



General Insurance Corporation of India

170, Suraksha, J. Tata Rd., Churchgate, Mumbai – 400 020, India
 Tel.: +91 22 2286 7000 Website: www.gicofindia.in email: info@gicofindia.com
 (Wholly owned Govt. of India Undertaking)

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38th ANNUAL REPORT

वां वार्षिक प्रतिवेदन

2009 - 10



भारतीय साधारण बीमा निगम
 General Insurance Corporation of India

Vision

To be a leading global reinsurance and risk solution provider

Mission

To achieve our Vision by

- Building long-term mutually beneficial relationship with business partners
- Practising fair business ethics and values
- Applying "state-of-the art" technology, processes including enterprise risk management and innovative solutions
- Developing and retaining highly motivated professional team of employees
- Enhancing profitability and financial strength befitting the Global position

Core Values

Trust and mutual respect
Professional excellence
Integrity and transparency
Commitment
Responsive service

PRESENTATION OF DIVIDEND FOR THE YEAR 2009-10



Shri Yogesh Lohiya, Chairman-cum-Managing Director, GIC Re presented the dividend cheque for ₹ 352.60 crores to the Hon'ble Union Finance Minister Shri Pranab Mukherjee in New Delhi on the 9th of September 2010. Others in the picture are Hon'ble Minister of State for Finance, Shri Namo Narain Meena; Shri Tarun Bajaj, Joint Secretary, Department of Financial Services (2nd from left); Shri M Ramaprasad (extreme left) and Shri A K Roy (extreme right), General Managers, GIC Re.

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Note: Key to Indian Numbering System 10 lakhs = 1 Million; 1 Crore = 10 Millions.



CORPORATE INFORMATION

DIRECTORS

Mr. Yogesh Lohiya	Chairman-cum-Managing Director
Mr. Tarun Bajaj	
Mr. M. Ramadoss	
Mr. T.S. Vijayan	Up to 10.05.2009
Mr. O.P. Bhatt	Up to 05.09.2009
Mr. M.V. Nair	w.e.f. 19.08.2009
Mr. S.L. Mohan	w.e.f. 23.12.2009
Mr. S.B. Mathur	w.e.f. 23.12.2009
Mr. Kamlesh S. Vikamsey	
Mr. M.V. Rajeev Gowda	
Mrs. Bhagyam Ramani	w.e.f. 11.11.2009

MANAGEMENT

Chairman-cum-Managing Director General Managers

Mr. Yogesh Lohiya
Mrs. Bhagyam Ramani
Mr. M. Ramaprasad
Mr. A.K. Roy
Mr. R. Raghavan

Chief Vigilance Officer

Mrs. Gopa Ray Up to 19.05.2010

Deputy General Managers

Mr. H.G. Rokade
Mr. P.N. Gandhi
Mr. K. Raghunath Up to 30.11.2009
Mr. P.K. Bhagat
Mr. A.K. Mittal
Mr. K.K. Mahajan Up to 8.10.2009
Mr. Y. Ramulu
Mrs. Alice Vaidyan
Mr. H.L. Teckchandani
Mrs. Suchita Gupta

Company Secretary

AUDITORS

M/s S.R. Goyal & Co.
Chartered Accountants
1A Sangram Colony, C-Scheme,
Jaipur-302001.

BANKERS

Bank of India
State Bank of India
Bank of Baroda
Central Bank of India
Axis Bank.

REGISTERED OFFICE

“Suraksha”,
170, J. Tata Road,
Churchgate,
Mumbai – 400 020

CORPORATE CHRONICLE

Sr. No.	Date and Year	Event
1	22nd November 1972	General Insurance Corporation of India was formed in pursuance of section 9(1) of GIBNA Act and also under the Companies Act 1956 as Private Company Limited by Shares.
2	1st January 1973	The general insurance business in India was nationalized, 107 general insurance companies were merged and GIC of India was formed as the holding Company with four subsidiaries : The New India Assurance Co. Ltd., National Insurance Co.Ltd., Oriental Insurance Co.Ltd. and United India Insurance Co.Ltd.
3	1st January 1978	Loss Prevention Association of India was formed by GIC and its 4 subsidiaries.
4	6th December 1978	Kenindia Assurance Company Ltd., was incorporated by merging branch operations of subsidiaries of GIC and LIC then operating in Kenya
5	1st January 1988	India International Insurance Pte. Ltd., was set up as a locally incorporated wholly owned subsidiary Company of GIC and four Public Sector Companies in Singapore
6	12th December 1989	GIC Housing Finance Co. Ltd. was set up by GIC of India and the four Public Sector Companies.
7	25th May 1993	GIC Asset Management Co. Ltd. was set up by GIC of India and the four Public Sector Companies.
8	19th April 2000	Insurance Regulatory Development Authority (IRDA) was formed
9	3rd November 2000	GIC notified as "Indian Reinsurer"
10	June 2001	London Representative office set up
11	April 2002	Moscow Representative office set up
12	20th December 2002	Agricultural Insurance Company of India was set up by GIC Re, the 4 Public Sector Companies and NABARD
13	April 2003	GIC Re started assuming risk in Life Reinsurance
14	1st April 2002	GIC Re was appointed as Managers to the Terrorism Pool
15	7th August 2002	GIBNA Act was amended
16	21st March 2003	GIC Re ceased to be holding Company
17	April 2005	Dubai Representative office set up
18	February 2006	SAP went live in GIC Re
19	27th April 2006	Loss Prevention Association of India was amalgamated with GIC Re
20	1st January 2007	Dubai Representative office was upgraded to a Branch office
21	1st April 2007	GIC Re was appointed as Managers to Indian Motor Third Party Insurance Pool
22	1st January 2008	London Representative office was upgraded to branch office and commenced its operations.
23	19th June 2008	Signing of Co-operation Agreement with Hannover Re
24	10th October 2008	Retakaful vertical launched
25	16th October 2008	GIC Re mandated to form Nat Cat Pool for Afro Asian Region by FAIR
26	16th January 2009	GIC Re registered as Eventual Reinsurer in Brazil
27	20th July 2010	Licence obtained for Branch office at Malaysia

BOARD OF DIRECTORS



(L-R) Mrs. Bhagyam Ramani, Mr. M. Ramadoss, Mr. Kamlesh S. Vikamsey, Mr. Tarun Bajaj, Mr. Yogesh Lohiya (Chairman-cum-Managing Director), Mr. S.L. Mohan, Mr. S.B. Mathur, Mr. M.V. Nair, Dr. Rajeev Gowda.



Mr. Yogesh Lohiya, Chairman-cum-Managing Director is a mechanical engineering graduate and an Associate of the Insurance Institute of India. He also holds a post-graduate diploma in management. He joined the Insurance Industry in The Oriental Insurance Company Ltd. (OICL) as a direct recruit officer in October 1977.

Mr. Lohiya is also the Chairman of GIC Housing Finance Ltd. and GIC Asset Management Co. Ltd. He is also on the Boards of several companies including Life Insurance Corporation of India, Indian Register of Shipping, Export Credit Guarantee Corp. of India Ltd., Kenindia Assurance Co. Ltd., Nairobi and East Africa Reinsurance Co. Ltd., Nairobi.

Mr. Lohiya is Executive Member of various committees of Federation of Afro Asian Insurers and Reinsurers (FAIR) and also member of various committees of Trade & Commerce Associations as well as Insurance Advisory Committee of Insurance Regulatory and Development Authority. He is also a visiting faculty at several institutes of higher learning. A prolific writer, Mr. Lohiya has authored several books on various issues related to the Insurance sector.



Mr. Tarun Bajaj, (IAS) Joint Secretary in the Department of Financial Services in the Ministry of Finance, is an IAS officer of the 1988 batch of Haryana cadre. A post-graduate in Management from IIM Ahmedabad, he is also a

Chartered Financial Analyst. Mr. Bajaj also holds a post-graduate degree from the London School of Economics and Political Science.

Mr. Bajaj is also a Director on the Boards of United India Insurance Co. Ltd., Agriculture Insurance Company of India Limited, Bank of India, Irrigation & Water Resources Finance Corporation Ltd.



Mr. S.B. Mathur, Secretary General, Life Insurance Council, was Chairman of the Life Insurance Corporation of India (LIC), the largest life insurance company in India from August 2002 to October 2004.

Post retirement from LIC, Mr. Mathur was appointed as the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI).



Mr. M. Ramadoss, Chairman and Managing Director of the New India Assurance Co. Ltd., was also Chairman of General Insurers Public Sector Association (GIPSA), is a Chartered Accountant. He is also a Fellow of Insurance Institute of

India and an Associate of Chartered Insurance Institute of UK. He is the Chairman of Insurance and Pension Committee of ASSOCHAM. He is a Director on the Board of Deposit Insurance and Credit Guarantee Corporation, GIC Housing Finance Limited and India International Insurance Pte. Ltd. Singapore.



Mr. S.L. Mohan, Secretary General, General Insurance Council, was Chairman & Managing Director of the Oriental Insurance Company Limited, a public sector general insurance company from May

2002 till Feb 2005. He was appointed as Secretary General of General Insurance Council in November 2008.



Mr. M.V. Nair, Chairman and Managing Director of Union Bank of India. He was also the Chairman of Indian Banks' Association (IBA). Mr Nair serves as a Director on the Board of Agricultural Finance Corporation Ltd. He is also a member on the Governing Board of Institute of Banking Personnel Selection (IBPS) and serves on its Finance Committee, a member on the High Powered Committee set up by the Reserve Bank of India (RBI) and headed by Smt Usha Thorat, Dy. Governor, RBI to review the Lead Bank Scheme.



Dr. Rajeev Gowda, Professor of Economics & Social Sciences at the Indian Institute of Management, Bangalore Is an economics graduate from Bangalore University. He did his Masters in Economics from Fordham University and Doctorate in Public Policy & Management from the Wharton School, University of Pennsylvania, USA. He was also a Post-doctoral Fellow in Law and Economics at the University of California, Berkeley, USA. Dr. Gowda has co-edited two books, Judgements, Decisions and Public Policy (2002) and Integrating Insurance and Risk Management for Hazardous Wastes (1990). Dr. Gowda has also served as Consultant for Pricewaterhouse Coopers on Electricity Sector Reforms in Karnataka. He has also been actively involved in social and community activities.



Mr. Kamlesh S. Vikamsey, Senior Partner of M/s. Khimji Kunverji & Co., Chartered Accountants was the President of Confederation of Asian and Pacific Accountants (CAPA). A chartered accountant by profession, he was a part-time Member of Insurance Regulatory and Development Authority (IRDA) 2005-2006 and has been a member of several committees constituted by various bodies and agencies of the Government of India. Mr Vikamsey was also a Member of Steering Committee of United Nations for independent external evaluation and comprehensive review of governance and oversight of its funds, programme and specialized agencies. He was the president of The Institute of Chartered Accountants of India (ICAI) New Delhi in the year 2005-06. Mr Vikamsey is currently Director on the Board of several organizations.



Mrs. Bhagyam Ramani, Director on the Board of the Corporation and also General Manager in-charge of Investment & Accounts in the Corporation has over 3 decades of experience in the area of investment & accounts. Mrs. Ramani is also a visiting faculty at College of Insurance, Mumbai and National Insurance Academy, Pune. She delivers lectures on subjects related to Investment. Mrs. Ramani is a member on the Board of Larsen & Toubro Ltd., Agriculture Insurance Co. Ltd., National Stock Exchange Ltd., Milestone Capital Services Ltd., IDBI Trusteeship Services Ltd. She is also a Trustee for Tariff Advisory Committee (Employees') Pension Fund and a member of Insurance Institute of India.

MANAGEMENT



(Sitting L-R) General Managers: Mrs. Bhagyam Ramani, Mr. R. Raghavan, Mr. M. Ramaprasad, Mr. Yogesh Lohiya (Chairman-cum-Managing Director), Mr. A.K. Roy, Mr. Sujay Banarji.

(Standing L-R) Deputy General Managers: Mr. Y. Ramulu, Mr. H. G. Rokade, Mr. P.N. Gandhi, Mr. H. L. Teckchandani, Mr. P. K. Bhagat, Mr. A. K. Mittal, Mr. Ashwani Kumar, Mrs. Alice Vaidyan.



NOTICE

NOTICE is hereby given that the 38th **ANNUAL GENERAL MEETING** of the Members of the **GENERAL INSURANCE CORPORATION OF INDIA** will be held at the Registered Office of the Corporation at "Suraksha", 170, J. Tata Road, Churchgate, Mumbai - 400 020, on Wednesday, the 8th September, 2010 at 10.30 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 2010.
2. To declare dividend on equity shares.
3. To fix remuneration of auditors for the year 2010-2011 .

For and on behalf of the Board

(Suchita Gupta)
Company Secretary

Registered Office:

"Suraksha", 170, J. Tata Road,
Churchgate,
Mumbai – 400 020

Dated : 30th August, 2010

Note :

1. A member entitled to attend and vote at the Meeting is entitled to appoint another person, whether a member or not, as his proxy to attend the meeting and vote thereat instead of himself.
2. The instrument appointing a proxy or other authority, if any, can be deposited at the Registered Office of the Corporation, not less than 48 hours before the time for holding the meeting.

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Thirty Eighth Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March, 2010.

FINANCIAL RESULTS:

The highlights of the financial results for the year under review are as under:

	(₹ in Crores)			(₹ in Crores)	
	2009-10	2008-09		2009-10	2008-09
1. Net Premium	8776.87	7402.33	11. Distribution of LPA Assets	0.00	-0.22
2. Net Earned Premium	8076.43	7806.17	12. Interest on Service Tax	0.47	0.00
3. Net Incurred Claims	6856.39	6217.14	13. Profit before Tax (7+8+9-10-11-12)	1290.20	1811.59
	84.9%	79.6%	14. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	-484.40	404.39
4. Net Commission	1930.25	1749.18	15. Profit after Tax (13-14)	1774.60	1407.20
	23.9%	22.4%	16. Balance of Profit b/f from previous year	0.01	0.01
5. Operating Expenses and Other Outgo less Other Income	69.98	53.21	17. Profit available for appropriation	1774.61	1407.21
	0.9%	0.7%	18. Proposed Dividend incl. Dividend tax	411.16	327.00
6. Investment Income Apportioned to Revenue less expenses	1211.17	1136.86	19. Transferred to General Reserves	1363.39	1080.20
7. Total Profit/Loss (-) (2+6-3-4-5)	430.98	923.50	20. Balance of Profit carried forward (15+16-18-19)	0.06	0.01
	5.3%	11.8%			
8. Interest, Dividends and Rents (gross)	902.06	648.99			
9. Other Income less Other Outgo	-18.75	277.03			
10. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	24.09	38.15			

(Net Earned Premium is arrived after adjustments for Reserve for Unexpired Risks)
(Percentages relate to the net earned premium of the corresponding year)

PROPOSED DIVIDEND

The directors recommend declaration of dividend at the rate of 82% for the year under review amounting to ₹ 352.60 crores, as against ₹ 279.50 crores at the rate of 65 % in the previous year. An amount of ₹ 58.56 crores has also been provided as dividend distribution tax on the

dividend declared during the year.

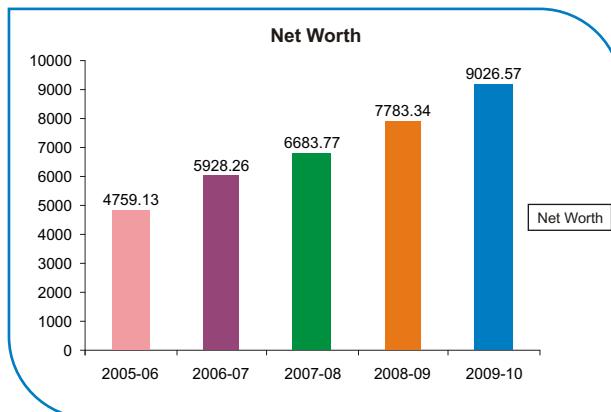
CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at ₹ 22779.21 crores as on 31st March, 2010 as against ₹ 20073.07 crores in the previous year, the details of which are given below:

(₹ in Crores)

	As on 31.03.2010	As on 31.03.2009
Shareholders' Funds		
Paid up Capital	430.00	430.00
General Reserve	8703.20	7339.81
Reserve for Pension & Gratuity	-6.47	-6.47
Foreign Currency Translation Reserve	-100.22	19.99
Profit & Loss a/c	0.06	0.01
	9026.57	7783.34
Policyholders' Fund	13752.64	12289.73
Total Funds	22779.21	20073.07

Net worth (Shareholders' Funds) for the last 5 years (₹ in Crores)



ASSETS

Total assets of the Corporation was ₹ 43842.13 crores as on 31st March, 2010 as compared to ₹ 30019.64 crores as on 31st March, 2009.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The operations and future prospects of the Corporation is dealt in the Management Discussion and Analysis Report which forms part of the Directors Report.

INVESTMENTS

The total book value of investment of the Corporation in India (representing investments, loans and deposits) amounted to ₹ 17480.88 crores as on 31.3.2010 as against ₹ 16726.47 crores in the previous year. The

investment income of ₹ 2040.25 crores were apportioned to Policyholders and Shareholders as under:

(₹ in crores)	
Apportioned to Policyholders	1249.04
Apportioned to Shareholders	791.21

The mean yield on funds (with profit on sale of investments) stood at 11.93%. The net NPA % (Non Performing Assets) was at 1.59 %.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

The Corporation being a Reinsurance Company, its working and functions, are governed by the Insurance Regulatory and Development Authority (IRDA). The Corporation's existing paid-up equity capital of ₹ 430 crores conforms to the specifications of the IRDA. The Accounts of the Corporation are drawn up according to the stipulations prescribed in the IRDA (Preparation of Financial Statements and Auditor's Report), Regulations, 2002.

PERSONNEL AND INDUSTRIAL RELATIONS

I. STATEMENT UNDER SECTION 217(A) OF THE COMPANIES ACT, 1956:

The particulars of remuneration payable to the employees in terms of Section 217(2A) of the Companies Act, 1956 are annexed in a separate statement.

II. STAFF POSITION AS ON 31.03.2010:

Class I	-	Officers	274
Class III	-	Clerical Employees	131
Class IV	-	Sub-Staff	34
TOTAL			439

Composition of Scheduled Castes and Scheduled Tribes in the employee strength:

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	274	40	14.60	13	4.74
Clerical	131	30	22.90	12	9.16
Sub-Staff	34	9	26.47	1	2.94
Total	439	79	-	26	-

III. WELFARE OF SC/ST/OBC:

In consonance with the National Policy on reservation for SC/ST and OBC, GIC Re has framed rules accordingly which allow reservations and concessions/relaxation for SC/ST and OBC in recruitment and promotion wherever applicable. Special coaching classes for SC/ST employees are held in order to enable them to acquire knowledge so that they will be able to give a better account of themselves in written test and interview.

Dr. Ambedkar Welfare Trust of GIC Re was established during the centenary year of Dr. B.R. Ambedkar. On behalf of the Trust, various Welfare Schemes are also implemented for the benefit of SC/ST/OBC employees.

BOARD OF DIRECTORS:

Shri M.V. Nair, Chairman & Managing Director, Union Bank of India and Chairman, Indian Banks' Association was appointed as a Director on the Board of the Corporation w.e.f. 19.08.2009.

Smt. Bhagyam Ramani, General Manager, General Insurance Corporation of India was appointed as a Director on the Board of the Corporation w.e.f. 11.11.2009.

Shri S.B. Mathur, Secretary General, Life Insurance Council of India was appointed as a Director on the Board of the Corporation w.e.f. 23.12.2009.

Shri S.L. Mohan, Secretary General, General Insurance Council of India was appointed as a Director on the Board of the Corporation w.e.f. 23.12.2009.

Shri O.P. Bhatt, Chairman, State Bank of India ceased to be a Director on the Board of the Corporation w.e.f. 05.09.2009.

The Directors wish to place on record the co-operation received from Shri O.P. Bhatt during his tenure as Director on the Board and also for his valuable contribution to the cause of the General Insurance Industry.

The statement showing the Board Meetings attended by the Directors are reflected in the table given below:

STATEMENT SHOWING NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS DURING THE PERIOD APRIL 2009 TO MARCH 2010

Names of Directors	Dates of Meetings				
	01.06.2009	11.08.2009	06.10.2009	24.12.2009	10.03.2010
Shri Yogesh Lohiya	Present	Present	Present	Present	Present
Shri Tarun Bajaj	Present	Present	Present	Present	Present
Shri O.P. Bhatt	Absent	Present	Ceased		
Shri M. Ramadoss	Present	Present	Present	Present	Present
Shri Kamlesh S. Vikamsey	Present	Present	Absent	Present	Present
Shri M.V. Rajeev Gowda	Present	Present	Absent	Absent	Present
Shri M.V. Nair			Absent(*)	Present	Absent
Smt. Bhagyam Ramani				Present(**)	Present
Shri S.B. Mathur					Present(***)
Shri S.L. Mohan					Present(***)

(*) Appointed as Director w.e.f. 19.08.2009

(**) Appointed as Director w.e.f. 11.11.2009

(***) Appointed as Director w.e.f. 23.12.2009

COMMITTEE OF THE BOARD

General Insurance Corporation of India has four Board level Committees, viz. Audit Committee, Investment Committee, Remuneration Committee and Ethics Committee.

AUDIT COMMITTEE

In compliance with Section 292(A) of the Companies Act, 1956, the Corporation has an Audit Committee of the Board of Directors with the following Members for the financial year 2009-10:

1. Shri Tarun Bajaj
2. Shri M. Ramadoss
3. Shri Kamlesh S. Vikamsey

STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2009 TO MARCH 2010

Names of Members	Dates of Meetings			
	01.06.2009	11.08.2009	24.12.2009	10.03.2010
Shri Tarun Bajaj	Present	Present	Present	Present
Shri M. Ramadoss	Present	Present	Present	Present
Shri Kamlesh S. Vikamsey	Present	Present	Present	Present

INVESTMENT COMMITTEE

The Corporation has an Investment Committee of the Board of Directors with the following Members for the financial year 2009-10:

1. Shri Yogesh Lohiya
2. Shri Tarun Bajaj
3. Shri M. Ramadoss
4. Smt. Bhagyam Ramani (from 20.11.2009)
5. Shri Kamlesh S. Vikamsey
6. Shri A.K. Garg, Actuary (from 20.11.2009)

STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2009 TO MARCH 2010

Names of Members	Dates of Meetings				
	01.06.2009	11.08.2009	06.10.2009	24.12.2009	10.03.2010
Shri Yogesh Lohiya	Present	Present	Present	Present	Present
Shri Tarun Bajaj	Present	Present	Present	Present	Present
Shri M. Ramadoss	Present	Present	Present	Present	Present
Smt. Bhagyam Ramani				Present	Present
Shri Kamlesh S. Vikamsey	Present	Present	Absent	Present	Present
Shri A.K. Garg				Present	Present

REMUNERATION COMMITTEE

The Corporation has a Remuneration Committee of the Board of Directors with the following Members for the financial year 2009-10:

1. Shri Tarun Bajaj
2. Shri Kamlesh S. Vikamsey
3. Shri M.V. Rajeev Gowda

STATEMENT SHOWING NUMBER OF REMUNERATION COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2009 TO MARCH 2010

Names of Members	Dates of Meetings	
	01.06.2009	11.08.2009
Shri Tarun Bajaj	Present	Present
Shri Kamlesh S.Vikamsey	Present	Present
Shri M.V. Rajeev Gowda	Present	Present

ETHICS COMMITTEE

The Corporation has a Ethics Committee of the Board of Directors with the following Members for the financial year 2009-10:

1. Shri Tarun Bajaj
2. Shri Kamlesh S.Vikamsey
3. Shri M.V.Rajeev Gowda

FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

The particulars of Foreign Exchange earnings/outgo as required by the Companies Act under Section 217(1) (e) is given below:

- i) Earnings ₹ 1541.25 crores
- ii) Outgo ₹ 1171.68 crores

The earnings included all receipts denominated in foreign currencies in respect of premium, recovery of claims, outward commission and investment earnings. The outgo comprised all payments in foreign currency in respect of outward premium, claims on reinsurance accepted, commission and expenses of management.

Expenses on (a) Entertainment (b) Foreign Tours and (c) Publicity and Advertisement amounted to ₹ 7,08,520, ₹ 85,21,121 and ₹ 1,88,18,286 respectively for the year under review.

ADDITIONAL INFORMATION REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

The Company is not engaged in any manufacturing activity and as such there are no particulars to disclose under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as regards Conservation of Energy or Technology absorption.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF THE CENTRAL GOVERNMENT

During the year under review, the Corporation improved its performance in implementation of Official Language Policy of the Government of India and complied with the guidelines issued by the Ministry.

For implementation of Official Language Policy of the Government, inspections of various departments of the Corporation were carried out by the officials of Official Language Department.

Five In-House workshops were organized and four meetings of Official Language Implementation Committee were conducted during the year.

In-house quarterly journal KSHITIJ was published regularly on quarterly basis. During Hindi week celebrations, various competitions were held. The winners of these competitions were awarded in an awards function.

CMD's Shield was awarded to the best performing Department of the Corporation with regard to Official Language Implementation.

The Deputy Director (Rajbhasha), Ministry of Home Affairs, Mumbai carried out an inspection and found that the implementation of Official Language in the Corporation was satisfactory.

During the year, GIC Re was awarded third prize for progressive use of Official Language, by TOLIC (Town Official Language Implementation Committee, Mumbai).

VIGILANCE

The Vigilance Set-up of the Corporation is headed by Chief Vigilance Officer in the rank of General Manager. The emphasis of the vigilance department is on preventive and punitive vigilance and also on system improvements.

Since the focus of the Organisation, in concurrence with CVC guidelines, is to take proactive steps to avoid vigilance situation, Audit Reports are studied and remarks made by Auditors are analysed. Surprise Inspections are conducted periodically and lapses studied from vigilance angle; based on this, suggestions are advised for improvisation of systems and procedures of the Organisation. Importance of preventive vigilance is conveyed to all employees of GIC Re as an integral part of the training modules. The sole purpose of vigilance training is to focus and accept vigilance as an organizational objective and create an atmosphere conducive to "Zero Corruption" functioning, with role clarity and clear sense of direction. To improve vigilance administration CVO and other officers also participate in the vigilance training programmes / workshops conducted by reputed organizations.

Periodical discussions are held with the officials of various departments to ensure financial and office discipline and imbibe a culture of value and ethics in the organization.

INTERNAL AUDIT DEPARTMENT

The Corporation has systems and controls in place which covers almost all areas of operations such as underwriting, investment and finance.

The Corporation continues to utilize the services of professional audit firm M/s. Contractor, Nayak and Kishnadwala for Internal Audit and Concurrent Audit functions during the year 2009-10.

The internal audit team conducts audit of various departments on concurrent basis and also reviews the prevalent systems, and submits their report together with suitable recommendations, to the management on a monthly basis. The main audit findings and recommendations are placed before Audit Committee of the Board (ACB) for consideration. Status of progress on the implementation of approved recommendations by the Audit Committee of the Board is reported to ACB from time to time. Reinsurance Underwriting Operations covering Treaty Acceptances and Cash Call Settlements and also Settlement of Accounts were audited on concurrent basis. Similarly, Investment operations were also subjected to audit on a concurrent basis, covering primary and secondary market transactions, Subsidiary Government Ledger (SGL) reconciliation for Central / State Government Securities and review of deployment of surplus funds. In line with RBI directions, auditors' confirmation of correctness of balances in SGL/CSGL account is sent to RBI, at the end of each month.

Besides major expenditure incurred, both Revenue and Capital were also subjected to audit. Other operational departments were covered by audit during the financial year.

RIGHT TO INFORMATION ACT 2005

The Corporation has in place the stipulated structure to implement the RTI Act 2005 in the organisation. The set-up is headed by a General Manager designated as the Appellate Authority. A Deputy General Manager functions as the Central Public Information Officer while a Senior Manager discharges the duties of Assistant Public Information Officer under the provisions of the Act. Our corporate website www.gicofindia.in also hosts the information about the Act as relevant to the Corporation.

The Corporation, in view of its core activity of reinsurance business, does not have much interaction with public at large and as such does not receive many applications under the Act. However, the fact that prior to the year 2000, GIC Re was the holding company for the 4 public sector general insurance companies; their customers continue to send their applications, under the Act, to the Corporation.

During the period under review (2009-10) the Corporation received 50 applications under the RTI Act 2005. All were duly replied well within the stipulated time period.

INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

The SAP Integrated system is fully exploited for all transactions and MIS purposes

Digitization of historical documents numbering around 28 lakhs have been completed so far under the Document Management system. The Disaster Recovery site at Bengaluru is stable and operational and provides a real time alternative IT infrastructure

Information Security Audit was conducted and action was taken on recommendations made. Training in SAP to all employees is going on a continuous basis. In 2009-10, 29 batches of employees were trained.

The Business Continuity Process is being finalized with the ERM Consultant Ernst & Young. The Turnaround time for individual processes in ITMG support has been identified and vigorously implemented. The IT Operations in the Primary Data Centre in GIC Re Suraksha during the last financial year were smooth and unhindered by any outages.

Consequent to the Board approval for the technical upgrade and the Electronic Data Interchange, SAP India has been engaged for this project. Upgradation will be done from the current SAP R/3 Version 4.7 to SAP ECC 6.0 platform and is expected to be completed by the end of October, 2010. "Project E-thru", the Electronic Data Interchange has also been initiated with two major brokers on a pilot basis and the Blue Printing phase is on the way. This project will also enable GIC Re to acquire High End Dashboard capable Business Analytics. The SAP Functional Upgrade project would be initiated once the technical upgrade is completed. The Moscow office of GIC Re will also shortly be connected to the SAP Server on similar lines as our Dubai and London branches.

Indian Motor Third Party Insurance Pool (IMTPIP):

As per the directive of IRDA, Indian Motor Third Party Insurance Pool has been setup where all General Insurers in India collectively service Commercial Vehicle Third Party Insurance business. This arrangement has become effective from 1st April 2007.

The pooling of business among all insurers is achieved through a multi-lateral reinsurance arrangement between the Underwriting Insurer and GIC Re. The participation of GIC Re in the Pooled business is to the extent of statutory reinsurance cessions. The balance is shared among all the registered general insurers writing motor insurance business in proportion to their Market Share for overall business.

The Pool accounts for the third year (2009-10) have been audited and closed, the relevant information has been incorporated into the books of accounts of GIC Re and all Member Companies.

During the year 2009-10, 18 Member Companies including GIC Re, have participated in the pooling arrangement. The total premium pooled for the year 2009-10 (March 2009 to February 2010) is ₹ 3160.09 Crores with 87.68 Lakh policies. The funds, net of expenses have been invested by the Investment department of GIC Re. The incurred claim amount is ₹ 3791.38 Crores with an operating loss of ₹ 673.96 Crores.

In the pooled business, ₹ 316.01 Crores has been booked for GIC Re's account with incurred claims of ₹ 386.69 Crores and an operating loss of ₹ 64.71 Crores.

GIC Re has earned Pool Administrator Fee (1.25% of pooled premium) to meet all the expenses related to the Pool. For this purpose GIC Re has setup a separate Motor Pool department with adequate manpower, hardware and software system. The net income earned of ₹ 40.60 Crores (service charges income ₹ 43.00 Crores less expenses ₹ 2.40 Crores) is included in Miscellaneous Income of GIC Re.

TRAINING/HRD

In the year 2009-10 training was imparted to all levels of employees both internally and externally. Various programmes were conducted for the employees at GIC Re Learning Academy, National Insurance Academy, Pune and other reputed institutes.

GIC Re Learning Academy is arranging full fledged training programmes on Reinsurance, Personality Development , etc. keeping in view GIC Re's role as a Global reinsurer. The summary of various programmes organized by NIA, Other reputed organization and GIC Re Learning Academy are as follows:

Organization	No. of Programmes	No. of Officers/ Employees trained
GIC Re Learning Academy	17	289
National Insurance Academy , Pune	12	26
Other reputed organizations	21	39
Seminars/Conferences in foreign countries	9	19

Training department has also been assisting other programmes being conducted by others departments of GIC Re.

INVESTMENT IN INSURANCE COMPANIES

DOMESTIC OPERATIONS

Agriculture Insurance Company of India Ltd. (AICL)

The Corporation holds 35% equity of AICIL and NABARD holds 30% while the balance is held equally to the extent of 8.75% by the four public sector non-life insurance companies.

OVERSEAS OPERATIONS

GIC Re has 3 overseas offices viz: a Representative Office in Moscow and Branch Offices in London and Dubai.

The Corporation has exposure in the share capital of Kenindia Assurance Company Ltd., Kenya, India International Insurance Pte Ltd., Singapore, LIC (Mauritius) Offshore Ltd., Mauritius, Asian Reinsurance Corporation, Bangkok, and East Africa Reinsurance Company Ltd., Kenya.

LONDON BRANCH (UK)

During the year 2009-10, the Gross Premium written by the Branch increased from GBP 22.78 mn in the previous year to GBP 31.02 mn and profit after tax was GBP 2.93 mn.

DUBAI BRANCH (UAE)

During the current financial year 2009-10, the Gross Premium written by the Branch increased from AED 403.76 mn to AED 782.44 mn. The operations resulted into a marginal loss of AED 0.3 mn.

KENINDIA ASSURANCE CO.LTD., KENYA

The paid up share capital of the Company is Kshs 362 mn. With a view to comply with the statutory directive of the Insurance Regulatory Authority of Kenya as to minimum capital requirement, the Company declared issue of bonus shares in the ratio of 4 shares for every 14 ordinary shares held. The Corporation's holding in the share capital of the Company is 9.2%.

Due to stringent methods adopted by the management, the performance of the Company has further improved during the year.

INDIA INTERNATIONAL INSURANCE PTE. LTD. , SINGAPORE

The Corporation holds 20% shares in India International Insurance Pte. Ltd., which has a share capital of S\$ 25 million.

The Company has declared a dividend of 7.5 % for the financial year 2009, as in the previous years.

LIC (MAURITIUS) OFFSHORE LTD., MAURITIUS

The Corporation has a 30% holding in the share capital of LIC (Mauritius) Offshore Ltd., a joint venture company promoted by LIC of India in Mauritius. The Company's operation is in a dormant position and LIC has already received approval of the Government for winding up the operations. Necessary formalities are being complied with in this connection.

ASIAN REINSURANCE CORPORATION, BANGKOK

The Corporation is holding 21.34% of the share capital as Associate Member of Asian Re in addition to holding 3.35% of the share capital as its Regular Member on behalf of the Government of India. Performance of the Company improved considerably with a net operating

profit of US\$ 1.39 mn as against a net loss of US\$ 1.52 mn in 2008. The Company declared a cash dividend of 2.75 % for the year 2009.

EAST AFRICA REINSURANCE COMPANY LTD., KENYA

The Corporation has 14.75% stake in the share capital of East Africa Reinsurance Company Ltd., an existing profit making reinsurance company in Kenya.

During the year, bonus shares amounting to Shs 50 million were issued to the existing Shareholders in the proportion of one new share for every twelve existing shares, thus increasing the paid up share capital to Shs 650 million from Shs 600 million. The Company declared a dividend at Kshs 31 per share (3.1%) on the increased share capital for the year 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
2. Appropriate accounting policies have been selected and have been applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year 2009-10 and of the profit or loss of the Corporation for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

9th June 2010
Mumbai.

AUDITORS

M/s S R Goyal & Co., Chartered Accountants were appointed as Auditors to audit the accounts of the Corporation for the financial year 2009-10 by the Comptroller & Auditor General of India under Section 619 of the Companies Act, 1956.

SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2008-09 along with Directors' Report was placed before both the Houses of Parliament under Section 619(A) read with 619(B) of the Companies Act, 1956 as per details given below:

In LOK SABHA on 4th December 2009 and RAJYA SABHA on 1st December 2009.

ACKNOWLEDGEMENT

The Board places on record its deep appreciation of the agents, brokers, staff and officers of the Corporation for their valuable contribution in achieving its plans and goals. The Directors are thankful for the guidance and support extended by Ministry of Finance, IRDA, and Principal Director of Commercial Audit and Ex-Officio Member, Audit Board- I, Mumbai.

For and on behalf of the Board

Yogesh Lohiya

Chairman-cum-Managing Director

**STATEMENT OF GROSS REMUNERATION FOR THE F/Y 2009-10.
U/S 217 (2A) (B) (ii) OF CO'S ACT, 1956**

Sr. No.	Name of the Employee	Designation	Remuneration*	Age	Qualification	Last Employment	With effect from
1	Shri Yogesh Lohiya	CMD	3301799.00	58	B.E. (Hons) AIII, Dip. In Bus.Magt.	N.A.	28-05-2007
2	Shri Anil Sant	Asst.Gen.Manager	4804235.00	47	B.Sc.,B.Sc(T) FIII	N.A.	01-07-86
3	Shri J.R. Wankhede	Chief Manager	2557011.00	53	D.E. (C) FIII	N.A.	01-07-88
4	Shri D.R. Arya	Chief Manager	4399989.00	45	M.Sc(Agri) Master Degree in HRDM	N.A.	27-11-89
5	Shri Sanjay Mokashi	Senior Manager	3405647.12	42	M.Com. Licentiate	N.A.	01-06-90
6	Shri Rajesh Laheri	Deputy Manager	3273904.00	42	C.A., C.S(Int) ICWA Fellow	N.A.	17-04-98

* Including Gross Salary, Gratuity, Leave Encashment, Co's contribution to Provident Fund and Mediclaim but excludes all other perquisites i.e. Accommodation, LTS and reimbursement of expenses

CORPORATE GOVERNANCE

GIC Re strongly believes in good corporate governance and aims at being a good corporate citizen. It recognizes the significance of effective corporate governance in achieving the trust and confidence of cedants, intermediaries, regulator and other stake holders.

GIC Re has taken proactive approach ahead of regulatory requirements for implementation of various steps which is considered essential for corporate governance.

Following IRDA notification on corporate governance GIC Re acted promptly to identify the gaps and moved swiftly to ensure that it achieves the status of a fully compliant company so far as the IRDA regulations on corporate governance norms are concerned

GIC Re became a fully corporate governance compliant company on 31st March 2010. Various requirements under the corporate governance regulatory framework which GIC Re has met are discussed as follows.

Board of Directors: GIC Re is governed by a Board of Directors under the Chairmanship of Chairman-cum-Managing Director. On the Board of GIC Re there are 9 Directors out of which 6 are Independent Directors. GIC Re Board has a Whole time Chairman. All the Directors have executed a deed of covenants with the corporation.

The Board provides overall direction of the business, including projections on the capital requirements, revenue streams, expenses and the profitability.

- It ensures to fully comply with the Insurance Act and the regulations framed there under, and other statutory requirements applicable to it;
- It addresses conflicts of interest situations;
- It ensures fair treatment of policyholders and employees;
- It ensures information sharing with and disclosures to stakeholders, including investors, policyholders, employees, the regulators, consumers, financial analysts and/or rating agencies.

- It establishes through whistle blowing mechanism an effective channel for encouraging and facilitating employees raising concerns or reporting a possible breach of law or regulations, with appropriate measures to protect reporting employees against retaliation;
- It provides conducive environment for developing a corporate culture that recognizes and rewards adherence to ethical standards

Audit Committee:

GIC Re has an Audit Committee which is headed by an Independent Director who is also a chartered accountant. The committee oversees the functioning of internal audit department, reviews and reports and also monitors the progress in dealing with deficiencies wherever noticed.

The members of the Audit Committee of the Board as on 31st March 2010 are:

Shri Kamlesh Vikamsey

Shri Tarun Bajaj

Shri M Ramadoss

Shri S L Mohan

Investment Committee :

GIC Re has an Investment Committee consisting of Chairman-cum- Managing Director, 3 non Executive Directors, Chief of Investment and Finance and appointed actuary. The committee lays down annual investment policy and provides oversight to investment operations of the corporation.

The members of the Investment Committee of the Board as on 31st March 2010 are:

Shri Yogesh Lohiya

Shri Tarun Bajaj

Shri M Ramadoss

Shri S B Mathur

Shri Kamlesh Vikamsey

Smt Bhagyam Ramani

Shri A K Garg

Ethics Committee:

GIC Re has put in place a 2 level Ethics Committee of which one is formed at management level while the other is formed at board level. The set provides a robust support to the whistle blowing mechanism where maintenance of confidentiality is of prime importance to provide adequate protection and comfort level to the employees of GIC Re.

The members of the Ethics Committee (Board) as on 31st March 2010 are:

Shri Tarun Bajaj

Shri Kamlesh Vikamsey

Shri Rajeev Gowda

The members of the Ethics Committee (Management) as on 31st March 2010 are:

Smt Bhagyam Ramani, Director & General Manager

Shri Y Ramulu, Deputy General Manager

Smt Suchita Gupta, Assistant General Manager

Risk Management Committee:

GIC Re has constituted a Risk Management Committee (RMC) consisting of 3 General Managers and has appointed a Chief Risk Officer (CRO) The Committee is supervising implementation of Enterprise Risk Management (ERM) framework which is expected to put in place a robust ERM system for effectively and efficiently managing the various risk exposures.

The members of the Risk Management Committee as on 31st March 2010 are:

Shri M Ramaprasad , General Manager

Shri A K Roy, General Manager

Shri R Raghavan, General Manager

Shri A K Mittal – Deputy General Manager - Chief Risk Officer & Convenor

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

ECONOMIC ENVIRONMENT

Recovery in the global economy picked up momentum in the fourth quarter of 2009. The speed of recovery however, remains significantly divergent. The projection for global output of 2010 generally points to consolidating recovery, led by Emerging Market Economies (EMEs). The risks to the overall global macroeconomic environment have, however, increased because of the large public debt in advanced economies, on the back of concerns relating to reduction in potential output, high unemployment rates, impaired financial systems and premature exit from the policy stimulus.

The turnaround in global macroeconomic conditions is reflected in the turnaround in India's exports and the return of capital flows. The advance estimates released by Central Statistical Organisation in early February 2010 placed the real GDP growth at 7.2%. The final real GDP growth for 2009-10 may settle between 7.2%-7.5%

With the improving growth outlook, monetary and fiscal exit measures have started. While recovery in private demand needs to be stronger to reinforce the growth momentum, the already elevated headline inflation suggests that the weight of policy balance may have to shift to containing inflation, since high inflation itself will dampen recovery in growth. In the emerging macroeconomic scenario, monetary policy management in 2010-11 will be dominated by the challenge of moderating inflation and anchoring inflation expectations, while remaining supportive of growth

INDIAN INSURANCE SECTOR DEVELOPMENTS

In 2009-10 the domestic general insurance industry, comprising three stand alone Health insurance companies, one Agriculture Insurance Company, one Export & Credit Guarantee Insurance Company and fifteen private sector general insurance companies besides the four public sector general insurance companies bounced back and recovered very well and posted excellent growth rates after the slow down due to the global economic crisis of 2008. The life insurance

industry also registered impressive growth performance.

The general insurance business clocked a gross premium of over ₹ 35,000 crores in 2009-10 registering a growth of 13.5% over 2009-10 which was 9% in 2008-09. Detariffication in 2007 coupled with intense competition and discounted pricing has strained the underwriting profits of many of the general insurance companies. However, thanks to their investment incomes most of the companies have been able to record profits. The surge in general insurance premium has been primarily due to the outstanding growth registered in the Motor and Health portfolios. With the boom in automobile manufacturing and sales the motor portfolio has performed remarkably well. The segment has registered a growth of almost 42 percent in 2009-10. The growing health consciousness amongst Indians and also the rising cost of medical care is the driving force behind the spurt in the health portfolio. It has become one of the fastest growing segments in the general insurance industry in the country today. The portfolio registered a growth of around 23 percent in 2009-10.

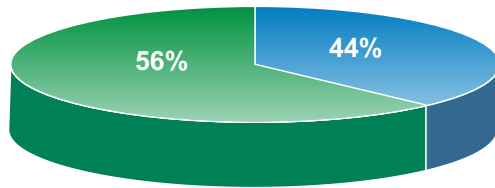
The Insurance Industry in India has been progressing at a rapid pace since opening up of the industry in 1999. Since 2000 when the first private player began operations the insurance sector in India has received foreign direct investment to the tune of US \$ 525.6 million.

During the year under review two new companies SBI General Insurance Company and Max Bupa Health Insurance Company commenced business in the general insurance sector in the country.

Indian markets continue to be attractive for International reinsurers as we have a good record of low catastrophic events and also low penetration. Indian companies were able to place their programmes with the global reinsurers with ease. Though following detariffication the pricing has fallen abysmally low, still the global reinsurers are very well aware that things get back on rails sooner than later and they stand to gain once the market sees some kind of discipline setting in.

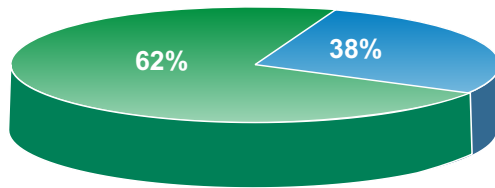
INTERNATIONAL AND DOMESTIC BUSINESS COMPOSITION

GIC Re Business Composition 2009-10



■ Indian ■ Foreign

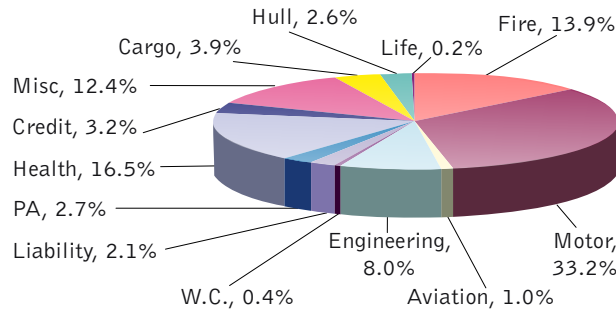
GIC Re Business Composition 2008-09



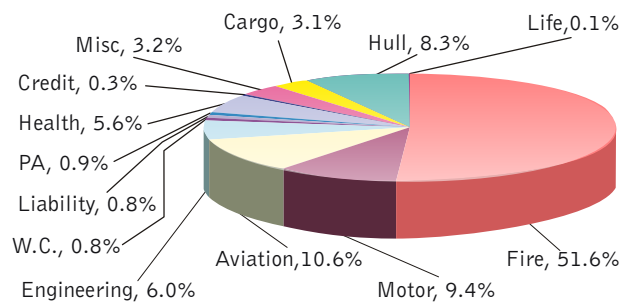
■ Indian ■ Foreign

NET PREMIUM BREAKUP

Indian Classwise Premium - 2009-10



Foreign Classwise Net Premium - 2009-10



GIC RE's BUSINESS PERFORMANCE

During 2009-10 the Corporation notched up a remarkable improvement in the foreign business with a growth rate of 39%. The premium growth in the domestic market was at 9.4%. The Corporation's gross premium income during the year 2009-10 is ₹ 9736.92 crores and the income, during the year from investments was registered at ₹ 2040.25 crores. Underwriting results show an overall loss of ₹ 780.19 crores in 2009-10 compared to an underwriting loss of ₹ 213.36 crores in the previous year. The ratio of total business expenses to the earned Premium i.e. Combined Ratio stood at 109.64%. The Solvency margin of the Corporation as on 31st March 2010 was 3.71 .

CLASSWISE PERFORMANCE

FIRE:

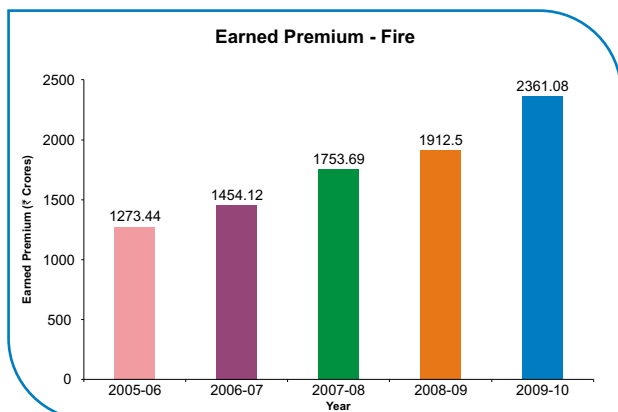
Fire business recorded a growth of 23%.The earned premium for the year was ₹ 2361 crores as compared to ₹ 1913 crores the previous year.

The domestic premium dropped by 4% (₹ 634 crores from ₹ 661 crores).The primary reason for de-growth of domestic premium is due to rates continuing to be thin following detariffication.

GIC Re's foreign inward business grew by 38% (₹ 1728 crores from ₹ 1252 crores). This growth is in keeping with GIC Re's goal of achieving a 50-50 portfolio between domestic and foreign by 2014. This is as a result of aggressive marketing, enhanced contribution by foreign branches and shifting focus from being a regional reinsurer to a global reinsurer. The retro business of the Company has also contributed to this growth.

Incurred claims stood at ₹ 1636 crores. The major losses in India during the year affecting the books of GIC Re on net basis were fire to Indian Oil Corporation Limited – IOCL's (Marketing Div), Jaipur and Haldia Petrochemical amounting to ₹ 75 crore each. There was no major CAT loss in the domestic market.

Three major CAT events were reported under Foreign Inward business, Chilean Earthquake (₹ 72 crores), European storm synthia (₹ 28 crores) and Typhoon Ketsana (₹ 27 crore).



MARINE CARGO

Whilst the Cargo Gross Premiums for 2009-10 have increased by about 5% over 2008-09, the Net Earned premiums for 2009-10 have gone down marginally to ₹ 302.16 Crores from ₹ 314.22 Crores in 2008-09. This decline is in account of adjustment made in reserve for unexpired risks.

Project cargo reinsurance for power plans with related consequential loss cover continue to see good volume. On the treaty side, however, it appears unlikely that actual premiums for 2009-10 will achieve the premium level estimated by insurers, mainly on account of residual effects of the economic slowdown.

Cargo rates have largely stabilized except for oil shipments which due to good experience are very aggressively quoted by the larger insurers.

No major losses have been reported during the year. The overall loss ratio has come down from 75% (2008-09) to 60% (2009-10).

The outlook for 2010-11 appears positive

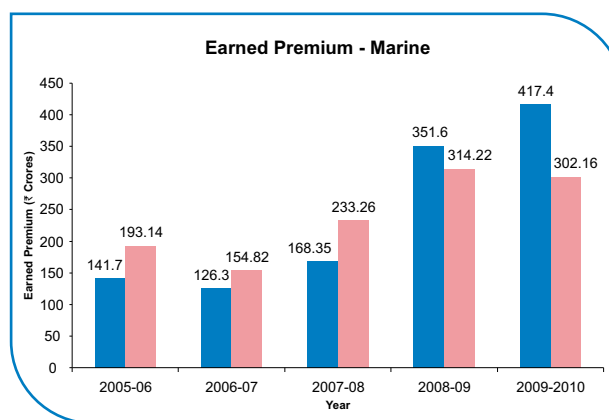
MARINE HULL

The Marine Hull gross premium (excluding Offshore energy) showed a downward trend of 15% in gross premium volume in comparison to the gross premium figures of last year. This is mainly on account of increased capacity of the domestic players, lower tonnage, competitive pricing, economic recession witnessed last year and overall softer Reinsurance market.

The loss in premium volume is compensated by better underwriting practices, imposing age restrictions and deductibles, better rates in domestic and foreign quotes.

No major losses have been reported last year. This has resulted in the reduction in incurred loss figures in Marine Hull portfolio from 140% (2008-09) to 65% (2009-10).

GIC Re of India continues to administer the Govt. of India Hull War Risk Scheme for Indian Flag Vessels as also the Marine Hull Pool. It is observed that generally the ship owners prefer the Institute London War Risk Scheme which, though restrictive in coverage is cheaper than the GOI War Risk Scheme. Efforts are on to include the same into our portfolio.



■ MARINE HULL ■ MARINE CARGO

Oil and Energy

GIC Re's Offshore energy business continues to show a healthy growth year on year both in domestic and international business.

Offshore energy premium written in Marine and accounted for during 2009-10 is US\$ 39 mln. vis a vis US\$ 32 mln in 2008-09 (an increase of 21%). This includes the premium from London and Dubai branch offices.

GIC Re's quick turnaround of proposals received and timely claims settlement have been well appreciated in that foreign energy business accounts for 60% of the overall energy portfolio.

There have been two large offshore losses reported during the year in the domestic market as under:

L&T (construction) 07.05.09 – US\$ 20 mln.: GIC Re's share US\$ 2 mln.

Reliance Industries 03.10.09 – US\$ 75 mln.: GIC Re's share US\$ 7.5 mln.

The outlook for 2010-11 appears positive.

AVIATION PERFORMANCE 2009-10

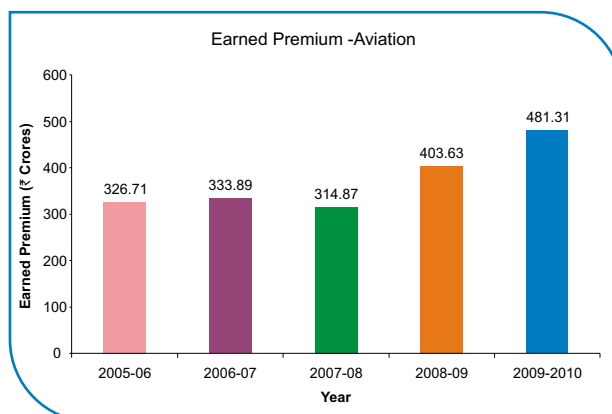
Airline insurance market, in continuous softening trend since 2002, started showing some signs of hardening during the second half of 2008 and first half of 2009. The marginal hardening trend in the market was decisively influenced by the Air France loss (date of loss 1st June 2009). Air France reserved at approx. USD 679 mn was the worst non-war peril aviation loss during the last decade. Though the momentum of steep rate hardening was sustained up to October 2009, it moderated during the main renewal season of November – December 2009 and thereafter.

Gross premium at ₹ 619.78 crores registered a growth of 3.2%. Net Premium for 2009-10 was ₹ 466.58 crores as compared to ₹ 500.05 crores for 2008-09 registering a de-growth of 6.69%. This was on account of higher retrocession premium. Earned Premium for 2009-10 was ₹ 481.03 crores as compared to ₹ 403.64 crores for 2008-09 registering a growth of 19.17%.

Low incurred claims ratio of 60.00% of earned premium was on account of reserve release and reversal of claims provisioning.

GIC Re's net losses from large airline accidents for the year amounted to ₹ 103.23 crores. The largest loss was Air France (Date of Loss 01.06.2009) for ₹ 107.48 gross for GIC Reshare of 3.5% (₹ 27 crores net after recovery).

The other major loss for the Corporation was Ethiopian Airlines with Corporation's gross exposure at ₹ 48.41 crores.



LIABILITY

Worldwide scenario:

Recession globally had a wide impact on awareness of liability Insurance. The financial meltdown has led to increase in shareholder activism and also Professional Indemnity claims against Financial Institutions, Banks and Corporate. As the world economy started to recover, increased investment activity was seen in the emerging markets. Overall Liability Insurance rate worldwide has continued to see an increased movement as compared to the previous year.

Indian Market:

On the domestic side as well, awareness for Liability insurance covers continued to increase over the past years. Growth in demand for liability covers were felt more as a "need" rather than merely meeting legal requirement. Claim notifications that various lines of Liability Insurance business have seen recently helped increase rate of Liability covers. Owing to consistent growth and a profitable portfolio, this segment is in great demand for insurance companies in Indian market.

GIC Re played an important role in providing suitable Treaty capacities to the Indian market. Companies / brokers, adhering to IRDA guidelines, for allowing first right of refusal, helped GIC Re get opportunity to write accounts which were backed by Reinsurers located abroad. This resulted in considerable growth in Liability book of business i.e. 40.9% over the previous year.

Besides growth in business, GIC Re also noticed quite a few loss incidents / notification reported particularly in primary policies of Tech E&O accounts and Product recall covers of Auto companies. Satyam D&O policy of 2008-09 for which loss notification was reported last year, Companies made provision in a big way which in turn impacted GIC Re results as well.

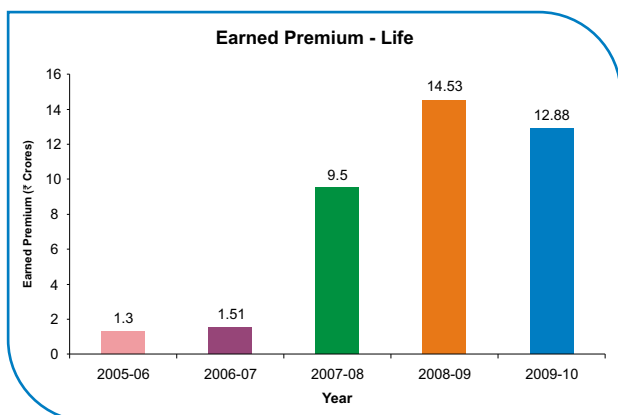
Keeping in view sustained growth in Liability Class, GIC Re will continue to provide need based capacities for growth of its portfolio and market.

LIFE REINSURANCE

Life Insurance market in the country has grown 18% in 2009-10. However, Life Reinsurance market is growing gradually. Net Written Premium of the Corporation has increased to ₹ 14.03 crores from ₹ 11.73 crores in 2008-09, a growth of 19.50%. However, the earned premium and revenue profit have reduced in 2009-10 to ₹ 12.88 crores and ₹ 4.85 crores respectively as compared to ₹ 14.53 crores and ₹ 5.92 crores respectively for the previous year due to reserve strain.

GIC Re and Hannover Re have a cooperation agreement for development of Life Reinsurance business in India since 2008. Extensive marketing efforts are being made jointly since then and result is being seen now. This year 3 private Life Insurance companies have entered into new treaty agreements with us, in addition to our existing book of business.

Life Reinsurance business also saw substantial growth in Foreign Inward business particularly from Middle East and Europe.



AGRICULTURE REINSURANCE

GIC Re continued its Agriculture Reinsurance portfolio during the year by providing reinsurance support for agriculture (Crop/Livestock) and index based weather insurance under proportional, stop loss and facultative arrangements.

GIC Re's Agriculture portfolio is well diversified and consists of business from China, South Korea, USA, Sudan, Israel, Paraguay, Slovenia, Sweden, Russian Federation and Romania, apart from the domestic business.

The net Reinsurance premium increased from ₹ 19.76 crores in 2008-09 to ₹ 122.99 crores in 2009-10 showing a growth rate of 522.42%. The incurred claim for the year was ₹ 66.95 crores giving a claim ratio of 54.44%.

HEALTH

GIC Re's domestic health premium which is primarily from obligatory cessions has grown by 22%. Growth in country's health premium is due to expanding domestic awareness and marketing efforts by direct companies. The year has also seen growth in the number of standalone health companies. Since the market share of this class of business is gradually increasing, from this financial year health has been shown as a separate class in GIC Re's balance sheet. Health portfolio is under pressure for performance however, of late, group health premiums have seen an upward movement.

INDIAN MARKET TERRORISM RISK INSURANCE POOL

GIC Re continues to be the Manager for the country's Terrorism Insurance Pool. The Pool's premium income has grown by 37% (₹ 306 crores from ₹ 223 crores). The Pool has not suffered any major losses during the year 2009-10. The settlement of the claims arising out of the Mumbai 26/11 terrorism incident is progressing with further on-account payments made to the hotels which were affected.

SEGMENTWISE CLAIMS EXPERIENCE

(₹ in crores)

	INDIAN			FOREIGN		
	Earned Premium	Incurred Claims	Incurred Claims Ratio	Earned Premium	Incurred Claims	Incurred Claims Ratio
Fire 2009-10	633.57	783.57	123%	1727.51	852.81	49%
Fire 2008-09	660.71	621.08	94%	1251.79	1047.46	84%
Engineering 2009-10	373.48	186.74	50%	218.77	121.24	55%
Engineering 2008-09	394.50	193.31	49%	164.85	87.14	53%
Marine 2009-10	278.58	451.02	162%	440.98	292.51	66%
Marine 2008-09	393.61	329.98	84%	272.22	358.73	132%
Misc. Other 2009-10	1619.40	1781.33	110%	320.44	206.71	64%
Misc. Other 2008-09	1673.81	1339.05	80%	171.93	96.02	56%
Life 2009-10	5.50	2.39	43%	7.38	4.44	60%
Life 2008-09	5.53	3.73	67%	9.01	0.20	2%
Aviation 2009-10	43.17	26.81	62%	438.14	261.90	60%
Aviation 2008-09	48.19	41.90	85%	355.44	537.61	66%
Motor 2009-10	1712.58	1986	116%	256.93	177.49	69%
Motor 2008-09	2314.12	1481.04	64%	90.45	79.89	88%
Total 2009-10	4666.28	4939.28	106%	3410.15	1917.10	56%
Total 2008-09	5490.47	4010.09	73%	2315.69	2207.05	95%

CREDIT RATING

International rating agency AM Best has maintained the Corporation's rating at "A" - (Excellent). The rating reflects excellent risk adjusted capitalization and leading business position in Indian market with the offsetting factor being reliance on investment income from portfolio highly concentrated in Indian equity market.

Indian credit rating agency Credit Analysis and Research Limited (CARE) has reaffirmed AAA (In) Claims Paying Ability rating. Insurers with this rating have the highest financial strength to meet policyholders' obligations and impact of any adverse business and economic factors on the claims paying ability is minimal.

INVESTMENT

Emerging Market Economies (EMEs) of Asia led to the global recovery driven by domestic demand and recovering exports. However, the pace of recovery of advanced economies continued to remain uncertain. The biggest concern is about the recovery losing momentum once the props of fiscal stimulus and monetary accommodation are withdrawn. In advanced economies,

there are concerns about higher unemployment levels, growing fiscal deficits and continued credit recession to productive sectors. The IMF's current projections for global growth suggest a recovery, which will be led by the emerging and developing economies that are expected to exhibit stronger recovery.

Global financial markets exhibited significant stabilization despite the drag from the global financial crisis. However, the volatility increased in the beginning of 2010 due to concerns about unsustainable financial positions as reflected in sovereign risks. Episodes such as the Dubai World Debt standstill and the sovereign debt problems in Greece and East European countries posed a major risk to the stability of financial markets going forward. However, volatility in the domestic financial markets was much lower. Despite considerable stability, market faced concerns emerging from large government borrowings and increase in inflation which affected the yields in bond market.

During 2009-10 there was a sharp growth in key asset price in India, particularly the domestic equity market which registered a phenomenal increase of 81% in prices, outperforming many Emerging Market Economies.

The initial inflationary pressure was predominantly conditioned by rising food and fuel prices, reflecting the impact of a deficient monsoon and the increase in international crude prices. With the exit of monetary and fiscal measures, private demand needs to be stronger to accelerate growth momentum. In the emerging macro-economic scenario, monetary policy management in 2010-11 will be dominated by challenges of moderating inflation. Headline inflation which moderated in the first half of 2009-10, firmed up in the second half of the year. It accelerated from 1.5% in October 2009 to 9.90% by March 2010.

During the crisis, maintenance of ample liquidity and lower interest rates were used by RBI as the key channels to stimulate private demand and thereby contain the pace of slowdown in economic activity. Data on corporate performance points to a moderation in the inventory stock to sales ratio even though that is largely on account of the strong rebound in sales growth in the third quarter of 2009-10, after a phase of significant deceleration over the preceding quarters. The corporates resorted to non-banking sources such as issuance of Commercial Papers, private placement, IPOs etc.

Market borrowing of the Central Government increased further during 2009-10 and most of them were front loaded. The yields on the government bonds hardened after Q1 of 2009-10 reflecting the concerns of stimulus led to large fiscal deficit and large inflationary expectation. By appropriately releasing liquidity to the financial system, a relatively smooth conduct of Government's market borrowing programme was ensured. The gross borrowing in dated securities was at ₹ 418000 crores with weighted average maturity of 11.2 years and weighted average yield of 7.23%.

Based on IRDA guidelines, the Corporation invests 45% in Directed Sector comprising of Central/State Government Securities, Government guaranteed bonds, Housing and Infrastructure Sector. Balance 55% is invested in Market Sector and these investments are subject to prudential and exposure norms.

The investment portfolio of the Corporation stood at ₹ 17480.88 crores as against ₹ 16726.47 crores showing

an increase of ₹ 754.41 crores representing a growth of 4.51 % over the previous year. Income from investments stood at ₹ 2040.25 crores with a mean yield on funds at 11.93%. The net non performing assets percentage was at 1.59 %.

GIC Re's Reinsurance Programme

The Corporation has arranged Risk and Catastrophe Excess of Loss Protection for its net retained Portfolios in respect of various classes of Business. Separate CAT protection has been arranged for some territories in respect of Foreign Business. ART arrangement has been continued covering GIC Re's retained share for both domestic and foreign business.

Future Outlook

The Indian insurance industry is bound to grow in double digits during 2010-11 too, riding on the back of relatively solid fundamentals that the Indian economy has acquired over the years. The emphasis is once again likely to be on the motor and health portfolios. The infrastructure sector including realty, highways, new airports, power plants and other megaprojects, is once again in focus. With the Nuclear Liability Act in place things will look up on that sphere too, giving an additional boost to a whole lot of activities. The employment scenario is quite optimistic post financial-meltdown and this has brought a cheer to several other sectors. All these are likely to act as a catalyst and provide a boost to the property lines. The overall scenario is quite rosy and cheering. And this should buoy up the insurance sector too.

MANAGEMENT REPORT

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the management of the Corporation hereby:

1. Confirms that the Registration No. 112 granted by the Authority continues to be valid.
2. Certifies that all the dues payable to the statutory authorities have been duly paid.
3. Confirms that the shareholding pattern as well as transfer of shares during the year is in accordance with the statutory or regulatory requirements.
4. Declares that the funds of the holders of policies in India are not directly or indirectly invested outside India.
5. Confirms that the required solvency margins have been maintained.
6. Certifies that the values of all the assets of the Corporation including that of Terrorism Insurance Pool business for which GIC Re is acting as Manager, have been reviewed on the date of the Balance Sheet and that in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings "Loans", "Investments", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Cash" and the several items specified under "Other Accounts".
7. Confirms that the Corporation's risk exposure consists of a) Obligatory Cessions; b) Facultative support given to Indian Insurance companies; c) The Corporation's share in Indian Insurance companies through First/Second Surplus Treaties and Excess of Loss programme; d) The Corporation's share in Market Surplus Treaties and e) Foreign Inward business accepted. All these exposures are adequately protected by the Corporation's reinsurance programme for 2009-10.
8. The Corporations overall top ten risk exposure is in the following countries:

United Arab Emirates, South Korea, Saudi Arabia, Egypt, Taiwan, Oman, Indonesia, Kuwait, Russian Federation & Jordan

For the top 10 countries as above, protection beyond Corporations authorized retention has been purchased for all countries except Egypt up to a limit of US \$ 60/100 Mln. Egypt is not considered to be a catastrophe prone territory and the exposures written are retained to the Corporations Net account.
9. Certifies that the Corporation does not operate directly in any other country. It has its representative offices at Moscow and Branch Office at Dubai and London. However, the entire reinsurance strategy is adopted at the Head Office and no acceptance is done at the representative offices.
10. The Corporation being a reinsurance company does not settle claims directly to the insured except in the case of run off liabilities in Aviation department. The portion of the claims recoverable under the reinsurance obligations of the Corporation are settled with the reinsured through periodical accounts statements. The position of outstanding claims under the categories of Indian, Foreign Inward and Aviation Business are as disclosed in Note No. 10.6 of the Disclosures forming part of Financial Statements.
11. This is to certify that the values as shown in the balance sheet, of the investments and stocks and shares have been arrived at as stated in Significant Accounting Policies No. 7.
12. Declares that the review of asset quality and performance is as mentioned below for Loans and Investments:

LOANS

Loan assets (including loans to employees) as on 31.3.2009 stood at ₹ 695.15 crores as compared to ₹ 719.32 crores in the previous year. Out of the total loan

assets of ₹ 695.15 crores, ₹ 686.69 crores are either secured or guaranteed by the Government bodies representing 98.78% and the balance ₹ 8.46 crores are unsecured. Interest income from loans amounted to ₹ 63.73 crores. Standard performing assets account for ₹ 544.55 crores and the net non performing assets is ₹ 85.60 crores after making provision of ₹ 65.01 crores.

INVESTMENTS

The book value of the investment (including deposits) as on 31.3.2010 has increased to ₹ 16788.69 crores from ₹ 16010.30 crores. The realizable value of investment is ₹ 33817.15 crores as on 31.3.2010 showing an appreciation of 101.43 % over book cost. Income from investment including Profit on Sale amounted to ₹ 1976.52 crores as against ₹ 1597.66 crores in the previous year. Of the total investment of ₹ 16788.69 crores, ₹ 6072.05 crores are invested in Government Securities and State Guaranteed Bonds. Book value of Equity shares is at ₹ 6072.00 crores and market value stood at ₹ 23090.74 crores showing an appreciation of ₹ 17027.93 crores (280.86 %).

The Corporation has complied with the regulation of investments prescribed by IRDA for the purpose of investment limits in housing and infrastructure and social sector. The compliance has been made on aggregate basis.

13. Confirms that :

- i. In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures.
- ii. The management has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit and net profit of the company for the year.
- iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act,

1938/Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.

- iv. The financial statements are prepared on a going concern basis.
 - v. The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.
14. Certifies that no payment has been made to individuals, firms, companies and organisations in which the Directors of the Corporation are interested.

For and on behalf of the Board of Directors

Yogesh Lohiya

Chairman-cum-Managing Director

9th June 2010

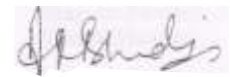
COMMENTS OF THE COMPTROLLER

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of General Insurance Corporation of India for the year ended 31 March, 2010 in accordance with the financial reporting framework prescribed under the Insurance Act, 1938 read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 9 June, 2010.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of General Insurance Corporation of India for the year ended 31 March, 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

**For and on the behalf of the
Comptroller and Auditor General of India**



(ALKA R. BHARDWAJ)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place: Mumbai
Dated: 20/07/2010

AUDITORS' REPORT

To the Members of

General Insurance Corporation of India

1. We have audited the attached Balance Sheet of GENERAL INSURANCE CORPORATION OF INDIA, as at 31st March, 2010, and also the Revenue Accounts of Fire, Miscellaneous, Marine and Life Insurance and the Profit and Loss Account and the Cash flow statement for the year ended on that date annexed thereto, in which are incorporated the returns of two Foreign Branches, audited by local auditors appointed by the company as approved by C & AG and One foreign representative office certified by the local Auditor appointed by the company.

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. We report that :

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and found them satisfactory.
- (b) In our opinion, proper books of account as required by law have been maintained by the Corporation so far as it appears from our examination of those books.
- (c) The reports of two foreign branches and one representative office has been forwarded to

us and considered by us and were adequate for the purpose of our audit.

- (d) The Balance Sheet, Revenue Accounts, Profit and Loss Account and Cash flow statement which are dealt with by this report are in agreement with the books of account and returns.
- (e) The Balance Sheet, The Revenue Accounts and the Profit and Loss Account have been drawn in accordance with the Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 read with Section 211 of the Companies Act, 1956 except for the Cash Flow Statement, prepared under Indirect Method, where IRDA regulations require Cash Flow Statement to be prepared under direct method.
- (f) The actuarial valuation of liabilities is duly certified by the appointed actuary including to the effect that the assumptions for such valuation are in accordance with the guidelines issued by the Institute of Actuaries of India to its members and are in concurrence with the IRDA
- (g) As per General Circular No. 8/2002 dated 22/3/2002 of the Department of Company Affairs, the Directors of the government Companies are exempt from the applicability of the provisions of Section 274(1) (g) of the Companies Act, 1956.
- (h) In our opinion, the Balance Sheet, Revenue Accounts, Profit and Loss Account and Cash flow statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable to the Corporation, and are also in conformity with the accounting principles as prescribed in the IRDA Regulations.
- (i) Investments have been valued in accordance with the provisions of the Insurance Act, 1938 (4 of 1938) and IRDA (Auditor's report) Regulations, 2002.

- (j) The accounting policies selected by the Corporation are appropriate and are in compliance with the applicable accounting standards and with the accounting principles, as prescribed in the IRDA (Auditor's report) Regulation, 2002 or any order or direction issued by the IRDA in this behalf.
- (k) We have reviewed the management report and there is no apparent mistake or material inconsistencies with the financial statements;
- (l) The Corporation has complied with the terms and conditions of the registration stipulated by the Authority (IRDA).
- (m) In our opinion and to the best of our information and according to the explanation given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938 (4 of 1938), the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and the Companies Act, 1956 (1 of 1956), to the extent applicable and in the manner so required and the financial statements read with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies
- (i) of state of affairs of the Corporation, in so far it relates to the Balance Sheet as at 31st March, 2010;
- (ii) of Surplus, in so far it relates to the Revenue accounts of Fire, Marine and life businesses for the financial year ended on 31st March, 2010;
- (iii) of Deficit, so far it relates to Revenue account of Miscellaneous insurance business for the financial year ended on 31st March, 2010;
- (iv) of profit, in so far it relates to the Profit and loss account for the financial year ended on 31st March, 2010;
- (v) of the cash flows, in so far it relates to the Cash Flow statement for the financial year ended on 31st March, 2010;
3. We further certify that:
- (a) We have verified the cash balances and securities relating to loans given by the Corporation and investments, by actual inspection or by production of certificates or other documentary evidence except to the extent of investments of the value aggregating to ₹ 0.12 crores as mentioned in Notes 2.1 (a) to the accounts.
- (b) The Corporation has not undertaken any transaction relating to any trust as a trustee. However, the Corporation is acting as a Manager of Terrorism pool and the investments, assets and liabilities pertaining to it are disclosed separately in accounts.
- (c) No parts of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 (4 of 1938) relating to the application and investments of the policyholders' funds

**For S.R. Goyal & Co.
Chartered Accountants**

**(A.K.Atolia)
Partner
Membership No. : 77201
FRNo. 001537C.**

**Place: Camp-Mumbai
Dated: 9th June, 2010**

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
IN RESPECT OF FIRE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	23610 852	19125 008
2. Profit on sale of Investments (Net)		1327 238	744 230
3. Profit/-Loss on Exchange Fluctuation		-72 787	98 987
4. Interest, Dividend & Rent - Gross		2197 320	1922 177
Total (A)		27062 623	21890 402
1. Claims Incurred (Net)	2	16363 786	16685 300
2. Commission (Net)	3	7169 849	5409 070
3. Operating Expenses related to Insurance Business	4	245 689	178 597
4. Expenses relating to Investments		6 231	4 593
Total (B)		23785 555	22277 560
Operating Profit /- Loss from Fire Business C = (A-B)		3277 068	-387 158
APPROPRIATIONS			
Transfer to Shareholders' Account		3277 068	-387 158
Total (C)		3277 068	-387 158

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Fire Insurance Business have been fully debited in the Fire Insurance Revenue Accounts as expenses.

As per our report of even date

For S.R. GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	49829 019	52133 030
2. Profit on sale of Investments (Net)		2892 107	2076 307
3. Profit/-Loss on Exchange Fluctuation		-3 659	15 985
4. Interest, Dividend & Rent - Gross		4788 054	5362 631
Total (A)		57505 521	59587 953
1. Claims Incurred (Net)	2	47482 341	38559 647
2. Commission (Net)	3	10434 491	10395 450
3. Operating Expenses related to Insurance Business	4	399 669	383 258
4. Expenses relating to Investments		13 577	12 813
Total (B)		58330 078	49351 168
Operating Profit/-Loss from Miscellaneous Business C = (A-B)		-824 557	10236 785
APPROPRIATIONS			
Transfer to Shareholders' Account		-824 557	10236 785
Total (C)		-824 557	10236 785

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Miscellaneous Insurance Business have been fully debited in the Miscellaneous Insurance Revenue Accounts as expenses.

As per our report of even date

For S.R.GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
IN RESPECT OF MARINE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	7195 663	6658 277
2. Profit on sale of Investments (Net)		655 269	355 143
3. Profit/-Loss on Exchange Fluctuation		70 233	-26 622
4. Interest, Dividend & Rent - Gross		1084 837	917 255
Total (A)		9006 002	7904 053
1. Claims Incurred (Net)	2	4649 489	6887 136
2. Commission (Net)	3	1676 874	1673 710
3. Operating Expenses related to Insurance Business	4	45 375	48 767
4. Expenses relating to Investments		3 076	2 191
Total (B)		6374 814	8611 804
Operating Profit/-Loss from Marine Business C = (A-B)		2631 188	-707 751
APPROPRIATIONS			
Transfer to Shareholders' Account		2631 188	-707 751
Total (C)		2631 188	-707 751

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Marine Insurance Business have been fully debited in the Marine Insurance Revenue Accounts as expenses.

As per our report of even date

For S.R. GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010
IN RESPECT OF LIFE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	128 800	145 363
2. Profit on sale of Investments (Net)		4 577	2 933
3. Profit/-Loss on Exchange Fluctuation		-1 978	-8 922
4. Interest, Dividend & Rent - Gross		7 577	7 575
Total (A)		138 976	146 949
1. Claims Incurred (Net)	2	68 261	39 286
2. Commission (Net)	3	21 249	13 521
3. Operating Expenses related to Insurance Business	4	946	915
4. Expenses relating to Investments		21	18
Total (B)		90 477	53 740
Operating Profit/-Loss from Life Business C = (A-B)		48 499	93 209
APPROPRIATIONS			
Transfer to Shareholders' Account		48 499	93 209
Total (C)		48 499	93 209

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Life Insurance Business have been fully debited in the Life Insurance Revenue Accounts as expenses.

As per our report of even date

For S.R. GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Operating Profit/-Loss			
(a) Fire Insurance		3277 068	-387 158
(b) Marine Insurance		2631 188	-707 751
(c) Miscellaneous Insurance		-824 557	10236 785
(d) Life Insurance		48 499	93 209
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		5120 083	4686 547
(b) Profit on sale of Investments (Net)		3092 662	1814 540
3. Other Income:			
Profit on Exchange		0	1874 134
Profit on sale of Assets (Net)		106	366
Sundry Balances Written Back (Net)		0	0
Interest on Income-tax Refund		1856 404	130 845
Motor Pool Service Charges		331 922	738 967
Miscellaneous Receipts		12 308	26 027
Total (A)		15545 683	18506 511
4. Provision for Doubtful Loans, Investment & Debts		-143 775	-13 066
5. Amortisation of premium on Investments		254 403	296 921
6. Diminution in the value of investments written off		130 284	97 725
7. Other Expenses :			
Expenses relating to Investments		14 519	11 198
Loss on Exchange		2383 543	0
Loss on sale of Assets (Net)		0	0
Sundry Balances Written off (Net)		0	8
Loss on Distribution of LPA Assets		0	-2 160
Interest on Service Tax		4 688	0
Total (B)		2643 662	390 626
Profit Before Tax		12902 021	18115 885
Provision for Taxation :			
Current Tax		1701 194	3915 860
Wealth Tax		1 559	1 259
Deferred Tax		-772 626	-219 846
Fringe Benefit Tax		-5 032	18 500
Provision for Tax in respect of earlier years		-5769 139	3 28 159
Profit after Tax		17746 065	14071 953
Balance brought forward from last year		71	128
Profit available for appropriation		17746 136	14072 081
Appropriations			
(a) Proposed dividend		3526 000	2795 000
(b) Dividend distribution tax		585 625	475 010
(c) Transfer to General Reserve		13633 901	10802 000
(d) Balance carried forward to Balance Sheet		610	71
		17746 136	14072 081

EPS ₹ 413/- (PY ₹-327/-)

As per our report of even date

For S.R. GOYAL & CO.
Chartered Accountants

A.K. Atolia
Partner
Membership No.: 77201

Mumbai
Dated : 9th June, 2010

Tarun Bajaj
Director

Kamlesh S. Vikamsey
Director

Bhagyam Ramani
Director and General Manager (Finance)

Yogesh Lohiya

Chairman-cum-Managing Director

M. Ramadoss
Director

S.L. Mohan
Director

Suchita Gupta
Company Secretary

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
SOURCES OF FUNDS			
Share Capital	5	4300 000	4300 000
Reserves and Surplus	6	85965 715	73533 394
Deferred Tax Liability		0	19 127
Fair Value Change Account		170284 627	60747 417
Total		260550 342	138599 938
APPLICATION OF FUNDS			
Investments	8	335739 301	209947 118
Loans	9	6951 498	7193 180
Fixed Assets	10	446 480	436 144
Deferred Tax Asset		753 506	0
Current Assets:			
Cash and Bank Balances	11	27731 148	31327 002
Advances and Other Assets	12	66799 390	51292 939
Sub-Total (A)		94530 538	82619 941
Current Liabilities	13	122970 438	114404 390
Provisions	14	54900 543	47192 055
Sub-Total (B)		177870 981	161596 445
Net Current Assets (C)=(A-B)		-83340 443	-78976 504
Total		260550 342	138599 938
CONTINGENT LIABILITIES		17300 930	4610 842

Significant Accounting Policies & Notes to Accounts form integral part of the Balance Sheet

As per our report of even date

For S.R.GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 1
Premium Earned (Net)**

A FIRE INSURANCE

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	32195 362	22932 615
Less: Premium on Reinsurance ceded	5228 877	2570 277
Net Premium	26966 485	20362 338
Adjustment for change in reserve for unexpired risks	-3355 633	-1237 330
Total Premium Earned (Net)	23610 852	19125 008
B MISCELLANEOUS INSURANCE		
(1) MOTOR		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	19767 753	19577 377
Less: Premium on Reinsurance ceded	38	900
Net Premium	19767 715	19576 477
Adjustment for change in reserve for unexpired risks	-72 653	4469 262
Total Premium Earned (Net)	19695 062	24045 739
(2) AVIATION		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	6197 760	6003 543
Less: Premium on Reinsurance ceded	1531 916	1003 011
Net Premium	4665 844	5000 532
Adjustment for change in reserve for unexpired risks	147 260	-964 162
Total Premium Earned (Net)	4813 104	4036 370
(3) ENGINEERING		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	7502 384	6705 668
Less: Premium on Reinsurance ceded	1254 167	1154 268
Net Premium	6248 217	5551 400
Adjustment for change in reserve for unexpired risks	-325 613	42 093
Total Premium Earned (Net)	5922 604	5593 493

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 1
Premium Earned (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(4) W.C.		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	212 227	251 524
Less: Premium on Reinsurance ceded	0	0
Net Premium	212 227	251 524
Adjustment for change in reserve for unexpired risks	19 865	38 482
Total Premium Earned (Net)	232 092	290 006
(5) Liability		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1408 741	860 472
Less: Premium on Reinsurance ceded	96 518	67 287
Net Premium	1312 223	793 185
Adjustment for change in reserve for unexpired risks	-258 620	-69 199
Total Premium Earned (Net)	1053 603	723 986
(6) PA		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1723 606	1407 965
Less: Premium on Reinsurance ceded	30 781	19 213
Net Premium	1692 825	1388 752
Adjustment for change in reserve for unexpired risks	-151 777	-3 748
Total Premium Earned (Net)	1541 048	1385 004
(7) Health		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	10217 138	7526 164
Less: Premium on Reinsurance ceded	24	4 782
Net Premium	10217 114	7521 382
Adjustment for change in reserve for unexpired risks	-1312 041	-233 995
Total Premium Earned (Net)	8905 073	7287 387

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 1
Premium Earned (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(8) Other Misc.		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	7836 183	5333 866
Less: Premium on Reinsurance ceded	594 130	469 331
Net Premium	7242 053	4864 535
Adjustment for change in reserve for unexpired risks	-1184 201	2472 605
Total Premium Earned (Net)	6057 852	7337 140
(9) FL/Credit		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1671 701	1545 460
Less: Premium on Reinsurance ceded	0	0
Net Premium	1671 701	1545 460
Adjustment for change in reserve for unexpired risks	-63 120	-111 556
Total Premium Earned (Net)	1608 581	1433 904
TOTAL MISCELLANEOUS		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	56537 493	49212 039
Less: Premium on Reinsurance ceded	3507 574	2718 792
Net Premium	53029 919	46493 247
Adjustment for change in reserve for unexpired risks	-3200 900	5639 782
Total Premium Earned (Net)	49829 019	52133 029
C MARINE INSURANCE		
(1) MARINE CARGO		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	3449 031	3286 733
Less: Premium on Reinsurance ceded	336 080	318 585
Net Premium	3112 951	2968 148
Adjustment for change in reserve for unexpired risks	-91 330	174 102
Total Premium Earned (Net)	3021 621	3142 250

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 1
Premium Earned (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(2) MARINE HULL		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	5047 019	5062 550
Less: Premium on Reinsurance ceded	527 891	980 365
Net Premium	4519 128	4082 185
Adjustment for change in reserve for unexpired risks	-345 086	-566 158
Total Premium Earned (Net)	4174 042	3516 027
TOTAL MARINE		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	8496 050	8349 283
Less: Premium on Reinsurance ceded	863 971	1298 950
Net Premium	7632 079	7050 333
Adjustment for change in reserve for unexpired risks	-436 416	-392 056
Total Premium Earned (Net)	7195 663	6658 277
D LIFE INSURANCE		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	140 250	117 350
Less: Premium on Reinsurance ceded	0	0
Net Premium	140 250	117 350
Adjustment for change in reserve for unexpired risks	-11 450	28 014
Total Premium Earned (Net)	128 800	145 364
E TOTAL ALL CLASSES		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	97369 155	80611 287
Less: Premium on Reinsurance ceded	9600 422	6588 019
Net Premium	87768 733	74023 268
Adjustment for change in reserve for unexpired risks	-7004 399	4038 410
Total Premium Earned (Net)	80764 334	78061 678

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 2
Claims Incurred (Net)**

A FIRE INSURANCE

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	13925 745	14089 618
Less: Reinsurance ceded	1681 719	2160 184
Net Claims Paid	12244 026	11929 434
Add : Claims Outstanding at the end of the year	26969 610	22849 850
Less: Claims Outstanding at the beginning of the year	22849 850	18093 984
Total Claims Incurred	16363 786	16685 300
B MISCELLANEOUS INSURANCE		
(1) MOTOR		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	20499 411	18104 164
Less: Reinsurance ceded	123	7 033
Net Claims Paid	20499 288	18097 131
Add : Claims Outstanding at the end of the year	31733 679	30597 952
Less: Claims Outstanding at the beginning of the year	30597 952	33085 745
Total Claims Incurred	21635 015	15609 338
(2) AVIATION		
Claims Paid		
Direct	88 265	5 532
Add : Reinsurance accepted	4151 914	4195 652
Less: Reinsurance ceded	670 131	1031 443
Net Claims Paid	3570 048	3169 741
Add : Claims Outstanding at the end of the year	5077 680	5760 611
Less: Claims Outstanding at the beginning of the year	5760 611	3135 265
Total Claims Incurred	2887 117	5795 087
(3) ENGINEERING		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2747 241	2913 988
Less: Reinsurance ceded	289 892	665 361
Net Claims Paid	2457 349	2248 627
Add : Claims Outstanding at the end of the year	6270 387	5647 953
Less: Claims Outstanding at the beginning of the year	5647 953	5092 053
Total Claims Incurred	3079 783	2804 527

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 2
Claims Incurred (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(4) WC		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	73 671	76 922
Less: Reinsurance ceded	0	0
Net Claims Paid	73 671	76 922
Add : Claims Outstanding at the end of the year	50 961	26 026
Less: Claims Outstanding at the beginning of the year	26 026	2 932
Total Claims Incurred	98 606	100 016
(5) Liability		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	227 204	110 730
Less: Reinsurance ceded	24	9 918
Net Claims Paid	227 180	100 812
Add : Claims Outstanding at the end of the year	847 295	422 978
Less: Claims Outstanding at the beginning of the year	422 978	216 419
Total Claims Incurred	651 497	307 371
(6) PA		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	1171 237	1383 358
Less: Reinsurance ceded	15 930	0
Net Claims Paid	1155 307	1383 358
Add : Claims Outstanding at the end of the year	575 808	364 462
Less: Claims Outstanding at the beginning of the year	364 462	183 739
Total Claims Incurred	1366 653	1564 081
(7) Health		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	7658 755	7221 036
Less: Reinsurance ceded	383	18 012
Net Claims Paid	7658 372	7203 024
Add : Claims Outstanding at the end of the year	1858 525	508 025
Less: Claims Outstanding at the beginning of the year	508 025	575 628
Total Claims Incurred	9008 872	7135 421

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 2
Claims Incurred (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(8) Other Misc.		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	6909 533	3860 949
Less: Reinsurance ceded	194 335	140 813
Net Claims Paid	6715 198	3720 136
Add : Claims Outstanding at the end of the year	5314 695	5357 199
Less: Claims Outstanding at the beginning of the year	5357 199	4905 739
Total Claims Incurred	6672 694	4171 596
(9) FL/Credit		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	1088 732	620 295
Less: Reinsurance ceded	0	0
Net Claims Paid	1088 732	620 295
Add : Claims Outstanding at the end of the year	1645 970	652 599
Less: Claims Outstanding at the beginning of the year	652 598	200 683
Total Claims Incurred	2082 104	1072 211
TOTAL MISCELLANEOUS		
Claims Paid		
Direct	88 265	5 532
Add : Reinsurance accepted	44527 698	38487 094
Less: Reinsurance ceded	1170 818	1872 580
Net Claims Paid	43445 145	36620 047
Add : Claims Outstanding at the end of the year	53375 000	49337 804
Less: Claims Outstanding at the beginning of the year	49337 804	47398 204
Total Claims Incurred	47482 341	38559 647
C MARINE INSURANCE		
(1) MARINE CARGO		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2159 333	1884 498
Less: Reinsurance ceded	48 001	31 166
Net Claims Paid	2111 332	1853 332
Add : Claims Outstanding at the end of the year	2686 226	3014 794
Less: Claims Outstanding at the beginning of the year	3014 794	2484 885
Total Claims Incurred	1782 764	2383 241

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 2
Claims Incurred (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(2) MARINE HULL		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	3664 243	2643 967
Less: Reinsurance ceded	529 425	630 072
Net Claims Paid	3134 818	2013 895
Add : Claims Outstanding at the end of the year	6026 679	6294 772
Less: Claims Outstanding at the beginning of the year	6294 772	3804 772
Total Claims Incurred	2866 725	4503 895
TOTAL MARINE		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	5823 576	4528 465
Less: Reinsurance ceded	577 426	661 238
Net Claims Paid	5246 150	3867 227
Add : Claims Outstanding at the end of the year	8712 905	9309 566
Less: Claims Outstanding at the beginning of the year	9309 566	6289 657
Total Claims Incurred	4649 489	6887 136
D LIFE INSURANCE		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	40 799	4 120
Less: Reinsurance ceded	0	0
Net Claims Paid	40 799	4 120
Add : Claims Outstanding at the end of the year	84 062	56 600
Less: Claims Outstanding at the beginning of the year	56 600	21 435
Total Claims Incurred	68 261	39 285
E TOTAL ALL CLASSES		
Claims Paid		
Direct	88 265	5 532
Add : Reinsurance accepted	64317 818	57109 297
Less: Reinsurance ceded	3429 963	4694 002
Net Claims Paid	60976 120	52420 828
Add : Claims Outstanding at the end of the year	89141 577	81553 820
Less: Claims Outstanding at the beginning of the year	81553 820	71803 279
Total Claims Incurred	68563 877	62171 369

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 3
Commission**

A FIRE INSURANCE

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	7289 004	5663 925
Less: Commission on Reinsurance Ceded	119 155	254 855
Net Commission	7169 849	5409 070
B MISCELLANEOUS INSURANCE		
(1) MOTOR		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	3799 218	4416 010
Less: Commission on Reinsurance Ceded	0	938
Net Commission	3799 218	4415 072
(2) AVIATION		
Commission Paid		
Direct	923	- 336
Add : Reinsurance Accepted	968 030	946 304
Less: Commission on Reinsurance Ceded	65 317	101 201
Net Commission	903 636	844 767
(3) ENGINEERING		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1946 395	1862 898
Less: Commission on Reinsurance Ceded	58 245	129 821
Net Commission	1888 150	1733 077

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 3
Commission**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(4) W.C.		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	42 370	50 803
Less: Commission on Reinsurance Ceded	0	0
Net Commission	42 370	50 803
(5) Liability		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	159 868	167 643
Less: Commission on Reinsurance Ceded	0	590
Net Commission	159 868	167 053
(6) P.A.		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	301 360	292 008
Less: Commission on Reinsurance Ceded	1 666	0
Net Commission	299 694	292 008
(7) Health		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1339 700	1455 026
Less: Commission on Reinsurance Ceded	7	1 035
Net Commission	1339 693	1453 991

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010
SCHEDULE 3
Commission**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(8) Other Misc.		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1617 367	1143 994
Less: Commission on Reinsurance Ceded	-23 958	9 626
Net Commission	1641 325	1134 368
(9) FL/Credit		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	360 537	304 311
Less: Commission on Reinsurance Ceded	0	0
Net Commission	360 537	304 311
TOTAL MISCELLANEOUS		
Commission Paid		
Direct	923	- 336
Add : Reinsurance Accepted	10534 845	10638 997
Less: Commission on Reinsurance Ceded	101 277	243 211
Net Commission	10434 491	10395 450
C MARINE INSURANCE		
(1) MARINE CARGO		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	784 782	757 869
Less: Commission on Reinsurance Ceded	10 757	-11 184
Net Commission	774 025	769 053

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 3
Commission**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
(2) MARINE HULL		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	992 843	1012 834
Less: Commission on Reinsurance Ceded	89 994	108 177
Net Commission	902 849	904 657
TOTAL MARINE		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1777 625	1770 703
Less: Commission on Reinsurance Ceded	100 751	96 993
Net Commission	1676 874	1673 710
D LIFE INSURANCE		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	21 249	13 521
Less: Commission on Reinsurance Ceded	0	0
Net Commission	21 249	13 521
E TOTAL ALL CLASSES		
Commission Paid		
Direct	923	- 336
Add : Reinsurance Accepted	19622 723	18087 146
Less: Commission on Reinsurance Ceded	321 183	595 059
Net Commission	19302 463	17491 751

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Employees' remuneration and welfare benefits	362 105	301 050
2 Travel, conveyance and vehicle running expenses	16 002	13 305
3 Training expenses	2 523	1 965
4 Rents, rates and taxes	24 944	28 053
5 Repairs	120 196	113 588
6 Printing & stationery	3 617	3 402
7 Communication	8 728	8 179
8 Legal & professional charges	22 409	19 326
9 Auditors' fees, expenses etc.		
(a) as auditor	4 510	3 741
(b) as advisor or in any other capacity, in respect of		
(i) Taxation matters	200	125
(ii) Others	1 436	824
10 Advertisement and publicity	18 818	18 784
11 Interest & Bank Charges	9 149	5 548
12 Others	63 870	49 184
13 Depreciation	33 172	44 461
Total	691 679	611 535

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 5
SHARE CAPITAL**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Authorised Capital 10,00,00,000 Equity Shares of ₹ 100 Each	10000 000	10000 000
2 Issued & Subscribed Capital 4,30,00,000 Equity Shares of ₹ 100 Each	4300 000	4300 000
3 Called-up Capital 4,30,00,000 Equity Shares of ₹ 100 Each (Includes 4,06,00,000 shares issued by capitalisation of Capital Redemption Reserve and General Reserve and 5,00,000 partly paid shares (₹ 50 per share paid) made fully paid-up shares by capitalisation of General Reserve)	4300 000	4300 000
Total	4300 000	4300 000

**SCHEDULE 5A
SHARE CAPITAL PATTERN OF SHAREHOLDING
[As certified by the Management]**

Shareholders	Current Year		Previous Year	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters Indian	4,30,00,000	100%	4,30,00,000	100%

**SCHEDULE 6
RESERVES AND SURPLUS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 General Reserve Opening Balance	73398 099	62596 099
Add : Transfer from Profit & Loss A/c	13633 901	10802 000
	87032 000	73398 099
2 Reserve for Pension, Gratuity & Leave encashment	-64 712	-64 712
3 Foreign Currency Translation Reserve	-1002 183	199 936
4 Balance of Profit in Profit & Loss Account	610	71
Total	85965 715	73533 394

**SCHEDULE 7
BORROWINGS**

NIL

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010
SCHEDULE 8
INVESTMENTS - SHAREHOLDERS' FUND**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	19265 855	14866 942
2 Other Approved Securities	2674 271	2727 421
3 Approved Investments		
(a) Shares		
(aa) Equity - Indian	77768 317	38048 477
Equity - Foreign	7 816	7 816
(bb) Preference	17 615	154 429
(b) Mutual Funds/Venture Funds	0	0
(c) Debentures/ Bonds	4307 248	3888 549
(d) Guaranteed Equity	194	182
(e) Subsidiaries	0	0
(f) Associates - Indian	0	0
Associates - Foreign	591 162	591 162
4 Investments in Infrastructure and Social Sector	16808 712	9845 941
5 Other Investments		
(a) Equity/Preference/Debentures/Venture Funds	5246 177	4297 201
(b) Associates - Indian	700 000	700 000
(c) Equity - Foreign	7 570	7 570
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	1300 348	615 398
2 Other Approved Securities	170 645	35 190
3 Approved Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	0	0
(b) Mutual Funds	984 216	649 545
(c) Debentures/ Bonds	414 600	239 548
(d) Subsidiaries	0	0
4 Investments in Infrastructure and Social Sector	517 265	484 071
5 Other Investments	217 559	113 138
Total	130999 570	77272 580

Figures for the previous year have been regrouped where necessary.

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010
SCHEDULE 8A
INVESTMENTS - POLICYHOLDERS' FUND**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	30414 018	25965 088
2 Other Approved Securities	4221 735	4763 436
3 Approved Investments		
(a) Shares		
(aa) Equity - Indian	122768 860	66451 597
Equity - Foreign	0	0
(bb) Preference	27 808	269 710
(b) Mutual Funds/Venture Funds	0	0
(c) Debentures/ Bonds	6799 631	6791 343
(d) Guaranteed Equity	306	318
(e) Subsidiaries	0	0
(f) Associates	0	0
4 Investments in Infrastructure and Social Sector	26535 052	17195 918
5 Other Investments		0
(a) Equity/Preference/Debentures/Venture Funds	8281 872	7505 054
(b) Associates - Indian	0	0
(c) Equity - Foreign	0	0
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	2052 793	1074 791
2 Other Approved Securities	269 389	61 460
3 Approved Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	0	0
(b) Mutual Funds	1553 731	1134 428
(c) Debentures / Bonds	654 507	418 370
(d) Subsidiaries	0	0
4 Investments in Infrastructure and Social Sector	816 580	845 429
5 Other Investments	343 449	197 596
Total	204739 731	132674 538

Figures for the previous year have been regrouped where necessary.

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010
SCHEDULE 9
LOANS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Security-wise Classification		
Secured		
(a) On mortgage of property		
(aa) In India*	2392 455	2784 166
(bb) Outside India	0	0
(b) On Shares, Bonds, Government Securities	0	0
(c) Others **	4474 456	4316 397
Unsecured	84 587	92 617
Total	6951 498	7193 180
2 Borrower-Wise Classification		
(a) Central and State Governments	4474 456	4316 397
(b) Banks and Financial Institutions	0	0
(c) Subsidiaries	0	0
(d) Industrial Undertakings	2121 552	2296 822
(e) Others	355 490	579 961
Total	6951 498	7193 180
3 Performance-Wise Classification		
(a) Loans classified as standard		
(aa) In India	5445 471	5558 165
(bb) Outside India	0	0
(b) Non-performing loans less provisions		
(aa) In India	855 955	868 549
(bb) Outside India	0	0
Provisions ***	650 072	766 466
Total	6951 498	7193 180
4 Maturity-Wise Classification		
(a) Short - Term	717 913	187 180
(b) Long - Term	6233 585	7006 000
Total	6951 498	7193 180

*Includes Term Loans of ₹ 4,30,88,956/- on which creation of security is pending (Previous year ₹ 4,34,70,455/-)

**Regrouped to include Loans to State Governments in Secured - "Others"

***Includes Provision for Bad and Doubtful Loans

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 10
FIXED ASSETS**

(₹ in thousand)

Particulars	Cost/Gross Block			Depreciation				Net Block		
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Up to 31.03.2009	for the Year	On Sales/ Adjustment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold Land	247 253			247 253	65 247	3 434		68 681	178 572	182 006
Buildings	379 860	37 822		417 682	161 965	13 454		175 419	242 263	217 895
Furniture & Fittings	18 193	329		18 522	16 505	311		16 816	1 706	1 688
I.T. Equipments	140 364	1 190	1 384	140 170	119 306	12 911	1 376	130 841	9 329	21 058
Vehicles	12 696	4 540	4 236	13 000	6 762	1 892	2 830	5 824	7 176	5 934
Office Equipments	9 124	786	620	9 290	6 385	433	576	6 242	3 048	2 739
AC & Water Coolers	12 129			12 129	10 832	194		11 026	1 103	1 297
Elevators	2 073			2 073	2 040	5		2 045	28	33
Canteen Appliances	312	128		440	179	33		212	228	133
Electrical Installation	11 584			11 584	10 256	185		10 441	1 143	1 328
Fire Alarm Systems	3 237	171		3 408	1 204	320		1 524	1 884	2 033
Total	836 825	44 966	6 240	875 551	400 681	33 172	4 782	429 071	446 480	436 144
Previous years	785 529	71 090	6 879	849 740	375 286	44 463	6 153	413 596		

**SCHEDULE 11
CASH AND BANK BALANCES**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Cash and stamps (includes cheques on hand Nil PY ₹ 3,01,29,857)	50	30 216
2 Bank Balances		
(a) Deposit Accounts - Short term (due within 12 months)	26079 850	29986 412
(b) Current Accounts (includes cash at Bank of ₹ 5,22,095.06 pertaining to Terrorism Pool Previous Year ₹ 5,21,92,999)	1112 609	1051 417
(c) Remittances in Transit	0	329
3 Money at Call and Short Notice		
(a) With Bank	47 416	206 642
(b) With other Institutions	491 223	51 986
Total	27731 148	31327 002

Balances with non-scheduled banks

Nil

Nil

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010
SCHEDULE 12
ADVANCES AND OTHER ASSETS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
Advances		
1 Reserve Deposits with Ceding Companies	16476 166	13837 626
2 Prepayments	42 914	136 325
3 Advances to Directors/Officers	1 866	1 680
4 Advance Tax Paid and TDS	2234 61 81	18078 506
Less: Provision for Taxation	<u>1122 49 35</u>	<u>14739 431</u>
	11121 246	3339 075
5 Others	11 692	14 528
6 Deferred Commission	231 681	0
Total (A)	<u>27885 565</u>	<u>17329 234</u>
Other Assets		
1 Income accrued on investments	3233 690	3217 167
2 Due from other entities carrying on insurance business (including reinsurers)*	17717 354	15061 769
3 Deposit U/S-7 of Insurance Act	305 597	307 652
4 Sundry Debtors	97 869	145 865
5 Sundry Deposits	102 107	101 878
6 Terrorism Pool Assets	17457 208	15129 374
Total (B)	38913 825	33963 705
Total (A+B)	66799 390	51292 939

* (Includes ₹ 738,450,905/- (P.Y. ₹ 697,325,731/-) for provision for Bad and doubtful debts)

**SCHEDULE 13
CURRENT LIABILITIES**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Balances due to other insurance companies	8161 117	10087 098
2 Deposits held on re-insurance ceded	6587 821	6059 489
3 Sundry Creditors	1622 715	1551 530
4 Claims Outstanding	89141 577	81553 820
5 LPA Liabilities	0	23 079
6 Terrorism Pool Liabilities	17457 208	15129 374
Total	122970 438	114404 390

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 14
PROVISIONS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Reserve for Unexpired Risk	48384 750	41343 471
2 For Fringe Benefit Tax	0	7 500
3 For proposed dividends	3526 000	2795 000
4 For dividend distribution tax	585 625	475 010
5 For Doubtful Loans, Investment and Debts	2148 770	2292 545
6 For Leave Encashment	73 111	70 736
7 Provision for Pension	71 368	142 399
8 Provision for Gratuity	0	4 385
9 Provision for Settlement	7 034	6 833
10 For Salary Arrears	88 885	39 176
11 For PLLI Arrears	15 000	15 000
Total	54900 543	47192 055

**SCHEDULE 15
MISCELLANEOUS EXPENDITURE**

NIL

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The Balance Sheet, the Profit and Loss Account and the Revenue Accounts are drawn up in accordance with the provisions of Section 11(1) of the Insurance Act, 1938 read with the provisions of Sub-sections (1), (2), (3C) and (5) of Section 211 and Sub-section (5) of Section 227 of the Companies Act, 1956. The financial statements also conform to the stipulation specified under the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002. The said statements are prepared on historical cost convention and on accrual basis except as otherwise stated and conform to the statutory provisions and practices prevailing in the General Insurance Industry in India.

2. REINSURANCE BUSINESS

2.1 Reinsurance revenues

Premium is accounted based on accounts rendered by ceding companies upon receipt of accounts. At the year end, estimates are made for accounts not yet received, based on available information and current trends.

In respect of Indian Market Terrorism Risk Insurance pool and Indian Motor Third Party Insurance Pool, only the Corporation's share of revenues is recorded as premium.

2.2 Outstanding Claims

2.2.1 Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of different dates up to the date of finalisation of accounts and wherever such advices are not received, on estimates based on available information, current trends, past underwriting experience of the management and actuarial estimation bases.

2.2.2 Provision for claims incurred but not reported (IBNR) is made as certified by the appointed actuary.

3. FOREIGN CURRENCY TRANSACTIONS

3.1 Revenue transactions in foreign currencies are converted at the daily rate of exchange of the day accounts are received and transactions are booked.

3.2 Non-Monetary items including fixed assets and investments abroad are reported using the exchange rate applicable on the date of acquisition.

3.3 Monetary items such as receivables, payables and balances in bank accounts held in foreign currencies are converted using the closing rates of exchange at the balance sheet date.

3.4 The exchange gain / loss relating to revenue transaction, due to conversion of foreign currencies, are accounted for as revenue.

3.5 Foreign operations

Foreign branch operations are considered as "non integral business" as prescribed in AS11 "the effects of changes in foreign exchange rates" (revised 2003) and translated accordingly.

4. RESERVE FOR UNEXPIRED RISK

Reserve for Unexpired Risk in respect of Marine Insurance and Terrorism Risk Business (included in Fire and Engineering) is made at 100% of Net Premium, for all other classes of insurance, is made at 50% of Net Premium and for London Branch as per local practice. Any additional provision as required by IRDA, shall be provided for foreign branches.

5. OPERATING EXPENSES RELATING TO INSURANCE BUSINESS (EXPENSES OF MANAGEMENT)

5.1 Depreciation

- (i) Depreciation on fixed assets is charged on written-down value method at the higher of the rates specified in the Income Tax Rules, 1962 and those specified in Schedule XIV to the Companies Act, 1956. In respect of leasehold properties, amortization is made over the period of lease.
- (ii) Depreciation is provided on a pro-rata basis on additions to fixed assets and on assets sold/discarded/destroyed during the year.

5.2 Retirement Benefits to Employees

Liabilities on account of retirement benefits to the employees such as pension, gratuity and leave encashment are provided for on accrual basis, based on actuarial valuation and in compliance with Accounting Standard 15.

5.3 Apportionment of Expenses

Balance of operating expenses relating to insurance business are apportioned to the Revenue Accounts on the basis of Gross Direct Premium plus Reinsurance Premium accepted, giving weight of 75% for Marine business and 100% for Fire, Miscellaneous and Life Reinsurance business.

Expenses relating to investment are apportioned between Revenue and Profit and Loss Account in the same proportion as stated in Significant Accounting Policy No.6.

6. APPORTIONMENT OF INTEREST, DIVIDENDS AND RENTS

The income from interest, dividends and rent is apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders' Fund and Policyholders' Fund respectively at the beginning of the year. The same is further apportioned amongst the revenue accounts on the

basis of the respective Policyholders' Fund at the beginning of the year. Shareholders' fund consists of share capital and free reserves. Policyholder's Fund consists of provisions for outstanding claims and reserves for unexpired risks.

7. INVESTMENTS

7.1 Prudential norms prescribed by Reserve Bank of India and the IRDA are followed in regard to:

- (i) Revenue recognition
- (ii) Classification of assets into performing and non-performing and
- (iii) Provisioning against performing and non-performing assets.

7.2 Purchases and Sales of shares, bonds, debentures and Government securities are accounted for on the date of contracts.

7.3 The cost of investments includes premium on acquisition and other related expenses.

7.4 Short-term money market instruments such as Collateralized Borrowing and Lending Operations (CBLO), Commercial Paper and Treasury Bill, which are discounted at the time of contract at the agreed rate are accounted at their discounted value.

7.5 Investment portfolio in respect of equity shares are segregated into actively traded and thinly traded as prescribed by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

7.6 [a] Investments in equity shares that are actively traded are valued at fair value. Fair value for this purpose is lowest of the last quoted closing price at NSE/BSE in the month of March.

[b] Investment in units of mutual funds are valued at Fair value as per IRDA guidelines 2003-04. Fair value for this

purpose is the last quoted NAV in the month of March.

7.7 a) Unrealized gains/losses arising due to changes in the fair value of listed equity shares and mutual fund units are taken under the head "Fair Value Change Account" and on realization reported in Profit and Loss Account.

b) Pending realization, the credit balance in the "Fair Value Change Account" is not available for distribution.

c) Provision is made for diminution in value of investments relating to thinly traded and unlisted shares equivalent to the amount of difference in average book cost and break-up value of the shares except in companies where de-merger has taken place during the Financial Year and latest audited accounts are not available.

Break up value is computed from the annual reports of companies not beyond 21 months in case of those companies which close their annual accounts on dates other than 31st March or beyond 12 months in case of those companies which close their accounts on 31st March.

d) Provision is made for diminution in value of investment relating to units of venture capital funds equivalent to the amount of difference in book cost and Net Asset Value (NAV).

7.8 Investment in equity and preference shares of companies, the net worth of which has been fully impaired or where the latest available audited accounts are beyond 21 months in case of those companies which close their annual accounts on dates other than 31st March or beyond 12 months

in case of those companies which close their annual accounts on 31st March, as on the date of Balance Sheet are valued as under:

1. Actively traded equity shares : At their Market Value.
2. Thinly traded equity shares : Written down to nominal value of Re.1/- per company
3. Preference shares : At a value proportionate to the face value of the equity shares that bears to its market value

and carrying cost is reduced by the diminution value.

7.9 Final Dividend is accounted for as income in the year of declaration and Interim dividend is accounted as income where the warrants are dated 31st March or earlier.

7.10 Dividends / Interest on shares / debentures under objection/pending deliveries is accounted for on realization/payment.

7.11 Profit or Loss on sale of investments is apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders' Fund and Policyholders' Fund respectively at the beginning of the year. The same are further apportioned amongst the revenue accounts on the basis of the respective Policyholders' Fund at the beginning of the year. Shareholders' fund consist of Share Capital and Free Reserves. Policyholders' fund consist of provisions for outstanding claims and reserves for unexpired risks.

Profit / Loss on sale of investments is computed at average book value of investments on the date of sale.

7.12 Expenses relating to safe custody, straight through processing and bank charges etc. on investments are charged to Profit and Loss

and Revenue Accounts as stated in Significant Accounting Policy No.5.3.

- 7.13 Debt securities including Government Securities and Redeemable Preference shares have been considered as 'held to maturity' securities and have been measured at historical cost subject to amortization of premium paid over residual period. The call date has been considered as maturity date for amortization of Perpetual Bonds.
- 7.14 In case of repos transaction, difference between the selling and buying value is treated as interest income.
- 7.15 Investments in foreign equities are valued at cost as these are only strategic investments in associate companies. Impairment if any, will be recognized as an expense.
- 7.16 Income received from the Fixed Maturity Mutual Fund (Dividend Option) is booked as dividend.

8. FIXED ASSETS

Fixed assets are stated at cost less depreciation. Cost of shares in Co-operative Societies/ Companies for property rights acquired is included under the head 'Buildings' under Fixed Assets.

9. COMPLIANCE WITH ACCOUNTING STANDARDS

The Corporation has complied with relevant accounting standards prescribed by ICAI as modified by IRDA, in preparation of its financial statements.

II. NOTES FORMING PART OF THE ACCOUNTS:

1. The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 have been adopted for presentation of the accounts.

- 2.1 (a) Out of investment held in shares and debentures of the value of ₹ 280,060,797 thousands (Previous year ₹ 165,438,143 thousands), no confirmation regarding actual custody or other documentary evidence for investments of the value of ₹ 1221 thousands (Previous Year ₹ 1221 thousands) were available.
- (b) The number of shares/debentures actually held by the Corporation/Custodian of the Corporation is in excess of number held as per the books of the Corporation. The face value of such excess is ₹ 629 thousands (Previous year ₹ 568 thousands).
- (c) Sale of equity shares of a company contracted through public offer in 1995-96 for ₹ 4,000 thousands (Previous Year ₹ 4,000 thousands) has not been accounted for till date, on account of the significant uncertainty regarding completion of the sale, as the matter is sub-judice.
- (d) The Fixed Maturity Mutual Fund Schemes are close ended mutual fund schemes with definite maturity date and with indicative returns.
- 2.2 (a) Provision for standard assets @ 0.40% has been made as per IRDA-Prudential norms for income recognition, Asset Classification and provisioning and other related methods in respect of debt portfolio amounting to ₹ 208,050 thousands (Previous Year ₹ 191,342 thousands)
- (b) During the year, the Corporation has undertaken under CDR (Corporate Debt Restructuring) System, following fresh cases of restructuring of corporate debt / loans etc., as under:

(₹ in thousands)

Sr. No.	Particulars	Current Year	Previous Year
	Total Amount of assets subjected to restructuring under CDR	503,189	161,840
	The breakup of the same is given hereunder :		
(i)	Total amount of standard assets subjected to restructuring under CDR	-	141,274
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	447,012	11,704
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	-	-
(iv)	Total amount of loss assets subjected to restructuring under CDR	56,177	8,862
	TOTAL	503,189	161,840

- It is proposed to evolve a scheme of Productivity Linked Lump-sum Incentive to the employees. In this regard an ad-hoc provision of ₹ 15,000 thousands has been made for the year ended 31st March, 2010 based on wage bill of 31st July, 2002.
- The balances of amount Due To / From other persons / bodies carrying on insurance business and deposits held / are subject to confirmation / reconcilliation. Adjustments, if any, will be accounted for on receipt / confirmation of the same after examination.

The Corporation has carried out extensive reconciliation of amount Due To / From deposits, debtors, creditors, other person / bodies carrying on insurance business and deposits held / given. The statements received from the various brokers and cedant companies up to 31.03.2010 have been

reviewed and necessary adjustment entries have been passed.

Receivables in respect of Companies in Liquidation and all non moving balances over 3 years are fully provided. In respect of other moving balances, outstanding for over 4 years (Excluding retrocession reinsurance recoveries) have also been fully provided for. Thus Corporation has made a cumulative provision of ₹ 738,450 thousand for doubtful receivables.

The reconciliation of debit amounting ₹ 1, 683,800 thousands pertaining to outstanding 1 to 4 years for the statement received from respective brokers / cedants are under process, however on scrutiny no major discrepancies have been observed.

- Taxes paid in advance include an amount of ₹ 12,347,914 thousands (Previous Year ₹ 13,716,385 thousands) pertaining to assessments completed either in appeal, by Corporation or order giving effects to the appellate order is pending by the Income Tax Department as at 31st March, 2010.

During the year, the Corporation received refund orders for Assessment Years 2002-03 to 2005-06 due to relief given by ITAT for the exemption for Profit on sale of investments as also few other refunds, resulting in total refund of ₹ 9,848,755 thousands, which includes interest on refunds amounting to ₹ 1,811,064 thousands. This refund has been adjusted against the demand of ₹ 12,818,602 thousands raised for Assessment Year 2007-08 and GICRe has appealed against it. GICRe has received refund towards TDS, of ₹ 187,404 thousands for the Assessment Years 2007-08, 2008-09 and 2009-10 (up to 30.9.2008), as the CIT (Appeals) order has granted relief to the Corporation. However, demand for further period i.e. 1.10.2008 to 31.3.2009 has been raised for ₹ 14,694 thousands against which the Corporation has appealed to CIT (Appeals).

6. The break up of Net Deferred Tax liability is as under.

(₹ in thousands)

Particulars	As on 31.03.2010 Deferred Tax		As on 31.03. 2009 Deferred Tax	
	Asset	Liability	Asset	Liability
Timing difference on account of Difference in book depreciation and Depreciation under Income Tax Act, 1961	-	175,744	-	182,318
Provision for employees benefits	115,611	-	118,884	-
Others	7,163	-	7,163	-
Foreign Branches	-	178	-	-
Tax Credit . U/s.115JAA	2,269,995	-	NIL	NIL
TOTAL	2,392,769	175,922	126,047	182,318
Net Timing Differences	2,216,847	-	-	56,271
Net Deferred Tax	753,506	-	-	19,127

Figures relating to the previous year have been regrouped wherever necessary.

7. Other Income include following net income of Motor Pool.

(₹ in thousands)

Details	Administrator Fees	Expenses	Net Income
2009-10	351,607	19,685	331,922
2008-09	768,372	29,405	738,967

8. ART Cover : The Corporation has entered into ART Agreements with Swiss Re for providing (1) top-end Umbrella protection for both domestic and foreign inward business and further (2) to take exposure from net-retained shares on other protections. The two contracts were combined and renewed for three year period from 1-May-2007 with improved terms for a cover of ₹ 200 Crores for domestic and \$ 20 Million for foreign business. This arrangement provides a cost effective complement to the traditional excess of loss protection and would result in significant benefit to the Corporation when realized at the end of the contract period and it will be accounted at the end of the contract period.

9. Underwriting of Direct business stopped from 1st April, 2001. Figures shown in Revenue Accounts pertain to run-off business. Run-off liabilities are sufficiently provided for based on advices received.

10. Disclosures forming part of financial statements as required by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002:

10.1 Contingent Liabilities:

- Partly paid up investments. ₹ Nil (P.Y. ₹ 4,185 thousands)
- Underwriting commitments outstanding: Nil. (P.Y. Nil).
- Claims, other than under policies not acknowledged as debts: Nil. (P.Y. Nil).
- Guarantees given by or on behalf of the Corporation ₹ 4,467,634 thousands (P.Y. ₹ 2,671,571 thousands)
- Statutory demand / liabilities in dispute - Income-tax demands disputed in appeal, not provided for ₹ 12,833,296 thousands (P.Y. ₹ 1,935,086 thousand)

- (f) Reinsurance obligations to the extent not provided for in the accounts Nil in view of accounting policy no. 2.1.
- (g) Others Nil. (P.Y. Nil).
- 10.2 As at 31st March, 2010 all the assets of the Corporation in and outside India are free from encumbrances except for:
- [a] The Government of India Stock 12.30%, 2016 for ₹ 305,596 thousands (Previous year 12.30%, 2016 ₹ 307,651 thousands) deposited with Bank of India as security under Section 7 of the Insurance Act, 1938 and,
- [b] The Government of India Stock, 7.95% 2032 for ₹ 10,128 thousands, 7.55% 2010 for ₹ 100 thousands and 8.07% 2017 for ₹ 10,275 thousands and 8.24% 2027 for ₹ 24,905 thousands total amounting to ₹ 45,408 thousands (P.Y. total amounting to ₹ 46,340 thousands) and cash deposit of ₹ 2900 thousands (P.Y. ₹ 2900 thousands) with Clearing Corporation of India Limited as deposit towards Settlement Guarantee Fund.
- [c] In view of margin requirements as recommended by SEBI vide Circular dated the 19/03/2008, Corporation has provided Fixed Deposits amounting to ₹ 50,000 thousands (P.Y. ₹ 50,000 thousands) as margins in cash segments viz. FDR of ₹ 30,000 thousands (P.Y. ₹ 30,000 thousands)

as collateral is held with NSCCL and FDR of ₹ 20,000 thousands (P.Y. ₹ 20,000 thousands) as collateral is held with BSE.

- 10.3 The commitments made and outstanding for Loans, Investments and Fixed Assets (if any) as at 31st March, 2010 is ₹ 671,700 thousands (Previous year ₹ 228,700 thousands).
- 10.4 Disclosures of Claims less reinsurance during the financial year 2009-10 paid in India are ₹ 43,753,012 thousands (Previous Year ₹ 38,779,832 thousands) and outside India are ₹ 17,223,108 thousands (Previous Year ₹ 13,640,997 thousands).
- 10.5 Actuarial assumptions for determination of claim liabilities in the case of claims where the claim payments period exceeds four years - Nil as there are no such liabilities reported.
- 10.6 Ageing of claims – distinguishing between claims outstanding for different periods: The Corporation being a reinsurance company does not settle claims directly with the insured. The companies after settling the claims with their insured would recover the claims from the Corporation as per the reinsurance obligations. Such recoveries are settled with the companies through periodical account statements. Nevertheless the outstanding losses as intimated by the companies in respect of facultative business are classified according to the outstanding period as per the details given below:

Details as on 31.03.2010

(₹ in thousands)

SL No.	Outstanding Period	FIRE		MARINE		ENGINEERING		AVIATION		LIABILITY		MISCELLANEOUS		TOTAL	
		No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
1	30 days	111	219,357	17	8,726	59	14,145	114	165,035	3	10,957	1	53	305	418,273
2	> 30 days up to six (6) months	341	836,151	80	244,628	214	129,368	178	608,483	4	1,995	12	33,025	829	1,853,650
3	> 6 months up to 1 year	282	1,152,606	96	138,177	204	142,989	238	1,471,392	6	176,741	12	3,382	838	3,085,287
4	> 1 year to up to 5 years	406	1,530,107	177	377,225	322	2,46,728	1,273	2,567,418	7	61,138	9	126,961	2194	4,909,577
5	> 5 years	1	(2,558)	-	-	-	-	50	81,518	-	-	-	-	51	78,960
	Total	1,141	3,735,663	370	768,756	799	533,230	1,853	4,893,846	20	250,831	34	163,421	4,217	10,345,747

Details as on 31.03.2009

(₹ in thousands)

SL No.	Outstanding Period	FIRE		MARINE		ENGINEERING		AVIATION		LIABILITY		MISCELLANEOUS		TOTAL	
		No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
1	30 days	23	352,876	3	107,947	29	86,812	65	317,605	0	-	7	2,041	127	867,281
2	> 30 days up to six (6) months	53	306,414	12	82,310	60	38,061	126	342,420	0	-	0	-	251	769,205
3	> 6 months up to 1 year	57	257,013	22	297,705	77	32,186	189	741,396	0	-	0	-	345	1,328,300
4	> 1 year to up to 5 years	347	1,055,864	36	246,834	204	240,225	1501	2,278,349	4	79,486	0	-	2092	3,900,758
5	> 5 years	0	-	0	-	0	-	16	37,682	0	-	0	-	16	37,682
	Total	480	1,972,167	73	734,796	370	397,284	1,897	3,717,452	4	79,486	7	2,041	2831	6,903,226

10.7 Premiums, less reinsurance, written from business during the financial year 2009-10 in India are ₹ 48,503,276 thousands (Previous Year ₹ 45,310,277 thousands) and outside India are ₹ 39,265,457 thousands (Previous Year ₹ 28,712,991 thousands).

10.8 Claims settled and remaining unpaid for a period of more than six months as on 31-03-2010 Nil (P.Y. Nil).

10.9 Value of contracts in relation to investments, for
a) Purchases, where deliveries are pending ₹ Nil. (Previous Year ₹ Nil).

b) Sales, where payments are overdue ₹ Nil. (Previous Year ₹ Nil).

10.10 The basis of apportionment of operating expenses to the Revenue Accounts has been stated in the Significant Accounting Policy No.5.3.

10.11 The historical cost of investments valued on Fair Value basis is ₹ 61,646,216 thousands (Previous Year ₹ 59,750,534 thousands)

10.12 Computation of Managerial Remuneration is as follows:

Sr.No.	Name	Designation	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite
1	Shri Yogesh Lohiya	Chairman-cum- Managing Director	₹ 32,05,799	₹ 96,000	₹ 3,58,881	₹ NIL	₹ 21,000

10.13 The basis of amortisation of debt securities is as stated in accounting policy No. 7.13.

10.14 Provisions regarding unrealised gains/losses has been stated in the accounting policies No. 7.7.

10.15 The Corporation does not hold any properties for investment purposes.

11. The company generally makes payments to its creditors within a period of 45 days as stipulated in Micro, Small and Medium Enterprises Act 2006. The company is in the process of

identifying Micro, Small and Medium Enterprises as defined in above referred act. Hence relevant disclosures are not made. The Company has neither received any claims for interest nor provided any interest payable to Micro, Small and Medium Enterprises as required by aforesaid act. In the absence of information, however such interest payable is not expected to be of material amount.

12. Segment Reporting as per AS-17 of ICAI, has been complied with as required by IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

Indian Business

(₹ in crores)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain / -Loss		Net Result	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fire Insurance	633.57	660.71	783.57	621.08	219.35	186.29	6.71	5.94	(0.01)	(1.26)	(376.07)	(153.86)
Motor Insurance	1,712.58	2,314.12	1,986.00	1481.04	299.71	414.26	10.85	14.16	(0.01)	(0.01)	(583.99)	404.65
Aviation Insurance	43.17	48.19	26.81	41.9	3.16	2.88	0.51	0.5	0.89	(0.37)	13.58	2.54
Engineering Insurance	373.48	394.5	186.74	193.31	120.14	114.11	3.44	3.72	0.10	0.01	63.26	83.37
Other Miscellaneous Insurance	1,619.40	1,673.81	1781.33	1339.05	306.98	290.93	12.68	11.59	(0.12)	(0.13)	(481.71)	32.11
Marine Cargo	188.14	242.63	109.13	194.09	39.67	42.67	1.13	1.28	0.10	(1.19)	38.31	3.40
Marine Hull	90.44	150.98	63.31	135.89	15.45	16.08	0.81	0.96	(0.36)	(2.01)	10.51	(3.96)
Life	5.5	5.53	2.39	3.73	1.26	0.00	0.06	0.02	-	(0.89)	1.79	0.89
	4,666.28	5,490.47	4,939.28	4,010.09	1,005.72	1,067.22	36.19	38.17	0.59	(5.85)	(1,314.32)	369.14

Foreign Business

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain / -Loss		Net Result	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fire Insurance	1,727.51	1,251.79	852.81	1,047.46	497.64	354.61	17.86	11.92	(7.27)	11.15	351.93	(151.05)
Motor Insurance	256.93	90.45	177.49	79.89	80.21	27.24	2.76	1.09	(1.77)	(1.27)	(5.30)	(19.04)
Aviation Insurance	438.14	355.44	261.90	537.61	87.21	81.6	4.68	4.16	2.76	3.49	87.11	(264.44)
Engineering Insurance	218.77	164.85	121.24	87.14	68.67	59.2	1.79	1.50	(0.37)	(0.47)	26.7	16.54
Other Miscellaneous Insurance	320.44	171.93	206.71	96.02	77.37	49.33	3.26	1.61	(1.85)	0.35	31.25	25.32
Marine Cargo	114.02	71.60	69.15	44.23	37.73	34.24	0.69	0.63	4.23	(1.63)	10.68	(9.13)
Marine Hull	326.96	200.62	223.36	314.50	74.83	74.38	1.90	2.00	3.06	2.17	29.93	(188.09)
Life	7.38	9.01	4.44	0.2	0.86	1.35	0.04	0.07	(0.20)	-	1.84	7.39
	3,410.15	2,315.69	1,917.10	2,207.05	924.52	681.95	32.98	22.98	(1.41)	13.79	534.14	(582.5)

Total

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain / -Loss		Net Result	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fire Insurance	2,361.08	1,912.50	1,636.38	1,668.54	716.99	540.9	24.57	17.86	(7.28)	9.89	(24.14)	(304.91)
Motor Insurance	1,969.51	2,404.57	2,163.49	1,560.93	379.92	441.5	13.61	15.25	(1.78)	(1.28)	(589.29)	385.61
Aviation Insurance	481.31	403.63	288.71	579.51	90.37	84.48	5.19	4.66	3.65	3.12	100.69	(261.9)
Engineering Insurance	592.25	559.35	307.98	280.45	188.81	173.31	5.23	5.22	(0.27)	(0.46)	89.96	99.91
Other Miscellaneous Insurance	1,939.84	1,845.74	1,988.04	1,435.07	384.35	340.26	15.94	13.20	(1.97)	0.22	(450.46)	57.43
Marine Cargo	302.16	314.23	178.28	238.32	77.4	76.91	1.82	1.91	4.33	(2.82)	48.99	(5.73)
Marine Hull	417.4	351.60	286.67	450.39	90.28	90.46	2.71	2.96	2.70	0.16	40.44	(192.05)
Life	12.88	14.54	6.83	3.93	2.12	1.35	0.10	0.09	(0.20)	(0.89)	3.63	8.28
	8,076.43	7,806.16	6,856.38	6,217.14	1,930.24	1,749.17	69.17	61.15	(0.82)	7.94	(780.18)	(213.36)

13. Related party Disclosures as per AS-18 of ICAI:

a) Associate Company:

Kenindia Assurance Co. Ltd., Nairobi, Kenya.
 LIC (Mauritius) Offshore Limited, Mauritius
 India International Pte Limited, Singapore
 Agriculture Insurance Company of India Limited
 East Africa Reinsurance Co., Kenya

b) Key Management Personnel:

Shri Yogesh Lohiya - Chairman-cum-Managing Director

Nature and volume of transactions: With (a) above

Statement Showing Related Party Disclosures as per AS-18 of ICAI - Part 1

(₹ in thousands)

Name of the Company	Kenindia Assurance Company		LIC Mauritius Ltd.		India International Pte Ltd.	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Premium Accepted	191,327	213,307	-	-	1,004,700	664,937
Premium Ceded	-	-	-	-	-	-
Net Premium	191,327	213,307	-	-	1,004,700	664,937
Commission Paid	69,252	93,185	-	-	314,419	353,094
Commission Recovered	-	-	-	-	-	-
Net Commission	69,252	93,185	-	-	314,419	353,094
Claims Paid	122,110	65,495	-	-	494,918	239,613
Claims Recovered	-	-	-	-	-	-
Net Claims	122,110	65,495	-	-	494,918	239,613
Balance on 31st March (-) Indicates amount payable by GIC	(35)	(129,214)	-	-	195,363	225,617

Statement Showing Related Party Disclosures as per AS-18 of ICAI - Part 2

(₹ in thousands)

Name of the Company	Agriculture Insurance Company of India Ltd.		East Africa Re	
	2009-10	2008-09	2009-10	2008-09
Premium Accepted	699,264	75,070	4,524	2,327
Premium Ceded	-	-	-	-
Net Premium	699,264	75,070	4,524	2,327
Commission Paid	138,977	14,763	628	346
Commission Recovered	-	-	-	-
Net Commission	138,977	14,763	628	346
Claims Paid	319,084	173,150	765	-
Claims Recovered	-	-	-	-
Net Claims	319,084	173,150	765	-
Balance on 31st March (-) Indicates amount payable by GIC	-	4,624	3,131	2,337

* Figures are reported Net with (b) above
The same is disclosed as per Note no. 10.12 of the Disclosures forming part of the financial statements.

14 Employee's Benefits

The Corporation has classified the various benefits provided to employees as under:-

- 1 Pension Superannuation Scheme
- 2 Defined Benefit Plan
 - (a) Leave Encashment
 - (b) Gratuity
 - (c) Provident Fund
- 3 Settlement Benefit

During the year Corporation has recognised the following amounts in the Profit And Loss Account:

(Amount in ₹)

	Year ending 31st March,2010	Year ending 31st March,2009
Pension Superannuation Scheme (Employee's Pension Fund)	105,138,852	71,030,000
Leave Encashment (Earned leave and Sick Leave)	2,375,553	5,301,387
Gratuity (Employee's Gratuity Fund)	9,183,476	4,385,000
Provident Fund (Employee's Provident Fund)	2,613,272	2,604,026
Settlement Benefit	200,271	548,501

A) Change in the Present Value of Obligation

(Amount in ₹)

	Pension		Gratuity		Leave Salary		Settlement	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Present Value of Obligation as 1 April	551863238	400839238	92651608	85244608	70736316	65434929	6649729	6101228
Interest Cost	42114796	27119000	7541638	5815000	3500054	4475017	522004	427086
Past Service Cost	0	0	0	0	0	0	0	0
Current Service Cost	62630371	156694000	6472808	4991000	1093746	5207400	205500	366074
Curtailment Cost /(Credit)	0	0	0	0	0	0	0	0
Settlement Cost /(Credit)	0	0	0	0	0	0	0	0
Benefit Paid	-30738033	-26843000	-2543396	-4345000	-2258619	-3012225	0	0
Actuarial Gain/Loss on Obligation	433338	-5946000	2275732	946000	40132	-1368805	-527233	-244659
Present Value of Obligation at 31 March	626303710	551863238	106398390	92651608	73111629	70736316	6850000	6649729

B) Change in the Fair value of Plan Assets

(Amount in ₹)

	Pension		Gratuity		Leave Salary		Settlement	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Fair Value of Plan Assets as at 1 April	409465567	334039567	88266267	83506267	0	0	0	0
Expected return on Plan Assets	34862455	27722000	7001185	5754000	0	0	0	0
Actuarial Gain/Loss on Obligation	30647313	22732000	105858	1613000	0	0	0	0
Contribution	76927556	51815000	4385000	1738000	2258619	3012225	0	0
Benefit Paid	-30738033	-26843000	-2543396	-4345000	-2258619	-3012225	0	0
Fair Value of Plan Assets at 31 March	521164858	409465567	97214914	88266267	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets at 31 March	1042329716	818931134	194429828	176532534	0	0	0	0

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Amount in ₹)

	Pension		Gratuity		Leave Salary		Settlement	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Present Value of Funded / (unfunded) Obligation as at 1 April	-626303710	-551863238	-106398390	-92651608	-73111629	-70736316	-6850000	-6649729
Fair Value of Plan Assets at 31 March	-521164858	-409465567	-97214914	-88266267	0	0	0	0
Funded Status	105138852	142397671	9183476	4385341	73111629	70736316	6850000	6649729
Present Value of unfunded Obligation as at 31 March	0	0	0	0	0	0	0	0
Unrecognized Actuarial (gains)/losses	0	0	0	0	0	0	0	0
Unfunded Net Asset / (Liability) Recognized in Balance Sheet	105138852	142397671	9183476	4385341	73111629	70736316	6850000	6649729

Expenses recognised in the Profit and Loss Account

(Amount in ₹)

For year ending 31st March, 2010	Pension	Gratuity	Leave Salary	Settlement
Current Service Cost	62630371	6472808	1093746	205500
Interest Cost	42114796	7541638	3500054	522004
Curtailement Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net actuarial (gains) / losses recognized in the period	393685	-4830970	-2218247	-527233
Total Expenses recognized in the Profit & Loss A/c	105,138,852	9,183,476	2,375,553	200,271

(Amount in ₹)

For year ending 31st March, 2009	Pension	Gratuity	Leave Salary	Settlement
Current Service Cost	156694000	4991000	5207400	364201
Interest Cost	27119000	5815000	4475017	451468
Curtailement Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net actuarial (gains) / losses recognized in the period	-112783000	-6421000	-4381030	-267168
Total Expenses recognized in the Profit & Loss A/c	71,030,000	4,385,000	5,301,387	548,501

The guidance of implementing AS 15 (revised 2005) Employee Benefits states benefits involving employer established provident funds, which require interest shortfall to be provided, are to be considered as defined benefit plans. Pending determination of Liability in view of issue in making reasonable actuarial assumption by the Actuarial Society of India, effect in this respect has not been ascertained.

15. Additional Provision of ₹ 23,325 thousands has been made in respect of Reserve for Unexpired Risk as required by IRDA for 2009-10 for London Branch. (Previous Year ₹ --- NIL---

16. Earnings per Share (EPS) as per Accounting Standards 20 of the ICAI:

	2009-10	2008-09
Basic and Diluted EPS	₹ 413/-	₹ 327/-
Profit after Tax	₹ 17746,065 thousands	₹ 14071,953 thousands
Number of equity shares	4,30,00,000	4,30,00,000
Nominal value of share	₹ 100/-	₹ 100/-

17. The Corporation has prepared Cash flow statement adopting the indirect method.

18. Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.

19. Prior period items have not been separately disclosed, as the amount is not material.

20. The summary of the financial statements of the Corporation for the last five years is as per Annexure I.

21. The Accounting Ratios of the Corporation are stated in Annexure II.

22. Details of the penalty payable by the Corporation during the year 2009-10 are given below:

SL No.	Authority	Non-Compliance/ Violation	Amount in ₹		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	Sec 104 of Insurance Act 1938	500,000/-	NIL	NIL
2	Service Tax Authorities	NIL	NIL	NIL	NIL
3	Income Tax Authorities	NIL	NIL	NIL	NIL
4	Any other Tax Authorities	NIL	NIL	NIL	NIL
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	NIL	NIL	NIL	NIL
6	Registrar of Companies/ NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 1956	NIL	NIL	NIL	NIL
7	Penalty awarded by any Court/Tribunal for any matter including claim settlement but excluding compensation	NIL	NIL	NIL	NIL
8	Securities and Exchange Board of India	NIL	NIL	NIL	NIL
9	Competition Commission of India	NIL	NIL	NIL	NIL
10	Any other Central/State/ Local Government / Statutory Authority	NIL	NIL	NIL	NIL

23. Figures relating to the previous year have been regrouped/rearranged, wherever necessary.

As per our report of even date
For S.R. GOYAL & CO.
Chartered Accountants

A.K. Atolia
Partner
Membership No.: 77201
Mumbai
Dated : 9th June, 2010

Yogesh Lohiya
Tarun Bajaj
M. Ramadoss
Kamlesh S. Vikamsey
S.L. Mohan
Bhagyam Ramani
Suchita Gupta

Chairman-cum-Managing Director
Director
Director
Director
Director
Director and General Manager (Finance)
Company Secretary

Summary of Financial Statements for the year ended 31st March, 2010

(₹ in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
OPERATING RESULTS					
1 Gross Premium Written	973692	806113	931555	740417	488077
2 Net Premium Income	877687	740233	831114	642087	423488
3 Income from Investments (net)	129570	113883	128976	123224	109728
4 Profit on Exchange Fluctuation	-82	794	-72	-98	74
5 Total Income	1007175	854910	960018	765213	533290
6 Commissions & Brokerage	193025	174918	208965	167012	110293
7 Brokerage	-	-	-	-	-
8 Operating Expenses	7146	6312	5697	4811	4533
9 Claims, increase in Unexpired Risk Reserve and Other outgoes	755683	584005	709255	477978	434912
10 Operating Profit / loss	51321	89675	36101	115412	-16448
NON-OPERATING RESULT					
11 Total Income under Shareholders account (Net)	77698	91484	70628	63535	60742
12 Profit/(loss) before tax	129020	181159	106730	178946	44294
13 Provision for tax	-48440	40439	7451	25811	-15557
14 Profit / (loss) after tax	177460	140720	99279	153135	59851
MISCELLANEOUS					
15 Policy holders Account :					
Fire	409276	334305	272312	214939	186463
Miscellaneous	800996	728465	764353	720384	690603
Marine	163450	165050	129394	90026	69748
Life	1542	1153	1081	153	95
Total funds	1375264	1228973	1167140	1025502	946909
Total Investments	2257069	1573195	1996337	1683465	1521962
Yield on Investments	11.9	10.7	13.4	13.3	14.4
16 Shareholders Account :					
Total funds	913326	776982	668962	592826	475913
Total Investments	1430637	898073	1154075	846102	864051
Yield on Investments	11.9	10.7	13.4	13.3	14.4

(₹ In lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
17 Paid up equity Capital	43000	43000	43000	43000	43000
18 Net worth	913326	776982	668962	592826	475913
19 Total assets	4384213	3001964	3601283	2852398	2642403
20 Yield on total investments	11.9	10.7	13.4	13.3	14.4
21 Earnings per share (₹)	413	327	231	356	139
22 Book Value per share (₹)	2124	1807	1556	1379	1107
23 Total Dividend	35260	27950	19780	30960	8600
24 Dividend per share (₹)	82	65	46	72	20

As per our report of even date

For S.R.GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

RATIOS FOR NON-LIFE COMPANIES

		Ratio / Percentage	
Performance Ratio		2009-10	2008-09
1	Gross Premium Growth Rate (segment wise) (Gross premium for the current year divided by the gross premium for the previous year)		
	Fire Insurance	40.4	-3.0
	Motor Insurance	1.0	-31.5
	Aviation Insurance	3.2	35.4
	Engineering Insurance	11.9	-3.7
	W.C.	-15.6	-23.5
	Liability	63.7	10.0
	PA	22.4	1.5
	Health	35.8	5.9
	Other Miscellaneous Insurance	46.9	-49.5
	FL/Credit	8.2	16.9
	Marine Cargo	4.9	-2.8
	Marine Hull	-0.3	12.5
	Life	19.5	-32.3
2	Gross Premium to shareholder's fund ratio : (Gross premium for the current year divided by paid up capital plus free reserves)	106.6	103.7
3	Growth rate of shareholders' funds (Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date)	17.5	16.1
4	Net retention ratio (segmentwise) (Net premium divided by gross premium)		
	Fire Insurance	83.8	88.8
	Motor Insurance	100.0	100.0
	Aviation Insurance	75.3	83.3
	Engineering Insurance	83.3	82.8
	W.C.	100.0	100.0
	Liability	93.1	92.2
	PA	98.2	98.6
	Health	100.0	99.9
	Other Miscellaneous Insurance	92.4	91.2
	FL/Credit	100.0	100.0
	Marine Cargo	90.3	90.3
	Marine Hull	89.5	80.6
	Life	100.0	100.0

		Ratio / Percentage	
Performance Ratio		2009-10	2008-09
5	Net commission ratio (segmentwise) (Commission net of reinsurance for a class of business divided by net premium)		
	Fire Insurance	26.6	26.6
	Motor Insurance	19.2	22.6
	Aviation Insurance	19.4	16.9
	Engineering Insurance	30.2	31.2
	W.C.	20.0	20.2
	Liability	12.2	21.1
	PA	17.7	21.0
	Health	13.1	19.3
	Other Miscellaneous Insurance	22.7	23.3
	FL/Credit	21.6	19.7
	Marine Cargo	24.9	25.9
	Marine Hull	20.0	22.2
	Life	15.2	11.5
6	Expenses of management to gross premium ratio (Expenses of management divided by the total gross premium)	0.7	0.8
7	Combined ratio : (Claims paid plus expenses divided by gross premium)	63.3	65.8
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	156.7	166.0
9	Underwriting balance ratio (Segmentwise) (Underwriting profit divided by net premium for the respective class of business)		
	Fire Insurance	12.2	-1.9
	Motor Insurance	-8.3	43.2
	Aviation Insurance	40.4	-43.1
	Engineering insurance	28.7	32.0
	W.C.	49.8	61.0
	Liability	23.6	37.2
	PA	-1.7	-28.6
	Health	-10.4	-12.8
	Other Miscellaneous Insurance	-20.6	60.4
	FL/Credit	-41.7	8.9

Performance Ratio	Ratio / Percentage	
	2009-10	2008-09
Marine Cargo	36.1	16.6
Marine Hull	33.3	-29.4
Life	34.6	79.4
10 Operating profit ratio (Underwriting profit plus investment income divided by net premium)	15.2	21.3
11 Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	24.8	26.9
12 Net earnings ratio: (Profit after tax divided by net premium)	20.2	19.0
13 Return on net worth (Profit after tax divided by net worth)	19.7	18.1
14 Reinsurance ratio: (Risk reinsured divided by gross premium)	9.9	8.2

As per our report of even date

For S.R. GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

As per Indirect Method

(₹ in thousands)

	31st March, 2010		31st March, 2009	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation as per Profit and Loss A/c		12902 020		18115 885
Adjustments for:				
Exchange - Loss / Gain charged	2391 734		-1953 562	
Provision for diminution in value of investment	130 283		97 725	
Provision for doubtful loans, investments and Debts	-143 775		-13 066	
Amortisation of Premium on Investment	254 403		296 921	
Depreciation	33 172		44 461	
-Profit / Loss on sale of Assets	- 106		- 366	
Provision for Leave Encashment and Salary Arrears	-23 130		66 887	
Sundry Balances Written off / back	0	2642 581	-2 152	-1463 152
Operating Profit before working capital changes		15544 601		16652 733
Changes in Unexpired Risk Reserves	7041 278		-3770 823	
Changes in Provisions for Outstanding Claims	7587 756		9954 177	
Changes in Income accrued on Investments	-16 523		-382 619	
Changes in Balances with Insurance Companies	-6691 774		-7538 998	
Changes in Advance and Deposits	-2413 631		-1669 687	
Changes in other Current Liabilities	2375 940	7883 046	3182 485	-225 465
Cash generated from operations		23427 647		16427 268
Income Tax Paid (Net)		-3718 258		-2417 015
Net Cash from Operating Activities		19709 389		14010 253
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		-44 966		-71 087
Proceeds from sale of Fixed Assets		1 565		1 092

CASH FLOW STATEMENT



(₹ in thousands)

	31st March, 2010	31st March, 2009
Foreign Currency Translation Reserve	-1202 120	193 771
Changes in net Investments	-16397 978	-7722 319
Net Cash used in Investing Activities	-17643 499	-7598 543
C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	-2795 000	-1978 000
Dividend Tax Paid	-475 010	-336 161
Net Cash from Financing Activities	-3270 010	-2314 161
D) Effect of Foreign Exchange on Cash & Cash equivalents (Net)		
Net increase in Cash and Cash equivalents (A+B+C+D)	-3595 854	6051 111
Cash and Cash equivalents at beginning of period	31327 002	25275 891
Cash and Cash equivalents at the end of period	27731 148	31327 002

As per our report of even date

For S.R.GOYAL & CO.

Chartered Accountants

A.K. Atolia

Partner

Membership No.: 77201

Mumbai

Dated : 9th June, 2010

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

Director and General Manager (Finance)

M. Ramadoss

Director

S.L. Mohan

Director

Suchita Gupta

Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	16133	State Code	11
Balance Sheet Date	31/03/2010		

II. Capital Raised During the year (Amount in ₹ Thousands)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	26 05 50 342	Total Assets	26 05 50 342
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Sources of Funds

Paid-up Capital	43 00 000	Reserves & Surplus	8 59 65 715
Secured Loans	N I L	Unsecured Loans	N I L
Deffered Taxation Liability	0	Fair Value Change Account	17 02 84 627

Application of Funds

Net Fixed Assets	4 46 480	Investment	34 26 90 799
Net Current Assets	(-) 83340443	Misc. Expenditure	N I L
Accumulated Losses	N I L	Deffered Tax Asset	753506

IV. Performance of Company (Amount in ₹ Thousand)

Turnover	10 41 26 607	Total Expenditure	9 12 24 586
Profit/ Loss Before Tax	1 29 02 021	Profit/ Loss After Tax	1 77 46 065
Earning per Share in (₹)	412.70	Dividend @ %	82

V. Generic Name of The Principal Products /Services of Company (as per Monetary terms)

Item Code No.	NOT APPLICABLE
Product Description	REINSURANCE SERVICE

PERFORMANCE HIGHLIGHTS

(₹ & US\$ in '000)

	as on 31.03.2010		as on 31.03.2009	
	₹	US \$	₹	US \$
Net Earned Premium	80 764 334	1 802 775	78 061 678	1 527 028
Net Claims	68 563 877	1 530 444	62 171 369	1 216 185
% to Earned Premium	84.9%	84.9%	79.6%	79.6%
Net Commission	19 302 463	430 859	17 491 751	342 170
% to Earned Premium	23.9%	23.9%	22.4%	22.4%
Operating Expenses and Other Outgo less Other Income	699 869	15 622	532 108	10 409
Investment Income Less Expenses apportioned to Revenue a/c	12 934 073	288 707	11 368 634	222 391
Revenue Profit/Loss(-)	5 132 198	114 558	9 235 085	180 655
Investment Income Less Expenses apportioned to P/L a/c	8 198 226	182 996	6 489 890	126 954
Other Income less Other Outgo	- 187 492	- 4 185	2 772 491	54 235
Reserve for Doubtful Debts, Investment W/off and Amortisation of Premium on Investment	240 912	5 378	381 580	7 464
PROFIT BEFORE TAX	12 902 021	287 992	18 115 885	354 380
Provision for tax including deferred tax	-4 844 044	- 108 126	4 043 932	79 107
PROFIT AFTER TAX	17 746 065	396 118	14 071 953	275 273
ASSETS:				
Investments	335 739 302	7 494 181	209 947 118	4 106 947
Loans	6 951 498	155 167	7 193 180	140 712
Fixed Assets	446 480	9 966	436 144	8 532
Cash and Bank Balances	27 731 148	618 999	31 327 002	612 813
Advances and Other Assets	66 799 390	1 491 058	51 292 938	1 003 383
Deferred Tax Asset	753 506	16 819	0	0
TOTAL ASSETS	438 421 323	9 786 190	300 196 383	5 872 386
LIABILITIES:				
Share Capital	4 300 000	95 982	4 300 000	84 116
Reserve and Surplus	85 965 715	1 918 878	73 533 394	1 438 447
Deferred Tax Liabilities	0	0	19 127	374
Fair Value Change Account	170 284 627	3 800 996	60 747 417	1 188 330
Current Liabilities & Provisions	177 870 981	3 970 334	161 596 445	3 161 120
TOTAL LIABILITIES	438 421 323	9 786 190	300 196 383	5 872 386

1 US \$ = ₹ 44.80 as on 31.03.2010

1 US \$ = ₹ 51.12 as on 31.03.2009

(Percentage relate to the net earned premium of the corresponding year)

Solely for the convenience of readers, performance highlights have been converted into United States Dollar as on 31st March

AWARDS RECOGNITIONS AND CERTIFICATIONS



A. M. Best Company, an international rating agency has reaffirmed the financial strength rating of A- (Excellent) and issuer credit rating of "a-" of General Insurance Corporation of India (GIC Re). The outlook for both ratings is stable.

The ratings reflect GIC Re's strong capitalization, stable expense ratio and established market presence.

GIC Re's risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), remains strong and is supportive of its current ratings.

As per A. M. Best Co., as the sole domestic reinsurer in India, GIC Re's business profile remains strong, with the company maintaining its leading business position in the domestic reinsurance market. In recent years, GIC Re also has been directing more resources in expanding its overseas markets.



CREDIT ANALYSIS & RESEARCH LTD.

The Credit Analysis & Research Ltd. (CARE) has also reaffirmed the 'CARE AAA (In) [triple A] Claims Paying Ability (CPA) rating to General Insurance Corporation of India (GIC Re).

Insurers with the above rating have the highest financial strength to meet policyholders' obligations. The impact of any adverse business and economic factors on the claims paying ability is minimal.

The rating factors GIC Re's status in the Indian insurance industry as national reinsurer, its dominant market share in the Indian reinsurance market, strong solvency position, low operating leverage, improved underwriting performance, adequate liquidity and good profitability.

The rating draws strength from key role played by GIC Re in retaining a large portion of reinsurance in India and good prospects for growth in insurance sector.

ABCI Award

GIC Re once again made it to the Awards list of the Association of Business Communicators of India (ABCI). Our newsletter GIC ReNEWS was awarded the Bronze Prize under the category of External Newsletters for the year 2008. The awards were presented at the Annual Awards Ceremony of ABCI held on 19th of March 2010 at Mumbai. GIC ReNEWS came out with its first issue in December 2007.

NOTABLE EVENTS/VISITS

Central Vigilance Commissioner visits GIC Re

The Central Vigilance Commissioner Mr. Pratyush Sinha and Vigilance Commissioner Mrs. Ranjana Kumar visited GIC Re on 14th of September 2009. The first ever visit by a CVC to GIC Re was an epoch making event of the year for us at GIC Re.

The CVC during his visit to the Corporation met the senior executives. He made a very inspiring speech with HR as the focal point and said that a climate of trust should be created wherein managers have the authority to decide in a frank and transparent manner. He mentioned that to recognize the dissenting voice in a team and giving due cognizance to the opinion is also a managerial responsibility.



The Vigilance Commissioner Mrs. Ranjana Kumar appreciated the performance of the Corporation and congratulated the team for the metrical performance and the sound systems and procedures adopted by the company. She, however, also cautioned that guidelines alone would not help and procedures should be reviewed periodically and a comparison with the procedures of other internationally benchmarked companies should also be made.

Secretary (Department of Financial Services) visits GIC Re



Mr. R Gopalan, Secretary to Government of India, Department of Financial Services visited the Corporation on the 8th of June 2010.

Mr. R Gopalan addressed a meeting of the senior executives of the Corporation on this occasion. The meeting began with Chairman-cum-Managing Director Mr. Yogesh Lohiya welcoming the visiting dignitary.

Mr. Gopalan suggested that the management should work to an action plan to ensure that the Indian Reinsurer joins the Class of top 10 global reinsurers. He said we should revisit our policy of largely excluding USA and

Canada for the purpose of writing business. He was of the opinion that ample opportunities exist in those areas and can be made use of prudently to scale up our position and profits globally.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has for long been associated with humanism but now it has to be something that is quantified and definite. With this in focus GIC Re has over the years strived to give back to the society and its catchment constituencies in some measure what it has received from them.

Teach For India Programme

Today India needs a dedicated band of teachers who can be a powerful source of inspiration and who can work tirelessly to expand, in a measurable way, the educational opportunities available to thousands of India's most underprivileged children.

In this direction GIC Re has sponsored TeachForIndia, a programme of the Akanksha Foundation, that was launched in 2008. Teach For India is a nationwide programme that aims to narrow the education gap by placing India's most outstanding college graduates and young professionals, of all academic majors and career interests, in low-income schools to teach for two years. Teach For India will build a powerful and ever-growing leadership force of alumni who, armed with their experiences and insights, will work from inside and outside of education system to effect the fundamental, long-term changes necessary to ultimately realize educational opportunity for all.

3rd International Training Programme for African & SAARC Countries

Over the years, GIC Re has emerged as a major global reinsurer and has been a preferred reinsurer for many insurance companies from Africa, the Middle East and the SAARC region. As value added services, GIC Re organizes workshops, training programmes and conferences. Training programmes on reinsurance appreciation for international clients from Africa and SAARC region were organized in years 2007 and 2008. The third training programme in this series was organized at Mumbai in August 2009. 20 delegates from companies in Africa and the SAARC region participated in the 6-day training programme organized between 17th and 22nd August 2009.

Middle level officials from insurance companies from Kenya, Tanzania, Egypt, Bhutan, Nepal, Bangladesh and Sri Lanka participated in the programme.

The Faculty was drawn mainly from GIC Re officials, ex-GIC Re officials, Indian broking community and from process / manufacturing industries. An industrial visit was organized to a multinational pharmaceutical unit, near Mumbai to give them a firsthand insight into the risk perspective of an industrial unit. Participants also visited GIC Re office and had the opportunity to meet and talk to the GIC Re officials.

SUMMER INTERNSHIPS

The insurance sector in the country post liberalisation is in a transitory state currently. From just 4 public sector general insurance companies in the year 2000, today there are 23 of them and the number is rising. In these circumstances the need for qualified and experienced manpower assumes great importance. Till now, to a large extent, the talent pool of the public sector insurance companies had been the feeder source for these private players. With the sector making great strides in the recent years many institutes and universities have come up with graduate and post graduate programmes in Insurance and allied fields. While these institutes are serving a good cause by providing academically qualified youngsters in this very vital area, they need to be groomed for taking up greater responsibilities.

Summer Internships provide students with hands-on, real-world experience in a work setting. Ideally, they enable interns to: (a) integrate and use their knowledge and skills from the classroom, (b) discover where further competence is needed, (c) take steps to gain that competence under educational supervision, and (d) become better acquainted with the types of work settings in which such competence can be applied.

During internship, the student apprentices go through the rigours of the job as much as permanent employees and they learn about the company's functioning in the process and also know what to expect when hired permanently.

GIC Re has also, albeit in a small way, begun the summer internship programme. During the year 2009-10 the Corporation selected six students from National Insurance Academy, Pune for its Summer Internship programme. The selected students were assigned to various departments in the Corporation where they were provided hands on training in the various departments.



গারান্টি রিইন্স্যুরেন্স
GIC Re

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