15,750
Others	-	5,818
	1,125,030	591,568

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

12. CONTRIBUTION

	2019	2018
	Rs	Rs
Contribution from insurance companies	40,443,383	38,947,556

13. INTEREST INCOME

	2019	2018
	Rs	Rs
Interest on late payment	285	498
Treasury Bills	1,996,157	381,731
Term deposit	1,321,611	1,377,478
	3,318,053	1,759,707

14. ADMINISTRATIVE EXPENSES

	2019	2018
	Rs	Rs
Events	300	5,818
Printing, postages & stationeries	22,493	115,919
Staff costs	437,128	189,065
Bank charges	13,090	13,080
Audit fees	112,630	50,000
FSC administrative & management fees	500,000	500,000
Depreciation	83,973	-
Amortisation	7,087	-
General office expenses	39,217	-
Advertising	111,104	-
Promotion expenses	180,139	-
Expected credit losses	192,491	-
	1,636,211	873,882

15. HIT AND RUN-SUB FUND

	2019	2018
	Rs	Rs
Balance at start	108,941,418	70,449,156
Movement for the year	38,365,782	38,492,262
	147,307,200	108,941,418

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Overview

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

- Liquidity risk
- Compliance risk
- Political, economic and social risk

Risk management framework

The Managing Committee has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Liquidity risk

Liquidity risk with regard to outflow is limited to the payment of claims to victim of hit and run cases. The expected outflows are matched with the corresponding call deposits at the bank. The surplus, based on decisions of the Managing Committee, is invested with maturity profiles as at 31 December 2019.

The table below shows the Fund's financial assets and liabilities into the relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows and excludes prepaid expenses.

	Less than 12 months	More than 12 months	Total Cashflows	Total carrying amount
	Rs	Rs	Rs	Rs
Financial assets				
Receivables	4,676,388	-	4,676,388	4,676,388
Cash in hand and at bank	23,896,195	-	23,896,195	23,896,195
Treasury bills	80,445,208	-	80,445,208	80,445,208
Term deposits	39,835,583	-	39,835,583	39,835,583
	148,853,374	**-**	**148,853,374**	**148,853,374**

The Committee monitors the adequacy of cash inflows in terms of the budget estimates at all times.

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

Political, economic and social risk

Political, economic and social factors change in countries' laws, regulations and the status of those countries' relations with other countries may adversely affect the value of the Fund's assets.

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Credit risk

In the normal course of business, the Fund is exposed to the credit risk from accounts receivable and transactions with banking institutions. The carrying amount of these balances represent the maximum credit risk that the Fund is exposed to. Any prepayments are excluded for the purpose of this note.

The Fund manages its exposure to credit risks as follows:

(a) With regards to accounts receivables, credit risk is limited as the Fund is governed by the rules made under the Insurance Act 2005, and fees are charged in terms of the legislation based on the category of vehicles; and

(b) For transactions with banking institutions, it holds bank balances and short term deposits with the Barclays Bank Mauritius Ltd and MauBank Ltd. as such the Fund mitigates the risks related to bank balances and deposits by keeping its funds in a wide spread of banks of a certain level of repute.

The Managing Committee assesses and only invests in banks with high credit rating. The Managing Committee carries out periodic assessment of its receivables to identify events or changes in circumstances that lead to impairment of these receivables. Based on the assessment, the Managing Committee is of view that the assets have not suffered from impairment. The ageing analysis of these receivables are as follows:

	2019	2018
	Rs	Rs
Fees receivable		
Up to 3 months	**3,535,671**	3,552,270
	3,535,671	3,552,270

Fair value

The carrying amounts of the Fund's financial instruments approximate their fair values. Financial assets and liabilities, which are accounted for at historical cost, are carried at values which may differ materially from their fair values.

17. CONTINGENT LIABILITIES

The Management Committee considers rent payable as a contingent liability in the financial statements. The Management Committee has sought additional information from the Ministry of Financial Services and Good Governance with regard to the lease agreement. The amount of rent to be paid by the Fund is yet to be determined.

18. RELATED PARTY TRANSACTIONS

	2019	2018
	Rs	Rs
Fees to key managerial persons	1,174,730	940,950

The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

19. CAPITAL COMMITMENT

There were no capital commitments at the end of the reporting date.

20. EVENTS AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on global financial markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. The effect of the impact of COVID-19 has not been reflected in these financial statements; such impact may affect the future results of the Fund.

This is considered to be a non-adjusting event after the reporting period.

There have been no other material events after reporting date which would require disclosure or adjustment to the 31 December 2019 financial statements.

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