



# ANNUAL **20** REPORT **20**



INSURANCE INDUSTRY COMPENSATION FUND

UNDER THE AEGIS OF THE MINISTRY OF FINANCIAL SERVICES AND GOOD GOVERNANCE

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# CHAIRPERSON'S MESSAGE



It is with great pride and honour that I present the Annual Report 2020. The Insurance Industry Compensation Fund (IICF) has completed 5 successful years operating under the aegis of Ministry of Financial Services and Good Governance.

The Government crafted the IICF as a pioneering institution to provide financial support to victims of Hit and Run or their beneficiaries who ordinarily cannot seek legal remedy as the tortfeasor is untraceable. It is through its thorough investigations and assessment of all claims relating to Hit and Run that the IICF puts a smile on faces of victims who otherwise would have no redress. Over the years, the IICF has seen an increment in the number of Hit and Run claims thanks to the awareness campaign initiated by the team on radio, television and online platforms.

Furthermore, with the recent amendments in the law thereby increasing the compensation threshold, the IICF compensated a staggering amount of MUR 4,151,999.00 to victims of Hit and Run accidents in 2020. It is the highest amount of compensation so far paid to vulnerable Hit and Run victims. In this regard, a cheque remittance ceremony was carried out in presence of Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance.

The IICF plays a pivotal role in the economy of Mauritius. The funds of the IICF is diligently and transparently invested in our local commercial banks and Central Bank of Mauritius with a view to earn guaranteed and high return. All its financial investments are recommended and supervised by the Financial Services Commission.

The year 2020 also marks the COVID 19 pandemic outbreak in Mauritius. Although, it posed as a challenge to many institutions, the IICF used its best endeavours to ensure that its activities in reaching out to victims are not compromised. It successfully implemented the “work remotely culture” and accomplished all its duties timely and efficiently whilst observing the strict sanitary protocols. The IICF is now fully prepared and adequately equipped to deal with such pandemic in the foreseeable future.

From this year onwards, the IICF is seriously exploring avenues to expand its activities in compliance with the spirit and intendment of the relevant legislation and regulations. In that, the IICF intends to work in close collaboration with the Ministry of Financial Services and Good Governance and other relevant stakeholders to activate the Insolvency Sub-Funds. This new Sub-Fund will come as a helping hand to those susceptible individuals whose investments in the insurance industry have remained unpaid as reason of insolvency.

The IICF team pledges to make the IICF a well-known entity within the insurance industry by continuing to promote the benefits and assistance it provides to the vulnerable insurance policy holders who lost their life savings. I also wish to commend the efforts of my predecessors for making IICF accessible to the public.

I seize this opportunity to express my gratitude to the Secretary of IICF who uses her best abilities to enable this institution to serve the public indiscriminately. I am also grateful to the Technical Committee and Managing Committee for their great contribution, and the FSC and RSM Auditors for their immense effort in realising this Annual Report. A heartfelt thanks is also extended to the Honourable Minister Mahen Kumar Seeruttun for his invaluable support attributed to the team of IICF.

A handwritten signature in black ink, appearing to read 'K Goodar', written over a horizontal line.

Kivisha Goodar  
Chairperson

## Background Information

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

A Hit & Run Sub-fund was set up, according to section 88 (1) (b) 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<sup>st</sup> 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

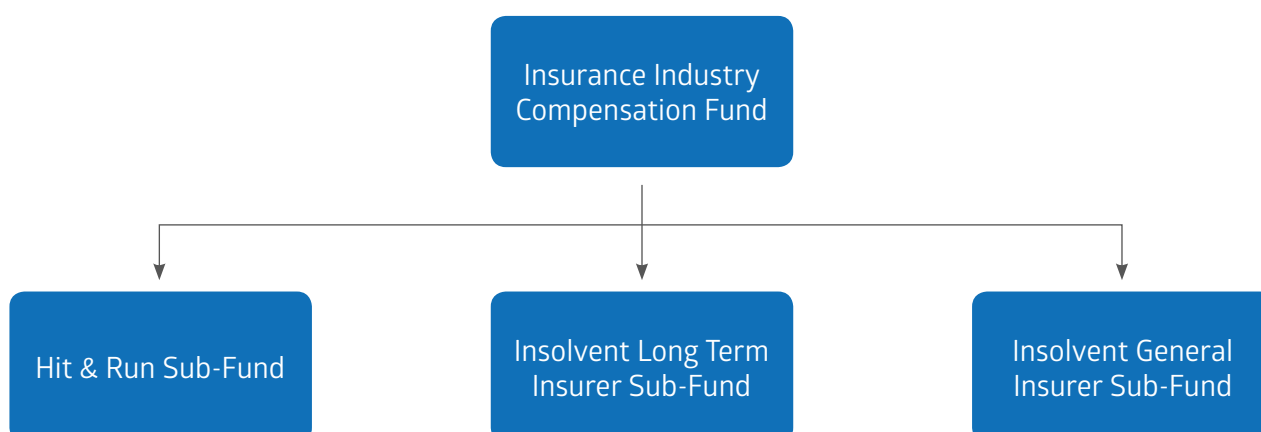
Section 88 (1) (a) of the Insurance Act stipulates that the IICF has the power to pay any claims, in respect of risks situated in Mauritius against an insurer which remain unpaid by reason of the insolvency of the insurer.

The IICF may be structured as per Section 88 (2) of the Insurance Act 2005 to allow 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

The IICF is currently 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 23 claims under the Hit and Run Sub-fund, out of which 17 claims have been successful.

As at 31<sup>st</sup> December 2020, 7 claims were pending while awaiting police and medical reports.

## Contributions Received

The contribution received from insurers for the year under review amounted to MUR 42,494,140 and interest income amounted to MUR 3,508,624.

## Claims Paid

The total amount disbursed for payment of compensation to 39 beneficiaries for the year under review amounted to Rs 4,151,999.

## Amount of Compensation Fund

As at 31<sup>st</sup> December 2020, the Hit and Run sub-fund stood at MUR 186,538,855.

## Cheque Remittance Ceremony

The IICF organised a cheque remittance ceremony on 10<sup>th</sup> July 2020, whereby the Honourable Minister of Financial Services and Good Governance compensated the victims of hit and run road traffic accidents and their beneficiaries.

## Awareness Campaign

The IICF participated in various TV/Radio programmes to inform the general public about the IICF's objectives and supports made available to members of public.

## Advertising Campaign

In order to raise awareness of the existence of the IICF, its activities and purpose, press publications in the form of communiqués & radio programs were organised. Consultations were also made with media companies for a proposed awareness campaign strategy for the IICF but the same was put on hold due to the Covid-19 national lockdown.

## 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 shares a working relationship with the Mauritius Police Force and collaborates closely with the various

## Cooperation with Third Parties (Continued)

police departments across the island which investigate road traffic accidents to collect information, and to trace not only tortfeasors but also hit and run victims who may not be aware of the IICF's existence and objectives.

Furthermore, the IICF also works in close collaboration with all hospitals in Mauritius to identify victims of Hit and Run and retrieve their medical reports including their diagnosis and prognosis. The medical reports provided by the hospitals and/or respective doctors immensely assist the IICF to compute the quantum of compensation to be paid to the victims or their beneficiaries.

## Amendments to legislation

Following proposals made by the IICF, sections 90(2) and 92 of the Insurance Act 2005 were amended, thus better enabling the IICF to assist victims and alleviate their suffering.

The IICF's power is no longer limited to monetary compensation or compensation provided for in the Principal Regulations as it may now offer any other type of assistance in accordance with the purposes of the Hit and Run Sub-Fund. Such amendments will be particularly helpful to victims while their claims are being processed and determined.

Given that all victims do not face the same difficulties and the assistance that they need depends on their personal circumstances, the Managing Committee has also been provided with greater autonomy to determine the payments which may be made to victims based on their needs.

## 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 16 times during the year under review.

The previous Managing Committee was reconstituted in July 2017 and the new Managing Committee was reconstituted in January 2021.

## COVID 19 Pandemic

Mauritius, like the rest of the world, has been affected by the COVID 19 Pandemic causing the country to go in complete lockdown as from March 2020 in an unprecedented manner. Consequently, several entities could not operate fully due to numerous restrictions.

However, the IICF acted with efficiency and utmost diligence to ensure continuity in its operations with minimal disruptions to claimants. The IICF successfully implemented the "remote work culture" and adhered to all sanitary protocols imposed by the Government to deter contamination and promote a healthy COVID-19 free working environment. The staff and Managing Committee Members were also equipped with Work Access Permit (WAP) to allow them to process claims and even conduct Managing Committee Meetings in this dire situation.

During this exceptionally difficult time, the IICF has also been proactively engaged with the Mauritius Police Force as well as Hospitals across Mauritius regarding obtention of relevant Police and Medical Reports for further processing of claims.

In the wake of the Covid 19 Pandemic which as in other sectors caused major inconvenience in the smooth running of the IICF, nevertheless it remained undeterred and processed a number of 27 claims and held 16 Board Meetings for the year ended.

The looming uncertainties in all spheres of activities triggered by the COVID-19 pandemic, the IICF has learnt to implement sound policies and adjust itself to brace a new work culture and it is henceforth, fully geared up to deal with similar situations.

# MANAGEMENT REPORT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## STATEMENT OF COMPLIANCE REPORT

During the financial year from 1<sup>st</sup> January 2020 to 31 December 2020, the Secretary confirms that the Insurance Industry Compensation Fund has complied with the requirements of the National Code of Corporate Governance for Mauritius (2016) in all material aspects.



Maneesha Gokool  
**Secretary**

# IICF CHEQUE REMITTANCE CEREMONY 2020





# FUND DATA

MANAGING COMMITTEE		Date of appointment	Date of termination
Me. Anas Moussa Ismael Rawat	Chairperson	05 July 2017	26 January 2021
<u>Management Committee Members:</u>			
Mr Pradeo Buldee		28 July 2017	26 January 2021
Mr Louis Eric Salmine		28 July 2017	26 January 2021
Mr Mamode Raffic Elahee		05 July 2017	26 January 2021
Mr Ranjaysingh Koonbeeharry		17 November 2017	26 January 2021

Me Kivisha Devi Goodar	Chairperson	26 January 2021	-
<u>Management Committee Members:</u>			
Mr Ashveen Sunnoo		26 January 2021	-
Mr Louis Eric Salmine		26 January 2021	-
Mr Dyanand Malaree		26 January 2021	-
Mrs Marie Estelle Apollon-Chadun		26 January 2021	-

<u>Technical Subcommittee Members :</u>			
Me. Bishan Ramdenee		14 June 2018	-
Mr Tedj Iswar Boodia		14 June 2018	-
Mr Parmessur Chummun		13 December 2018	05 March 2021
Mr Louis Dominique		05 March 2021	-
Miss Hazaghee Dorasami		05 March 2021	-
Miss Maneesha Gokool	Secretary	28 January 2019	-
Miss Raaniyah Beebee Bhunnoo	Secretary	30 May 2018	05 March 2021

<b>REGISTERED :</b>	Insurance Industry Compensation Fund
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<b>OFFICE :</b>	Level 8 SICOM Tower Wall Street Ebene Mauritius
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<b>BANKERS :</b>	Absa Bank Mauritius Limited 1 <sup>st</sup> Floor, ABSA House 68-68A Cybercity Ebene Mauritius  MauBank Ltd 25 Bank Street, Cybercity Ebene Mauritius
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## FUND DATA (CONT'D)

**BANKERS :**

SBM Bank (Mauritius) Ltd  
SBM Tower  
1, Queen Elizabeth II Avenue  
Port Louis  
Mauritius

**AUDITOR :**

RSM (Mauritius) LLP  
Room 109  
Moka Business Centre  
Mount Ory Road, Bon Air  
Moka  
Mauritius

# CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

## 1.0 Preamble

The IICF has been set up under section 88 of the Insurance Act 2005 and includes a hit and run sub-fund which is used for the payment of compensation to persons suffering from personal injury sustained in hit and run road traffic accidents.

The IICF relies mainly on mandatory contributions by insurers conducting general insurance business in Mauritius to perform its activities.

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 financial year starting on 1st January and ending on 31st December 2020 (the ‘Financial Year’), the Managing Committee of the IICF (the ‘Managing Committee’), consisted of five members including the Chairperson in accordance with Regulation 4(1)(a) of the Insurance (Industry Compensation Fund) Regulations 2015 (the ‘2015 Regulations’). They were:

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

Since May 2018, Miss Raaniyah Bhunnoo, Office Management Assistant at the Ministry of Financial Services and Good Governance acted as Secretary and Miss Maneesha Gokool was appointed as Secretary on 28th January 2019.

It is noted that the Managing Committee was reconstituted on the 26<sup>th</sup> of January 2021.

## 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 Financial Year and despite the disruptions caused by the COVID-19 pandemic, the Managing Committee satisfied the requirements of Regulation 5(1) by meeting on 16 occasions in intervals of less than 3 months.

The number of meetings attended by the Chairperson and members of the Managing Committee are set out in the table below

Members	Meetings attended
Me Anas Moussa Ismael Rawat	16
Mr. Eric Louis Salmine	15
Mr. Mamode Raffic Elahee	15
Mr. Pradeo Buldee	11
Mr. Ranjaysingh Koonbeeharry	13

## 5.0 Chairperson's and Members' Fees

The terms and conditions of the Chairperson and members of the Managing Committee, including their fees, are determined by the Minister of Financial Services and Good Governance (the 'Minister'). The fees paid to the Chairperson and members of the Managing Committee are provided in the following table:

Members	Remunerations for the Reporting Period (MUR)
Me Anas Moussa Ismael Rawat (Chairperson)	307,500
Mr Eric Louis Salmine	216,750
Mr Mamode Raffic Elahee	204,000
Mr Pradeo Buldee	204,000
Mr Ranjaysingh Koonbeeharry	204,000

## 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-

- (i) The IICF is managed by the Managing Committee (MC) comprising of a chairperson and 4 Members. 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.;
- (ii) The MC is assisted by a Technical Sub Committee (TC) which provides expertise in diverse areas. The MC is responsible for ensuring that the IICF is operating in accordance with the protocols of due-diligence, transparency and good governance. The MC's actions are monitored and regulated by the provisions of Insurance Act 2005 and Insurance (Industry Compensation Fund) Regulations 2015 and 2018;
- (iii) The Finance and Accounts of IICF are operated by the FSC and for the Audit purposes, an External Auditor is appointed to counter-verify the accounts and detect any likelihood of fraud or financial losses or future risks. the financial statements of the IICF for the Reporting Period have been audited by an external auditor, RSM Mauritius;
- (iv) The IICF, as up to date, does not fall within the ambit of "Public Interest Entity". Nonetheless, the MC exerts in assuming legal, regulatory and ethical duties efficiently;
- (v) The composition of both the Managing Committee and Technical Subcommittee is diverse, with different age group individuals who have different specialization and experiences in order to bring diversified contributions at the IICF;
- (vi) The MC takes into serious consideration the stringent obligations of risks governance and internal control. The MC tends not venture into high risks or frivolous investments irrespective of its amount of assets. The MC duly takes financial advice from FSC and TC before any investment and probability of risks are critically evaluated during MC meetings. The MC ensures that there is an efficient internal control and compliance over the IICF's business, either in terms of its expenditures/investments or in relation to the Board of Information enabling the MC to assess a claim or engage into any other activity.

## 7.0 Explanation on the application of the principles of the Code (Continued)

- (vii) relevant Corporate Governance disclosures, financial disclosures and disclosures on the activities of Managing Committee have been made in the Annual Report 2020;
- (viii) the operation of the IICF has limited impact on the environment and the statutory objective of the IICF is of a social nature; and
- (ix) 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.

# COMMENTARY OF THE MANAGING COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

## RESULTS

The Results for the year are shown on page 18 in the statement of financial performance and related notes.

## MANAGING COMMITTEE

The present membership of the Managing Committee is set out on page 8.

## 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) LLP, have expressed their willingness to continue in office until the next financial year.

# INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020, 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 18 to 35 give a true and fair view of the financial position of the Fund as at 31 December 2020, 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.

## 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 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.

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.
- 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.



## **Auditors' Responsibilities for the audit of the Financial Statements (Continued)**

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.

### **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.

## Statutory Bodies (Accounts and Audit) Act (Continued)

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 2020, 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 (Mauritius) LLP  
Chartered Accountants  
Moka, Mauritius



Ravi R Kowlessur, FCCA  
Licensed by FRC

Date: 29 June 2021

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Rs.	2019 Rs.
<b>Income</b>			
Contributions from insurance companies	12	<b>42,494,140</b>	40,443,383
Less: provision for claims	10	<b>(3,852,000)</b>	(2,075,000)
Income after deducting compensation		<b>38,642,140</b>	38,368,383
Interest income	13	<b>3,508,624</b>	3,318,053
Net income		<b>42,150,764</b>	41,686,436
<b>Expenses</b>			
Managing committee fees		<b>(1,700,797)</b>	(1,684,443)
Administrative expenses	14	<b>(1,218,312)</b>	(1,636,211)
		<b>(2,919,109)</b>	(3,320,654)
Surplus and other comprehensive income for the year		<b>39,231,655</b>	38,365,782

The notes on pages 21 to 35 form an integral part of these financial statements.

Independent auditors' report is on pages 14 to 17.

# STATEMENT OF FINANCIAL POSITION

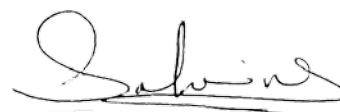
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Rs.	2019 Rs.
<b>ASSETS</b>			
Property, plant and equipment	4	193,775	285,429
Intangible asset	5	9,922	18,427
		<b>203,697</b>	303,856
<b>Current assets</b>			
Receivables	6	5,435,846	4,676,388
Treasury bills	8	100,276,609	80,445,208
Cash and cash equivalent	7	81,682,846	63,731,778
		<b>187,395,301</b>	148,853,374
<b>Current liabilities</b>			
Provision for claims	9	425,000	725,000
Other payables	11	635,143	1,125,030
		<b>1,060,143</b>	1,850,030
<b>NET ASSETS</b>		<b>186,538,855</b>	147,307,200
<b>Represented by:</b>			
<b>Reserves</b>			
Hit and Run-Sub Fund	15	186,538,855	147,307,200
<b>TOTAL RESERVES</b>		<b>186,538,855</b>	147,307,200

These financial statements have been approved for issue by the Managing Committee on 29 June 2021 and signed on its behalf by:



**Chairperson**



**Member**

The notes on pages 21 to 35 form an integral part of these financial statements.

Independent auditors' report is on pages 14 to 17.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Rs.	2019 Rs.
<b>Cash flows from operating activities</b>			
Surplus and other comprehensive income for the year		39,231,655	38,365,782
<i>Adjustments for:</i>			
Depreciation	4	91,654	83,973
Amortisation	5	8,505	7,087
Premium on treasury bill		(65,231)	-
Provision for credit losses		80,965	-
Interest income	13	(3,508,624)	(3,318,053)
		<b>35,838,924</b>	35,138,789
<i>Changes in working capital</i>			
Receivables	6	(547,978)	(491,586)
Other payables	11	(489,887)	533,462
Provision for claims	9	(300,000)	275,000
<b>Cash generated from operations</b>		<b>34,501,059</b>	35,455,665
Interest received	13	3,326,809	3,318,053
<b>Net cash generated from operating activities</b>		<b>37,827,868</b>	38,773,718
<b>Cash generated from investing activities</b>			
Purchase of Property, plant and equipment	4	-	(369,402)
Purchase of intangible asset	5	-	(25,514)
Increase in investment in Treasury bills	8	(19,876,800)	(22,024,877)
<b>Net cash used in investing activities</b>		<b>(19,876,800)</b>	(22,419,793)
Net increase in cash and cash equivalent		<b>17,951,068</b>	16,353,925
<b>Cash and cash equivalent at beginning of the year</b>		<b>63,731,778</b>	47,377,853
Net movement		<b>17,951,068</b>	16,353,925
<b>Cash and cash equivalent at end of year</b>		<b>81,682,846</b>	63,731,778

The notes on pages 21 to 35 form an integral part of these financial statements.

Independent auditors' report is on pages 14 to 17.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 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 2020 were authorised for issue in accordance with a resolution of the Managing Committee on 29 June 2021.

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) Changes and adoption of Financial Reporting Standards

#### New and amended standards

The following standards and amendments are effective for annual periods beginning on or after 1 January 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting

The above new and amended standards have no effect on the Fund.

#### New standards, amendments and interpretations issued 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 the standards are expected to have a significant impact on the Fund's financial statements:

- IFRS 17 Insurance Contracts
- Covid-19-related Rent Concessions – Amendment to IFRS 16
- Classification of Liabilities as Current and Non-current – Amendments to IAS 1
- Property, plant and equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018 – 2020
- Sale or contribution of assets between an Investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

### (b) 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)

### (b) 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.

### (c) Expense recognition

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

### (d) 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.

### (e) 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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Intangible asset (Continued)

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%.

### (f) 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

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Financial instruments – initial recognition and subsequent measurement (Continued)

#### Financial assets (Continued)

##### *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.
- **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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Financial instruments – initial recognition and subsequent measurement (Continued)

#### Financial assets (Continued)

##### *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.

##### *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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fair value of financial instruments (Continued)

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.

### (g) 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.

### (h) Taxation

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

### (i) 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.

### (j) 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.

### (k) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial risk management objectives and policies (Continued)

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of 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.

#### *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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 3. CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

### *Estimates and assumptions (Continued)*

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.

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

	<b>Furniture</b>	<b>Computer Equipment</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>COST</b>				
At 1 January 2020 and 31 December 2020	<b>233,610</b>	<b>133,293</b>	<b>2,499</b>	<b>369,402</b>
<b>DEPRECIATION</b>				
At 1 January 2020	42,829	40,728	416	83,973
Charge for the year	46,723	44,431	500	91,654
At 31 December 2020	<b>89,552</b>	<b>85,159</b>	<b>916</b>	<b>175,627</b>
<b>NET BOOK VALUES</b>				
At 31 December 2020	<b>144,058</b>	<b>48,134</b>	<b>1,583</b>	<b>193,775</b>
At 31 December 2019	190,781	92,565	2,083	285,429

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 5. INTANGIBLE ASSET

	<b>Computer Software</b>
	<b>Rs</b>
COST	
<b>At 01 January &amp; 31 December 2020</b>	<b>25,514</b>
AMORTISATION	
At 01 January 2020	7,087
Charge for the year	8,505
<b>At 31 December 2020</b>	<b>15,592</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>9,922</b>
At 31 December 2019	18,427

## 6. RECEIVABLES

	<b>2020</b>	2019
	<b>Rs</b>	Rs
Fees receivable	<b>4,083,649</b>	3,535,671
Accrued interest	<b>1,393,033</b>	1,156,438
Expected credit losses	<b>(40,836)</b>	(15,722)
	<b>5,435,846</b>	4,676,388

## 7. CASH AND CASH EQUIVALENT

	<b>2020</b>	2019
	<b>Rs</b>	Rs
Term deposit	<b>60,000,000</b>	40,000,000
Cash at bank	<b>21,690,835</b>	23,892,022
Cash in hand	<b>4,949</b>	4,173
Expected credit loss	<b>(12,938)</b>	(164,417)
	<b>81,682,846</b>	63,731,778

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 8. TREASURY BILLS

	2020	2019
	Rs	Rs
Within one year		
Treasury bill	101,200,000	82,000,000
Discount on Treasury bill	(877,991)	(1,554,792)
Expected credit loss	(45,400)	-
	<b>100,276,609</b>	<b>80,445,208</b>

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 03 September 2021.

## 9. PROVISION FOR CLAIMS

	2020	2019
	Rs	Rs
Disability claim	425,000	725,000
	<b>425,000</b>	<b>725,000</b>

The provision for claims has been made based on the requirements of the Insurance Act 2005. As at 31 December 2020, the claims were made but not yet approved by the Managing Committee.

## 10. COMPENSATION

	2020	2019
	Rs	Rs
Claims paid during the year	3,977,000	1,800,000
Additional claim	25,000	275,000
Claim rejected	(150,000)	-
	<b>3,852,000</b>	<b>2,075,000</b>

## 11. OTHER PAYABLES

	2020	2019
	Rs	Rs
Audit fees	97,750	109,280
FSC administrative & management fees	500,000	1,000,000
Accruals	28,393	15,750
Others	9,000	-
	<b>635,143</b>	<b>1,125,030</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 12. CONTRIBUTIONS

Contribution from insurance companies

2020	2019
Rs	Rs
<b>42,494,140</b>	40,443,383

### Time of revenue recognition

At a point in time

2020	2019
Rs	Rs
<b>42,494,140</b>	40,443,383

## 13. INTEREST INCOME

Interest on late payment

Interest on treasury Bills

Interest on term deposit

2020	2019
Rs	Rs
<b>150</b>	285
<b>1,916,501</b>	1,996,157
<b>1,591,973</b>	1,321,611
<b>3,508,624</b>	3,318,053

## 14. ADMINISTRATIVE EXPENSES

Events

Printing, postages & stationeries

Staff costs

Bank charges

Audit fees

FSC administrative & management fees

Depreciation

Amortisation

General office expenses

Advertising

Promotion expenses

Adjustment to expected credit losses

Entertainment expenses

Utility bills

2020	2019
Rs	Rs
<b>10,284</b>	300
<b>18,850</b>	22,493
<b>326,907</b>	437,128
<b>19,970</b>	13,090
<b>99,370</b>	112,630
<b>500,000</b>	500,000
<b>91,654</b>	83,973
<b>8,505</b>	7,087
<b>29,470</b>	39,217
-	111,104
<b>86,710</b>	180,139
<b>(80,965)</b>	192,491
<b>29,180</b>	-
<b>78,377</b>	-
<b>1,218,312</b>	1,636,211

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 15. HIT AND RUN-SUB FUND

	2020	2019
	Rs	Rs
Balance at start	<b>147,307,200</b>	108,941,418
Movement for the year	<b>39,231,655</b>	38,365,782
	<b>186,538,855</b>	147,307,200

## 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 2020.

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
<b>Financial assets</b>				
Receivables	5,435,846	-	5,435,846	5,435,846
Cash in hand and at bank	21,695,784	-	21,695,784	21,695,784
Treasury bills	100,276,609	-	100,276,609	100,276,609
Term deposits	59,987,062	-	59,987,062	59,987,062
	<b>187,395,301</b>	-	<b>187,395,301</b>	<b>187,395,301</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

### *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.

### *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 Absa Bank Mauritius Ltd, MauBank Ltd and SBM Bank (Mauritius) 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:

	2020	2019
	Rs	Rs
<b>Fees receivable</b>		
Up to 3 months	<b>4,083,649</b>	3,535,671
	<b>4,083,649</b>	3,535,671

### *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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2020

## 18. RELATED PARTY TRANSACTIONS

	2020	2019
	Rs	Rs
Fees to key managerial persons	<b>1,136,250</b>	1,174,730

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

There have been no material events after reporting date which would require disclosure or adjustment to the 31 December 2020 financial statements.

## 21. COVID-19 PANDEMIC

The World Health Organization declared on March 11, 2020 the outbreak of a strain of the COVID-19 virus as a pandemic, which has affected the world economy, including Mauritius, leading to volatility in financial markets. The Fund has evaluated impact of this pandemic on its operations.

Based on internal and external sources of information, at the time of finalisation of accounts for the financial year 2020 and based thereon and keeping in view current indicators of future economic conditions, there is no significant impact on the financial statements for 2020 and accordingly accounts have been prepared on a going concern basis. The actual impact of COVID-19 may differ from the estimated amount as at the date of approval of the financial statements. The Fund will continue to closely monitor any material changes to economic conditions in future.





INSURANCE INDUSTRY COMPENSATION FUND

Level 8, Sicom Tower, Wall Street

Ebene, Republic of Mauritius

Tel: 489 9060 | Fax: 489 9055

Email: [iicf@myt.mu](mailto:iicf@myt.mu)

[iicf.govmu.org](http://iicf.govmu.org)