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ANNUAL REPORT  
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2010-11



भारतीय साधारण बीमा निगम  
General Insurance Corporation of India

# COMMAN

## VISION

To be a leading  
global reinsurance and  
risk solution provider

## CORE VALUES

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

# DEMENTS

## 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



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

## CORPORATE INFORMATION

### DIRECTORS

Shri Yogesh Lohiya	Chairman-cum-Managing Director
Shri Rakesh Singh	w.e.f. 25.07.2011
Shri Tarun Bajaj	Up to 25.07.2011
Shri M.V. Nair	
Shri S.B. Mathur	
Shri S.L. Mohan	
Shri M. Ramadoss	Upto 03.07.2010
Shri G. Srinivasan	w.e.f. 28.07.2010
Smt. Bhagyam Ramani	
Shri Kamlesh S. Vikamsey	Upto 27.08.2010
Shri M.V. Rajeev Gowda	Upto 27.08.2010

### MANAGEMENT

#### Chairman-cum-Managing Director General Managers

Shri Yogesh Lohiya	
Smt. Bhagyam Ramani	
Shri M. Ramaprasad	Upto 08.10.2010
Shri A.K. Roy	
Shri R. Raghavan	
Shri Sujay Banarji	w.e.f. 17.08.2010
Shri S. Nallakuttalam	w.e.f. 14.10.2010

#### Chief Vigilance Officer Deputy General Managers

Shri H.G. Rokade	
Shri P.N. Gandhi	
Shri P.K. Bhagat	
Shri A.K. Mittal	
Shri Y. Ramulu	
Smt. Alice Vaidyan	
Shri H.L. Teckchandani	
Shri Ashwani Kumar	w.e.f. 31.08.2010
Shri R. Sundaram	w.e.f. 01.01.2011

### COMPANY SECRETARY AUDITORS

Smt. Suchita Gupta  
M/s. Thakur Vaidyanath Aiyar & Co.  
Chartered Accountants  
11-B, Vatsa House,  
(Noble Chambers),  
Janmabhoomi Marg,  
Fort, Mumbai - 400001.

M/s Sodani & Company  
Chartered Accountants  
319, City Centre,  
570, M.G. Road,  
Indore – 452001 (M.P.)

### 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 - 400020

## 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 the 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	1st April 2002	GIC Re was appointed as Managers to the Terrorism/Pool/Insurance
12	April 2002	Moscow Representative office set up
13	7th August 2002	GIBNA Act was amended
14	20th December 2002	Agricultural Insurance Company of India was set up by GIC Re, the 4 Public Sector Companies and NABARD
15	21st March 2003	GIC Re ceased to be a holding Company
16	April 2003	GIC Re started assuming risk in Life Reinsurance
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
28	11th November 2010	GIC Re Malaysia Branch starts functioning



# BOARD OF DIRECTORS

(l-r) Mrs. Bhagyam Ramani, Mr. G. Srinivasan, Mr. Tarun Bajaj, Mr. Yogesh Lohiya (Chairman-cum-Managing Director), Mr. S.L. Mohan, Mr. S.B. Mathur, Mr. M.V. Nair.



**Mr. Yogesh Lohiya**

Chairman-cum-Managing Director, Mr. Yogesh Lohiya 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., Kenya and East Africa Reinsurance Co. Ltd., Kenya.

Mr. Lohiya is Executive Member of various committees of the 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. Rakesh Singh**

Mr. Rakesh Singh is a Graduate in Science and a Post Graduate in History from the University of Allahabad. He also holds a Post Graduate Degree in Economics and Social Sciences from the University of Manchester. Before joining the Indian Administrative Service (IAS) in 1978 he also taught History for about two years at the University of Allahabad.

During his career in the IAS comprising 32 years, he has the experience of public sector management in the State of Punjab of about 13 years as the Chief Executive. He also has 7 years of experience in finance, having worked for two years as Finance Secretary of Chandigarh and for 5 years in the Ministry of Finance, Government of India. Apart from a long and rich experience of District Administration in the State of Punjab, Mr. Singh has specialised in the fields of Industry Promotion, Housing & Urban Development, Environment and Power Sector.

Mr. Singh has been inducted as Government nominee Director on the Board of GIC Re with effect from the 25th of July 2011.



**Mr. Tarun Bajaj**

Joint Secretary in the Department of Financial Services in the Ministry of Finance, Mr. Bajaj 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. He 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, and the Irrigation & Water Resources Finance Corporation Ltd.



**Mr. M.V. Nair**

Chairman and Managing Director of Union Bank of India, Mr. Nair was also the Chairman of Indian Banks' Association (IBA). He 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.



**Mr. S.B. Mathur**

Secretary General, Life Insurance Council, Mr. S. B. Mathur 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. S.L. Mohan**

Secretary General, General Insurance Council, Mr. S. L. Mohan 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. G. Srinivasan**

Chairman and Managing Director of United India Insurance Company Limited, Mr. G. Srinivasan is a Fellow of the Indian Insurance Institute and an Associate of the Institute of Cost and Works Accountants. With over 25 years of experience in the Insurance Industry, Mr. Srinivasan is also a director on the Boards of GIC Housing Finance Limited and KenIndia Assurance Co. Ltd.



**Mrs. Bhagyam Ramani**

Director on the Board of the Corporation and also General Manager in-charge of Investment & Accounts in the Corporation Mrs. Bhagyam Ramani 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. and IDBI Trusteeship Services Ltd. She is also a Trustee for Tariff Advisory Committee (Employees') Pension Fund and a member of Insurance Institute of India.



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

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

## NOTICE

**NOTICE** is hereby given that the 39th **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 Tuesday, the 20th September, 2011 at 11.30 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, 2011.
2. To declare dividend on equity shares.
3. To fix remuneration of auditors for the year 2011-2012 .

For and on behalf of the Board

**( Suchita Gupta )**  
**Company Secretary**

### Registered Office:

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

Dated : 7th September, 2011

### 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 there at 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-Ninth Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March, 2011.

### FINANCIAL RESULTS:

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

	(₹ in Crores)			(₹ in Crores)	
	2010-11	2009-10		2010-11	2009-10
1. Net Premium	<b>10512.57</b>	8776.87	11. Distribution of LPA Assets	<b>0.00</b>	0.00
2. Net Earned Premium	<b>9544.03</b>	8076.43	12. Interest on Service Tax	<b>2.18</b>	0.47
3. Net Incurred Claims	<b>8625.77</b>	6856.39	13. Profit before Tax (7+8+9-10-11-12)	<b>1189.35</b>	1290.20
	<b>90.4%</b>	84.9%	14. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	<b>155.94</b>	-484.40
4. Net Commission	<b>1926.35</b>	1930.25	15. Profit after Tax (13-14)	<b>1033.41</b>	1774.60
	<b>20.2%</b>	23.9%	16. Balance of Profit b/f from previous year	<b>0.06</b>	0.01
5. Operating Expenses and Other Outgo less Other Income	<b>96.43</b>	69.98	17. Profit available for appropriation	<b>1033.47</b>	1774.61
	<b>1.0%</b>	0.9%	18. Proposed Dividend incl. Dividend Tax	<b>240.68</b>	411.16
6. Investment Income Apportioned to Revenue less expenses	<b>1337.11</b>	1211.17	19. Transferred to General Reserves	<b>792.73</b>	1363.39
7. Total Profit/Loss (-) (2+6-3-4-5)	<b>232.59</b>	430.98	20. Balance of Profit carried forward (15+16-18-19)	<b>0.06</b>	0.06
8. Interest, Dividends and Rents (gross)	<b>880.08</b>	902.06			
9. Other Income less Other Outgo	<b>169.94</b>	-18.75			
10. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	<b>91.08</b>	24.09			

(Net Earned Premium is arrived at 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 48% for the year under review amounting to ₹ 206.40 crores, as against ₹ 352.60 crores at the rate of 82% in the previous year. An amount of ₹ 34.28 crores has also been provided as dividend distribution tax on the

dividend declared during the year.

### CAPITAL AND FUNDS

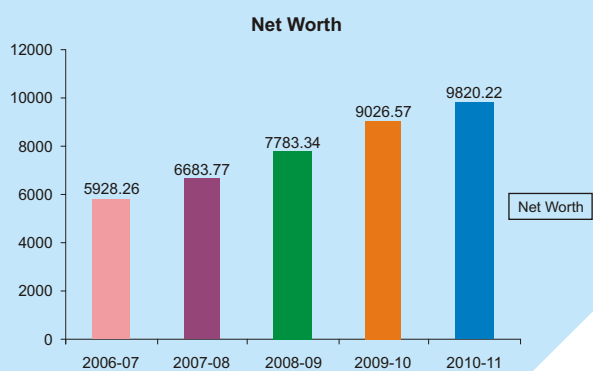
Capital and Funds of the Corporation stood at ₹ 26457.20 crores as on 31st March, 2011 as against ₹ 22779.21 crores in the previous year, the details of which are given below:

(₹ in Crores)

	As on 31.03.2011	As on 31.03.2010
<b>Shareholders Funds</b>		
Paid up Capital	430.00	430.00
General Reserve	9495.93	8703.20
Reserve for Pension & Gratuity	-6.47	-6.47
Foreign Currency Translation Reserve	-99.30	-100.22
Profit & Loss a/c	0.06	0.06
	9820.22	9026.57
Policyholders Fund	16636.98	13752.64
<b>Total Funds</b>	<b>26457.20</b>	<b>22779.21</b>

### Net worth (Shareholders Funds) for the last 5 years

(₹ in Crores)



### ASSETS

Total assets of the Corporation were ₹ 49728.56 crores as on 31st March, 2011 as compared to ₹ 43842.13 crores as on 31st March, 2010.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

The operations and future prospects of the Corporation are dealt with in the Management Discussion and Analysis Report which forms part of the Director's Report.

### INVESTMENTS

The total book value of investment of the Corporation in India (representing investments, loans and deposits) amounted to ₹ 19777.80 crores as on 31.3.2011 as against ₹ 17480.88 crores in the previous year. The

investment income of ₹ 2339.42 crores were apportioned to policyholders and shareholders as under:

(₹ in crores)

Apportioned to Policyholders	1339.99
Apportioned to Shareholders	999.43

The mean yield on funds with profit on sale of investments stood at 12.56%. The net NPA% (non-Performing Assets) was at 1.23%

### 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 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 31.03.2011:

Class I	-	Officers	284
Class III	-	Clerical Employees	122
Class IV	-	Sub-Staff	33
<b>TOTAL</b>			<b>439</b>

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

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	284	43	15.14	13	4.58
Clerical	122	26	21.31	12	9.84
Sub-Staff	33	5	15.15	1	3.03
<b>Total</b>	<b>439</b>	<b>74</b>	<b>-</b>	<b>26</b>	<b>-</b>

## DIRECTORS' REPORT

### III. WELFARE OF SC/ST/OBC:

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

The Dr. Ambedkar Welfare Trust of GIC Re was established during the birth centenary year of Dr. B.R. Ambedkar. The Trust implemented various Welfare Schemes for the benefit of SC/ST/OBC employees.

### 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 ₹ 1701.80 crores
- ii) Outgo ₹ 1166.82 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 ₹ 7,97,748/-, ₹ 1,35,87,151/- and ₹ 2,47,66,780/- 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.

Four 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. During Hindi week celebrations, various competitions were held. The winners of these competitions were awarded at an Awards function.

CMD's Shield was awarded to the Finance Department for 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.

Senior executives and officials of Official Language Department attended Salahkar Samittee meeting held at New Delhi.

### VIGILANCE

The Vigilance Department of the Corporation is headed by a Chief Vigilance Officer in the rank of Deputy General Manager. The emphasis of the vigilance department is on preventive vigilance. The Department also focuses on various system improvement initiatives.

Since the focus of the Organisation, in concurrence with CVC guidelines, is to take proactive steps to avoid vigilance-like situation. Audit Reports are studied and remarks made by Auditors are analysed. Surprise Inspections are conducted periodically & lapses studied from a 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 & office discipline and imbibe a culture of value & ethics in the organization.

### INTERNAL AUDIT DEPARTMENT

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

The Corporation has been utilizing the services of professional audit firm M/s. Mayra & Khatri for Internal Audit and Concurrent Audit functions during the year 2010-11.

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 the 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 a 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, audit 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 also covered by audit during the financial year.

### RTI 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 Information Officer. A Deputy General Manager

functions as the Central Public Information Officer while a Chief Manager discharges the duties of Assistant Public Information Officer under the provisions of the Act. Our corporate website [www.gicofindia.in](http://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 the public at large and as such does not receive many applications under the Act. However, due to the GIC's position as an erstwhile Holding Company, we continue to receive applications from the customers of the 4 public sector general insurance companies, under the Act, for their grievances with these companies.

During the period under review (2010-11) the Corporation received 45 applications and 3 Appeals under the RTI Act, 2005. One applicant had filed an Appeal to the Central Information Commissioner where the Corporation was given an opportunity to present its case and the directive of the Central Information Commissioner has been complied with. All the applications and appeals were duly replied well within the stipulated time period.

### INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

Information Technology Management Group of GIC Re provides the technical infrastructure to the Corporation. The group ensures that latest technology, both in hardware and software, is implemented in the organisation to match the global benchmarks. A high tech data centre and a fully functional disaster recovery centre are already in place. A business continuity plan and ERM solution are also in various stages of implementation in the Corporation.

SAP Technical up-gradation project was initiated and completed. Systems have been brought to the latest ERP platform ECC 6.0, which enables 'state-of-the-art' technology tools to be leveraged for improved efficiency of business processes.

The Electronic Data Interchange (Broker Connectivity) Project 'eThru' was taken up to provide a Business Process Platform for seamless integration of Broker business processes or documents with GIC using a structured and electronic format. The objective of this project is to achieve electronic connectivity end to end across all the processes ranging from placement, to accounting, to settlement, to claims. The solution architecture envisages setting up a Web gateway for



providing access to the business partners through Internet/VPN and use of Web Forms or Web Services for exchange of messages. This project which was taken up on a pilot basis with two brokers is now ready and undergoing integration testing by user departments. The project is based on the ACORD XML messaging standards applicable for Reinsurance and Large Commercial (RLC). This will ensure a smooth integration to other business partners and trading platforms which is proposed to be taken up in the future. The pilot version will soon go live after which it is proposed to take up an e-accounting initiative with an international broker, as a next step towards a comprehensive industry platform.

The Disaster Recovery site at Bengaluru is stable and operational. With increasing complexity and newer applications getting added to the computing environment, security and robustness of Data Centre have become challenges. Also space constraints, infrastructure management and multiple vendor management issues are compelling reasons to explore outsourcing options for the data centre operations as done by some PSU companies. It is proposed to outsource the data centre operations as well as extend the disaster recovery site for both SAP and non-SAP applications.

Digitization of documents numbering around 35 lakhs have been completed during 2010-11 under the Document Management System. It is proposed to explore the possibility of integrating the current system with SAP to enable faster and seamless conversion of documents into electronic mode.

An IT security policy was put in place and a familiarization campaign will be conducted to apprise on the various aspects of the policy.

Training in SAP was imparted to employees in all functional areas and is an ongoing process. During 2010-11, around 325 employees were trained in various sessions.

All IT infrastructure and networking including SAP connectivity was provided to GIC Re's Malaysia Branch.

There is a Business Continuity Plan for IT operations designed to reduce risk from an unexpected disruption of the critical functions/operations necessary for the survival of the organization and includes all issues related to recovery of information systems and data, which are critical for business operations. This is part of the overall ERM framework currently put in place in the Corporation.

The next initiative that will be undertaken will be the Functional Upgrade of the ERP system so that the IT system is aligned with the reengineered business processes.

### **Indian Motor Third Party Insurance Pool (IMTPIP):**

As per the directive of IRDA, Indian Motor Third Party Insurance Pool had been set up by all General Insurers in India to collectively service Commercial Vehicle Third Party Insurance business. This arrangement had 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.

The Pool accounts for the fourth year (2010-11) 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 2010-11, 20 Member Companies including GIC Re, have participated in the pooling arrangement. The total premium pooled for the year 2010-11 (March 2010 to February 2011) is ₹ 3,612.57 Crores with 97.31 Lakh policies. The incurred claim amount is ₹ 7,111.28 Crores with an operating loss of ₹ 3614.85 Crores.

In the pooled business, ₹ 361.26 Crores have been booked for GIC Re's account with incurred claims of ₹ 751.42 Crores and an operating loss of ₹ 401.67 Crores.

GIC Re has earned Pool Administrator Fee (for March 2010 @1.25% & from April 2010 @0.75% of pooled premium) to meet all the expenses related to the Pool. For this purpose GIC Re has set up a separate Motor Pool department with adequate manpower, hardware and software systems. The net income earned of ₹ 25.74 Crores (service charges income of ₹ 28.89 Crores less expenses of ₹ 3.15 Crores) is included in Miscellaneous Income of GIC Re.

### **TRAINING/HRD**

Keeping in view GIC Re's role as Global Reinsurer, GIC Learning Academy has been imparting training to all levels of employees both internally and externally.

In the year 2010-11 various programmes were conducted at GIC Learning Academy. Employees also attended programmes conducted by National Insurance Academy, Pune, and other Reputed Institutes. SAP Training was also imparted to the employees in Insurance Institute of India,

Mumbai to accomplish with its up-gradation.

The Summary of various programmes organized by NIA, other reputed organizations and GIC Re Learning Academy are indicated below :

Organization	No. of Programmes	No. of Officers/ Employees trained
GIC Re Learning Academy	36	352
National Insurance Academy, Pune	6	44
Other reputed organizations	36	107
Seminars/Conferences in foreign countries	14	20

Training department has also been assisting other programmes being conducted by various 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 4 overseas offices viz; a Representative Office in Moscow and Branch Offices in London, Dubai and Malaysia.

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

#### LONDON BRANCH (UK)

During the year 2010-11, the Gross Premium written by the Branch was GBP 41.41 mn compared to GBP 31.02 last year and incurred a loss of GBP 4.48 mn as against profit after tax of GBP 2.93 mn last year

#### DUBAI BRANCH (UAE)

During the current financial year 2010-11, the Gross Premium written by the Branch is AED 865 mn. The operations resulted into a profit of AED 8.7 mn

compared to the loss of AED 0.3 mn last year.

#### MALAYSIA BRANCH

GIC Re has opened the Malaysia Branch in November, 2010. Within a short span of five months, the Branch has written Gross Premium of RM 9.1 mn with incurred loss of RM 1.5 mn

#### KENINDIA ASSURANCE CO.LTD., KENYA

The paid up share capital of the Company is Kshs 473 mn. GIC Re has been allotted 102,396 bonus shares during the year. The total shares held by GIC is 435,186 shares of Kshs 100 each as on 31.12.2010. The Corporations' holding in the share capital of the Company is 9.19%.

Further, Kenindia has declared a dividend of Kshs 10/- per share for the year ended 31st December, 2010.

#### INDIA INTERNATIONAL INSURANCE PTE. LTD. SINGAPORE

The Corporation holds 20% shares in India International Insurance Pte. Ltd., which has a share capital of S\$ 50 million.

During the year, the Company has issued Bonus Shares in the proportion of 1:1. As a result, GIC Re has been allotted 5 mn shares. The total shareholding of GIC Re in the Company is 10 mn shares each of 1 S\$.

The Company has declared the dividend of 4% for the financial year 2010, as in the previous year.

#### LIC (MAURITIUS) OFFSHORE LTD, MAURITIUS

The Corporation had a 30% holding in the share capital of LIC (Mauritius) Offshore Ltd., a joint venture company promoted by LIC of India in Mauritius. However, LIC of India, after complying with the

regulatory requirements of Governments of Mauritius and India as also obtaining permission from IRDA and RBI, has wound up the operations of the Company during the year. GIC has received the proceeds of the winding up operations from LIC of India, on 17.3.2011.

### **ASIAN REINSURANCE CORPORATION, BANGKOK**

The Corporation is holding 20.64% of the share capital as Associate Member of Asian Re in addition to holding 3.24% of the share capital as its Regular Member on behalf of the Government of India. The Company has declared a cash dividend of 2.75 % for the year 2010

### **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, the Company has declared bonus issue of shares in the proportion of two new shares for every thirteen existing shares. The total paid up capital of the company would increase by Shs 100 mn to Shs 750 mn. The Company declared a dividend of 4.16% on the increased share capital for the year 2010.

### **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 consistently and have 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 2010-11 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.

### **AUDITORS**

M/s. Sodani and Company and M/s. Thakur, Vaidyanath Aiyar & Co. were appointed as joint Auditors to audit the accounts of the Corporation for the financial year 2010-11 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 2009-10 along with Directors' Report were 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:

RAJYA SABHA 23rd November, 2010

LOK SABHA 26th November, 2010

### **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**

31st May 2011  
Mumbai.

**Yogesh Lohiya**  
Chairman-cum-Managing Director

## STATEMENT OF GROSS REMUNERATION FOR THE F/Y 2010-II 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	NIL	NIL	NIL	NIL	NIL	NIL	NIL

\* 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 cedents, intermediaries, regulator and other stake holders.

GIC Re is a fully corporate governance compliant Company. Various requirements under the corporate governance regulatory framework which GIC Re has put in place discussed as follows.

### Board of Directors:

GIC Re is governed by a Board of Directors under the chairmanship of a Chairman-cum-Managing Director. The Board of GIC Re has seven directors which includes five independent directors. GIC Re Board has a full-time Chairman. All the directors have executed a deed of covenant with the Corporation.

- The Board provides overall direction to the business, including projections on the capital requirements, revenue streams, expenses and profitability.
- It ensures full compliance with the Insurance Act and the regulations framed thereunder and other statutory requirements applicable to it;
- It addresses conflicts of interest situations;
- It ensures fair treatment of ceding companies and employees;
- It ensures information sharing with and disclosures to stakeholders, including investors, ceding companies, employees, the regulators, consumers, financial analysts and 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 against retaliation against reporting employees; A whistle-blowing Policy has been put in place.

- It provides a conducive environment for developing a corporate culture that recognizes and rewards adherence to ethical standards

### Changes in the Composition of the Board during the year:

Shri G. Srinivasan, Chairman-cum-Managing Director, United India Insurance Co. Ltd. was appointed as a Director on the Board of the Corporation w.e.f. 28.7.2010.

Shri M. Ramadoss, Chairman-cum-Managing Director, New India Assurance Co. Ltd. ceased to be a Director on the Board of the Corporation w.e.f. 03.07.2010.

Shri Kamlesh S. Vikamsey, Chartered Accountant ceased to be a Director on the Board of the Corporation w.e.f. 27.08.2010.

Shri M.V. Rajeev Gowda ceased to be a Director on the Board of the Corporation w.e.f. 27.08.2010.

The Directors wish to place on record the co-operation received from Shri M. Ramadoss, Shri Kamlesh S. Vikamsey and Shri M.V. Rajeev Gowda during their tenure as Directors on the Board and also for their valuable contribution to the cause of the General Insurance Industry.

The Board of Directors as on 31st March 2011 consists of:

1. Shri Yogesh Lohiya,	Chairman-cum- Managing Director
2. Shri Tarun Bajaj	Director
3. Shri M V Nair	Director
4. Shri S B Mathur	Director
5. Shri S L Mohan	Director
6. Shri G Srinivasan	Director
7. Smt. Bhagyam Ramani	Director

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 2010 TO MARCH 2011**

Names of Directors	Dates of Meetings				
	09.06.2010	25.08.2010	26.11.2010	01.02.2011	28.02.2011
<b>Functional or Executive Directors</b>					
Shri Yogesh Lohiya	Present	Present	Present	Present	Present
Smt. Bhagyam Ramani	Present	Absent	Present	Present	Absent
<b>Government Directors</b>					
Shri Tarun Bajaj	Present	Present	Present	Present	Absent
<b>Non-Executive Directors</b>					
Shri M. Ramadoss	Present(*)				
Shri Kamlesh S. Vikamsey	Present	Present(**)			
Shri M.V.Rajeev Gowda	Present	Present(**)			
Shri M.V. Nair	Present	Present	Absent	Absent	Absent
Shri S.B. Mathur	Present	Absent	Present	Present	Present
Shri S.L. Mohan	Present	Present	Present	Present	Present
Shri G. Srinivasan		Present(***)	Present	Present	Absent

(\*) Ceased as Director w.e.f. 03.07.2010    (\*\*) Ceased as Director w.e.f. 27.08.2010    (\*\*\*) Appointed as Director w.e.f. 28.07.2010

### Audit Committee

In compliance with Section 292(A) of the Companies Act, 1956, GIC Re has an audit committee which is headed by an Independent director who is also a chartered accountant.

- The Audit Committee oversees the financial statements, financial reporting, statement of cash flow and disclosure processes both on an annual and quarterly basis. It sets up procedures and processes to address all concerns relating to adequacy of checks and control mechanisms.
- The Committee oversees the efficient functioning of the internal audit department and review its reports

and monitors the progress made in rectification of irregularities and changes in processes wherever deficiencies have come to notice.

- The Committee is responsible for the recommendation of the appointment, remuneration, performance and oversight of the work of the auditors (internal/statutory/concurrent).

The following are the Members of the Audit Committee for the financial year 2010-11

1. Shri Tarun Bajaj
2. Shri M. Ramadoss (upto 3.7.10)
3. Shri Kamlesh S. Vikamsey (upto 26.8.10)
4. Shri S. L. Mohan
5. Shri S. B. Mathur

**STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS  
ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2010 TO MARCH 2011**

Names of Members	Dates of Meetings				
	09.06.2010	25.08.2010	26.11.2010	01.02.2011	28.02.2011
Shri Tarun Bajaj	Present	Present	Present	Present	Absent
Shri M. Ramadoss	Present(*)				
Shri Kamlesh S. Vikamsey	Present	Present(**)			
Shri S.L. Mohan	Present	Present	Present	Present	Present
Shri S.B. Mathur			Present (***)	Present	Present

(\*) Ceased as Director w.e.f. 03.07.2010 (\*\*) Ceased as Director w.e.f. 27.08.2010

(\*\*\*) Appointed as a Member w.e.f 25.08.2010

### Investment Committee

GIC Re has an investment committee consisting of the CMD, 3 non-executive directors, CIO, CFO and appointed actuary.

- The committee lays down annual investment policy and provides oversight to investment operations of the corporation.
- The policy focuses on a prudential Asset Liability Management (ALM) supported by robust internal control systems. The investment policy and operational framework inter alia, encompass aspects concerning liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management/mitigation strategies to ensure commensurate yield on investments and above all protection of policyholders' funds.

- The Committee is responsible for a periodic review of the Investment policy based on the performance of investments and the evaluation of dynamic market conditions.

The members of the Investment committee of the Board for the financial year 2010-11 are:

- Shri Yogesh Lohiya
- Shri Tarun Bajaj
- Shri M. Ramadoss
- Smt. Bhagyam Ramani, CIO
- Shri Kamlesh S. Vikamsey (upto 25.08.10)
- Shri A.K. Garg
- Shri S. B. Mathur
- Shri G. Srinivasan (w.e.f. 25.08.10)
- Shri A. K. Roy, CFO (w.e.f 28.02.11)

**STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS ATTENDED BY  
THE MEMBERS DURING THE PERIOD APRIL 2010 TO MARCH 2011**

Names of Members	Dates of Meetings			
	09.06.2010	25.08.2010	26.11.2010	01.02.2011
Shri Yogesh Lohiya	Present	Present	Present	Present
Shri Tarun Bajaj	Present	Present	Present	Present
Shri M. Ramadoss	Present(*)			
Smt. Bhagyam Ramani	Present	Absent	Present	Present
Shri Kamlesh S. Vikamsey	Present	Present(**)		
Shri S.B. Mathur	Present	Absent	Present	Present
Shri M.V. Nair			Absent (***)	Absent
Shri G. Srinivasan			Present (****)	Present
Shri A.K. Garg	Present	Present	Present	Present

(\*) Ceased as Director w.e.f. 03.07.2010 (\*\*) Ceased as Director w.e.f. 27.08.2010

(\*\*\*) Appointed as a Member w.e.f 25.08.2010 (\*\*\*\*) Appointed as Director w.e.f. 28.07.2010

## REMUNERATION COMMITTEE

The Corporation has a Remuneration Committee of the Board of Directors. with the following Members for the financial year 2010-11

1. Shri Tarun Bajaj
2. Shri Kamlesh S Vikamsey (upto 25.8.10)
3. Shri M.V. Rajeev Gowda (upto 25.8.10)

### STATEMENT SHOWING NUMBER OF REMUNERATION COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2010 TO MARCH 2011

Names of Members	Dates of Meetings
	25.08.2010
Shri Tarun Bajaj	Present
Shri Kamlesh S.Vikamsey	Present
Shri M.V. Rajeev Gowda	Present

## RISK MANAGEMENT COMMITTEE

The Corporation has an Enterprise Risk Management Committee of the Board of Directors and a Risk Management Committee (RMC) of the Management consisting of 3 General Managers and 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 Committee assists the Board in effective operation of the risk management system by performing specialised analysis and quality reviews; maintaining a group-wide and aggregated view on the

risk profile of the insurer in addition to the solo and individual risk profile;

- Report to the Board details on the risk exposures and the actions taken to manage the exposures;
- Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters;

The Corporation Enterprise Risk Management Committee of the Board consists of the following Members for the financial year 2010-11

1. Shri Yogesh Lohiya
2. Shri Tarun Bajaj
3. Shri S. L. Mohan

### STATEMENT SHOWING NUMBER OF ENTERPRISE RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2010 TO MARCH 2011

Names of Members	Dates of Meetings
	25.08.2010
Shri Yogesh Lohiya	Present
Shri Tarun Bajaj	Absent
Shri S.L. Mohan	Present



## CORPORATE GOVERNANCE

The members of the Risk Management Committee (Management) are:

Shri A. K. Roy, General Manager  
 Shri R. Raghavan, General Manager & Convener  
 Shri Sujay Banarji, General Manager  
 Shri R. Sundaram, Deputy General Manager - Chief Risk Officer

### ETHICS COMMITTEE

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

The members of the Ethics Committee (Board) for the financial year 2010-11 are:

1. Shri Tarun Bajaj
2. Shri Kamlesh S. Vikamsey (upto 25.8.10)
3. Shri M.V. Rajeev Gowda (upto 25.8.10)
4. Shri S. B. Mathur (w.e.f 25.8.10)
5. Shri S. L. Mohan (w.e.f 25.8.10)

The members of the Ethics Committee (Management) as on 31st March 2011 are:

1. Smt. Bhagyam Ramani, Director & General Manager
2. Shri Y. Ramulu, Deputy General Manager
3. Smt. Suchita Gupta, Assistant General Manager

## CERTIFICATE OF COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES

I, Suchita Gupta, hereby certify that the Corporation has complied with the Corporate Governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

**Suchita Gupta**  
**Asst. General Manager & Company Secretary**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ECONOMIC ENVIRONMENT

Global economic recovery scenario remained positive during 2010-11 and growth in both, advanced and emerging/developing economies, outpaced initial expectations. This raised the hope for sustained, though moderately paced, global recovery during 2011 with risks however emerging from rising oil prices. The Indian economy continued to outperform most emerging markets during 2010-11 retaining its position as the second fastest growing economy, after China, amongst the G-20 countries.

The Indian economy is estimated to have grown by 8.6% during 2010-11. Growth had moderated in the preceding two years as the global economy slowed down as a result of global financial crisis. The growth in 2010-11 reflected a rebound in agriculture and sustained levels of activity in industry and services.

Core inflationary pressures were effectively contained in the earlier part of the year but new shocks emerged; first in terms of prices spiking up in respect of food items as also spiraling up of global fuel and non-fuel prices. Supply side shocks added to the inflation. As inflation stayed above the indicated projections during the year, monetary policy was continually tightened through the year.

Sustained growth momentum could continue to exert pressure in interest rates through high demand for credit. The risk of volatile portfolio flows impacting asset prices and exchange rate remains in the face of growing uncertainties in the global markets. The expected change in operating procedures could help improve the transmission of monetary policy on an enduring basis, enabling interest rate channel to work better.

Current growth conditions suggest that the Indian economy is neither overheated, nor does it face a slack. Growth conditions have shown slight moderation of late, but GDP is still likely to grow close to the trend in 2011-12.

## INDIAN INSURANCE SECTOR DEVELOPMENTS

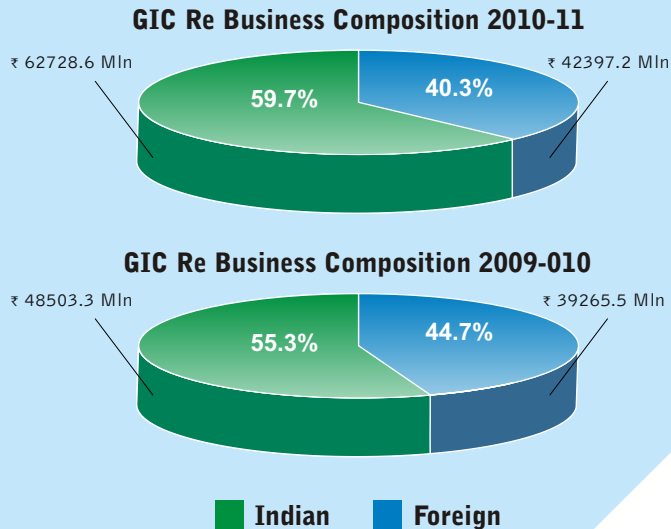
Performance indicators for the Indian insurance industry for 2010-11 indicate that the market premium for non-life segment has increased to ₹ 46,964.78 crore from ₹ 38,391.20 crore in the previous year, registering a growth of 22.33 %. About 38% (39% during 2009-10) of the market premium growth has been contributed by the motor segment with health contributing another 31% (27% for 2009-10) and fire 9.2% (12% for 2009-10). Liability grew about 18% and marine cargo at 22.2%, (all year on year), showing robust trade scenario. Public sector players booked a premium of ₹ 25,027.89 as compared to ₹ 20,623.687 crore in the previous year, resulting in y-o-y growth of 21.4%. Private players have by comparison grown y-o-y at a rate of 22.5% from ₹ 14,341.40 crore to ₹ 17,566.92 crore. Market share of public players and private players has thus stabilised.

On the life side, the premium for 2010-11 has grown to ₹ 125,826 crore from ₹ 109,290 crore in the previous year registering a growth of over 15%.

Insurance companies which have completed 10 years of operations are now eligible to make initial public offers. The Insurance Regulatory and Development Authority (IRDA) has announced draft guidelines on Issues of Capital and Disclosure Requirements for life insurance companies. Recognizing the need for consolidation in the non-life insurance sector which was opened to the private sector 10 years back, the IRDA in a proactive step released guidelines for mergers and acquisitions for non-life insurance companies. Insurance companies wanting to merge will need the approval of the high court in whose jurisdiction it falls as also the insurance regulator. These guidelines will be applicable only to private companies.

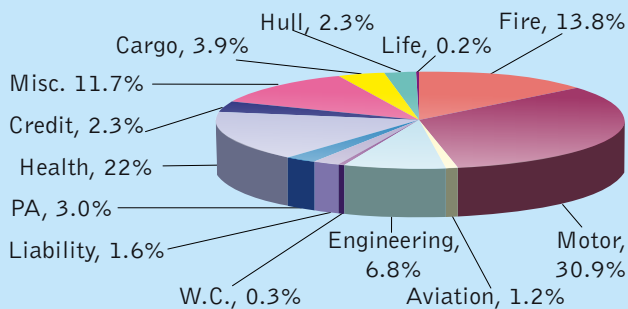
Catastrophe risk management and capital management functions remain at the heart of any insurance company. IRDA has asked all non-life insurance companies (including health insurance companies) to calculate their economic capital requirements for their business as on 31.03.2011 and submit them by September 30, 2011. In line with the trends in the developed markets, this will set the stage for moving from formula-based solvency regulation to model and analytics based regime. This will also pave the way for risk-based business decision-making.

## INTERNATIONAL AND DOMESTIC BUSINESS COMPOSITION

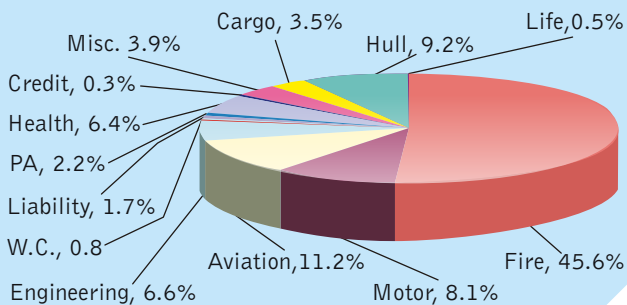


## NET PREMIUM BREAK-UP

### Indian Classwise Premium - 2010-11



### Foreign Classwise Net Premium - 2010-11



## GIC Re's BUSINESS PERFORMANCE

During the year 2010-11 the Corporation registered a growth of 20% over the previous year. The premium growth in the domestic market was 21.68%. The gross premium income of the Corporation was ₹ 11,681 crores and the income during the year, from investments was ₹ 2339 crores. Underwriting results showed an overall loss of ₹ 1104 crores in 2010-11 compared to the underwriting losses of ₹ 780.19 crores in the previous year. The ratio of total business expenses to the earned premium i.e., combined ratio stood at 111.6%. The solvency margin of the Corporation as on 31st March 2011 was 3.35.

## CLASSWISE PERFORMANCE

### FIRE:

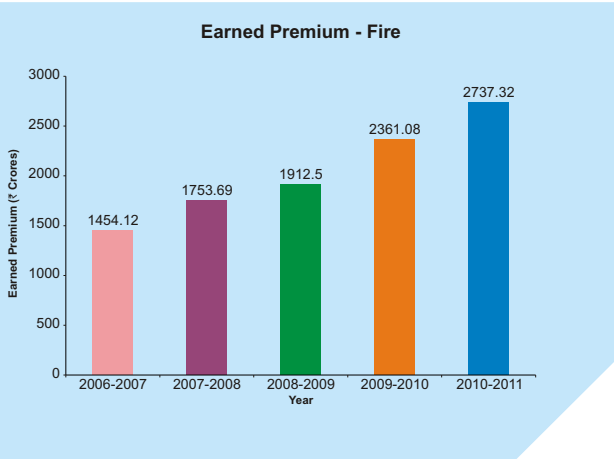
Fire business recorded a modest growth of 7.7%. The earned premium for the year was ₹ 2737 crores as compared to ₹ 2361 crores in the previous year.

GIC Re's domestic premium grew by 19% (₹ 753 crores from ₹ 634 crores) in keeping with the growth of the Indian Fire Insurance Market. For the first time the commissions under the obligatory cession for domestic business were finalized based on performance. As a result, the commission as a percentage to earned premium for fire portfolio reduced to 22.4% as against 34.6% in the expiring year.

GIC Re's foreign inward business grew by 14% (₹ 1985 crores from ₹ 1739 crores). This was a result of concentrated efforts through aggressive marketing; opening up of a new branch at Kuala Lumpur, Malaysia; enhanced contribution by Foreign Branches and venturing into new territories to give GIC Re's property books a global spread. The retro business, like in the expiring year has also contributed to the growth.

Incurred claims stood at ₹ 2200 crores. The major losses during the year from the domestic market affecting the books of GIC Re on net basis were Reliance Industries and IPCL. There was no major CAT loss in the domestic market.

Three major CAT events were reported under Foreign Inward business, viz: Earthquake in Christchurch, New Zealand; Floods in Queensland, Australia and the Earthquake in Northern Japan.



**MARINE CARGO**

As per the provisional figures published by IRDA for the Indian domestic market the cargo gross premiums for 2010/11 have gone up by about 22% over the previous year.

This reflects the pick-up in international trade following the revival of world economies following the depression of 2008/2009. The growth is also the result of price stability on major accounts.

Domestic business accounts for 65% of GIC Re's cargo portfolio, hence GIC Re's cargo portfolio reflects the similar growth in premium as seen in the domestic market. Cargo Gross Premium for 2010-11 is ₹ 421 crores as compared to ₹ 345 crores in the previous year. Earned premium figures are shown in the bar graph aside next to Marine Hull.

Project cargo reinsurance for power plants with related consequential loss cover continues to see good volumes. GIC Re perceives this to be good business and will continue to focus on project cargo accounts subject to the mandatory risk management controls.

Incurred claims stood at ₹ 327.81 Crs (₹ 178 Crs. for previous year). No significant losses have been reported during the year.

The outlook for 2011-12 appears positive.

**MARINE HULL**

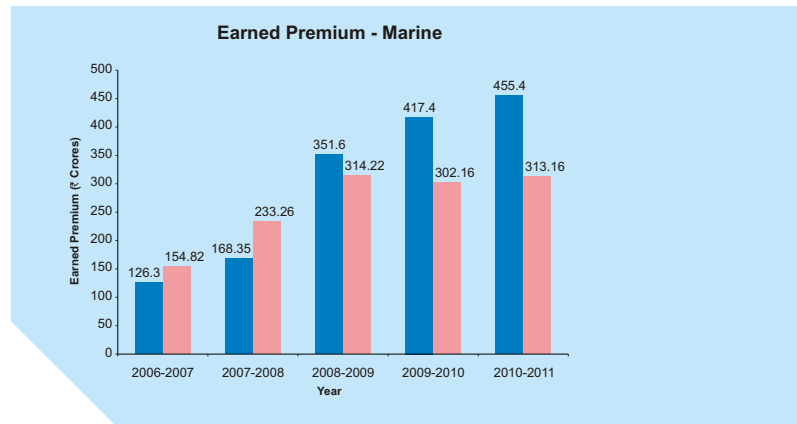
The Marine Hull gross & net premium for the year ending 2010-11 showed an upward trend of 31.30% and 18.20% respectively, in comparison to the previous year. This is mainly on account of increasing participation in foreign & domestic treaties and facultative accounts worldwide. This was possible despite the increased capacity of domestic players, competitive pricing,

moderate economic recession and a soft Reinsurance market.

The increase in premium volume was made possible by better and selective underwriting practices, imposing of age restrictions and deductibles and adherence to better rates in domestic and foreign quotes.

No Major losses were reported during the year. This has resulted in the reduction in incurred loss figures in Marine Hull portfolio from 68.70% of earned premium (EP) in (2009-10) to 47.40% of EP during (2010-11). This resulted in a net profit of ₹ 226.07 Crores during this financial year.

GIC Re 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 of London War Risk Scheme which, though restrictive in coverage is cheaper than the GOI War Risk Scheme. The recent increased incidence of Piracy & abduction in the Arabian Sea and Gulf of Aden and subsequent declaration of the entire Indian Ocean and Arabian Sea under excluded areas by the Joint Hull Committee in its latest report has again generated interest in the Indian clients and Insurers in the GOI War risk scheme.



■ 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 sectors.

GIC Re's capacity for offshore energy business is now well recognised in the domestic and overseas markets.

Offshore energy premium accounted for in 2010-11 is USD 42 million as against USD 39 million in 2009-10. This includes the premium from London and Dubai branch offices.

There has been one major loss on account of drill rig 'Aban Pearl' which sank offshore Venezuela. The 100% loss is USD 235 million with GIC Re's share of loss being USD 32.70 million through both facultative and treaty writings. Loss recovery from the GIC Re protection treaty is USD 22.63 million.

A good growth potential is envisaged for this line of business.

### MISCELLANEOUS

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

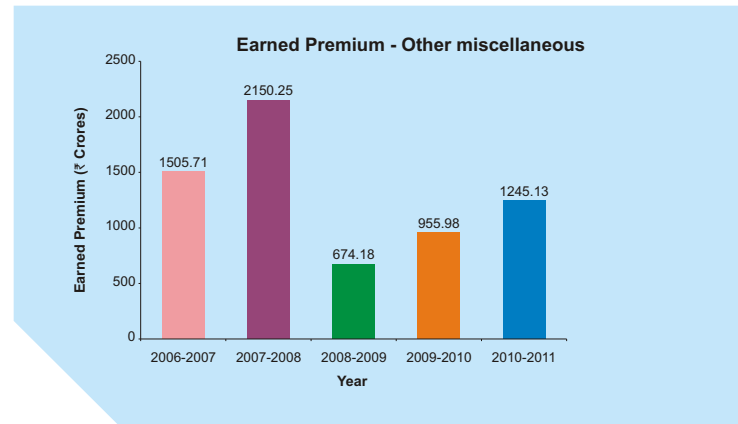
Miscellaneous portfolio has been showing constant growth in terms of written premium both in domestic as well as foreign business except in the year 2008-09 where the portfolio had registered steep downfall in written premium. The major attributes for the same were.

- Change in mandatory cessions percentage from domestic market.
- Softening of domestic market due to market competition amongst domestic companies.
- Effect of worldwide recession on our foreign portfolio.

However, the cautious and constant efforts in terms of interaction with domestic companies and intermediaries, has resulted in improvement of growth ratio from 2009-10 onwards i.e. growth of 41.80% for 2009-10 over 2008-09 and 30.25% for 2010-11 over 2009-10. The written premium for 2010-11 is ₹ 1245.1 crores whereas for 2009-10 was ₹ 955.9 crores.

There is considerable reduction in incurred claim ratio for 2010-11 i.e. 44.47 % as against 84.53% in 2009-10 (improvement by 47.39% over previous year) as a result of suitable restrictions and corrective measures.

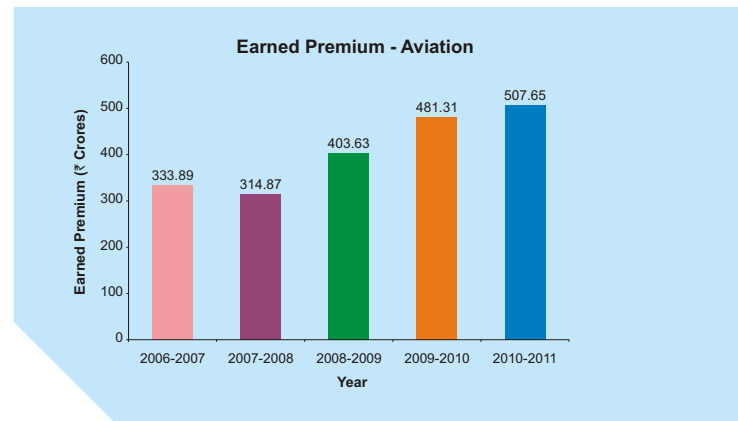
Miscellaneous department is making constant efforts to provide sufficient capacity through both treaty and facultative reinsurance to domestic market thereby resulting in retaining the accounts within the country.



### AVIATION

After a rather tumultuous 2009 which saw the largest non-war peril airline loss of the decade in Air France, 2010 was relatively calm. Market capacity remained broadly unchanged and rating showed softening trends with exposures growing (as a result of recovery in the world economy) giving a stable airline market premium. The market premium for the airlines at lead terms remained relatively stable. However, following markets, continued to move towards bridging the gap between lead terms and their verticalised (lower than the leader's) terms. Overall, considering reinsurance cost and recoveries and trading costs, the year was difficult for underwriters.

Gross Premium at ₹ 754.01 crores registered a growth of 21.7% over the previous year. Net Premium for the year was ₹ 548.32 crores as compared to ₹ 466.58 crores for 2009-10 registering a growth of 17.50%. Earned Premium for the year was ₹ 507.65 crores as compared to ₹ 481.31 crores for 2009-10 registering a growth of 5.47%.



**LIABILITY**

**Global Scenario:**

It has been a year of swings with respect to a Liability Insurance business. Internationally, the financial meltdown that surfaced at the end of 2008 translated into increase in claims payouts & provisions under financial lines business in general and class action shareholder claims under Directors and Officers liability cover, in particular. However, abundance of capacity has resulted in premiums remaining soft even for policies with claims notifications.

The liability insurance market across Asia also followed the global trend and has been relatively soft. The growth has been quite healthy in certain markets such as Hong Kong, India, Indonesia and Singapore. These have been markets that are witnessing investments and hence there has been a growth in need for Liability Insurance covers across various segments including professional indemnity, third party liability covers and general liability insurance.

**Indian Market:**

With regard to the Indian market, there has been a growth in liability business both in terms of value of premium as well as in number of policies sold; despite it being at its competitive best. Increased treaty capacities with local insurers increased the level of competitiveness of the offerings.

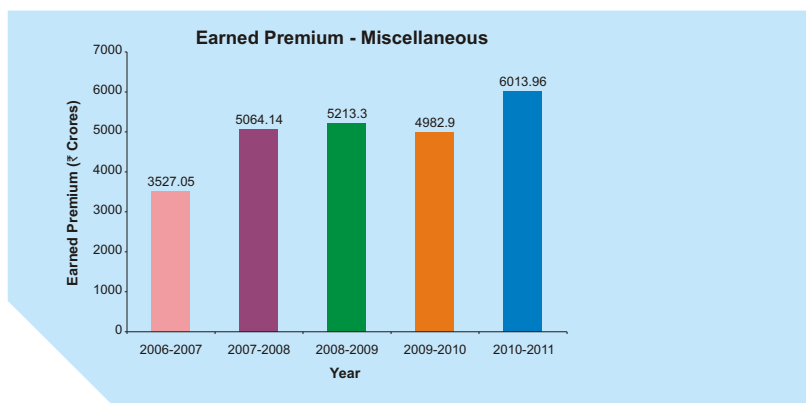
Corporate sector is becoming more aware of the availability of liability products in the Indian market and the understanding of what these policies intend to protect them from, is also another factor leading to an increase in purchase of liability policies. This was well corroborated by the fact that market also witnessed increase in number of claim notifications being made to insurers under liability policies. While the market got a feel of the kind of claims that Liability policies could attract, post the Satyam fiasco - the market still seems to be discounting such cases as exceptions rather than the norm. This could more likely be due to new players in the market and each of them pushing for a greater market share.

Contrary to this, quite a few international underwriters are going slow on Indian Information Technology and Pharmaceutical risks. This could possibly be due to their respective underwriting books going through difficult

times and can't be attributed specifically to the happenings in the Indian market.

GIC Re played an important role in providing need based capacity in the form of treaty and facultative to the Indian market. Liability business continued to show double digit growth even for the current year which is 29.1% for Domestic and Foreign business on combined basis. In line with the market trend GIC Re got a few loss incidents/notifications particularly in E&O, D&O and Product liability covers for Pharmacy companies.

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



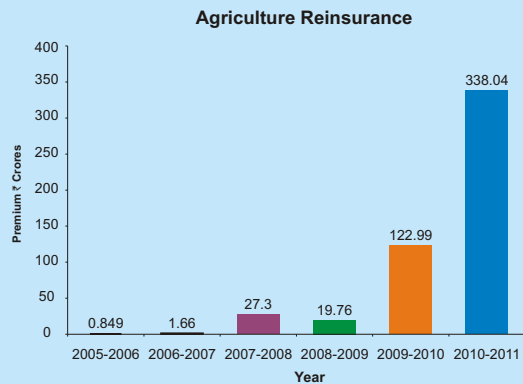
**AGRICULTURE REINSURANCE**

GIC Re continued the development of 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, Cuba, Hong Kong, Israel, South Korea, Russian Federation, Sudan, Sweden and USA apart from the domestic business.

The net Reinsurance premium increased from ₹ 122.99 Crores in 2009-10 to ₹ 338.04 Crores in 2010-11 showing a growth rate of 174.85%. The incurred claim for the year was ₹ 94.98 Crores giving a claim ratio of 28.09%.

GIC Re also invited a specialized faculty from Australia and organized an intensive in-house training program on Agriculture Reinsurance.



## HEALTH

GIC's domestic health premium which is primarily from obligatory cessions has shown considerable growth by 61.24% over previous year i.e. written premium of ₹ 1647.40 crores over ₹ 1021.71 crores of 2009-10 is due to the country's expanding health business as a result of customer awareness and marketing efforts by direct companies. Besides Government Schemes, supported by Insurance Companies, have also contributed to the increase in premium

The incurred claim ratio has also shown considerable improvement of 6.51% over previous year claim ratio i.e. ICR of 82.43% over 88.17% of 2009-10. Although Health portfolio is under pressure for performance, GIC Re along with combined efforts of the domestic companies and other agencies involved in the Health Business are putting efforts to bring about further reduction in the high claim ratio of the portfolio. The initiative taken by PSU Companies for allowing Cashless facility only at hospitals covered under PPN (Preferred Provider Network) helped in controlling outgo towards claims.

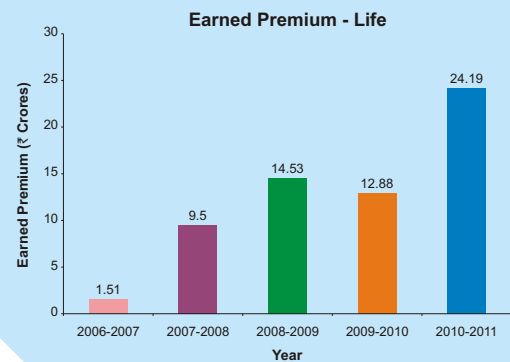
## LIFE REINSURANCE

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 the result is being seen now. This year 4 private Life Insurance companies have entered into new treaty agreements with HLR/GIC Re, in addition to our existing book of business.

Life Insurance market in the country has grown 15% in 2010-11. Net Written Premium of corporation has

increased to ₹ 34.35 crores from ₹ 14.03 crores in 2009-10, a growth of 144.90%. Earned premium has increased this year to ₹ 24.19 crores from ₹ 12.88 crores in the last year. However, Revenue profit has decreased marginally to ₹ 4.01 crores from ₹ 4.85 crores in the previous year due to reserve strain.

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



## TERRORISM INSURANCE POOL

The Indian Market Terrorism Risk Insurance Pool was formed as an initiative by all the non-life insurance companies in India in April 2002, after terrorism cover was withdrawn by international reinsurers post-9/11. All Indian non-life insurance companies and GIC Re are members of the Pool. The Pool is applicable to insurance of terrorism risk covered under property insurance policies. The Pool presently offers a capacity of INR 7500 million per location.

GIC Re continues to successfully administer the Indian Market Terrorism Risk Insurance Pool in India. Apart from its role as Pool Manager, GIC Re also contributes capacity to the Pool and participates as a reinsurer on the Pool's excess of loss reinsurance protection.

The Pool's premium income has grown from ₹ 306 crores in 2009-10 to ₹ 388.7 crores in 2010-11, an increase of 27%. Between 2008-09, during which the 26/11/2008 Mumbai terrorist attack event occurred, and 2010-11, the Pool's premium has risen by ₹ 166.2 crores i.e., from ₹ 222.5 crores to ₹ 388.7 crores.

The claims paid by the Pool during 2010-11 is ₹ 76.18 crores, which includes partial payment of losses arising



out of the 26/11 Mumbai terrorism attack. The losses at Hotel Oberoi and Hotel Trident have now been settled fully. Only the loss at Hotel Taj Mahal Palace is yet to be

finalised, but substantial on-account payment has already been released. The Pool has not been affected by any major losses during the year.

**SEGMENTWISE CLAIMS EXPERIENCE**

(₹ in crores)

	INDIAN			FOREIGN		
	Earned Premium	Incurred Claims	Incurred Claims Ratio	Earned Premium	Incurred Claims	Incurred Claims Ratio
Fire 2010-11	752.75	629.71	84%	1984.58	1570.78	79%
Fire 2009-10	633.57	783.57	124%	1727.51	852.81	49%
Engineering 2010-11	405.85	184.65	45%	259.95	138.44	53%
Engineering 2009-10	373.48	186.74	50%	218.77	121.24	55%
Marine 2010-11	315.37	222.59	71%	453.18	321.19	79%
Marine 2009-10	278.58	172.44	62%	440.98	292.51	66%
Misc. Other 2010-11	2186.26	1931.96	88%	521.19	411.56	79%
Misc. Other 2009-10	1619.40	1781.33	110%	320.44	206.71	64%
Life 2010-11	11.15	8.62	77%	13.04	9.28	71%
Life 2009-10	5.50	2.39	43%	7.38	4.44	60%
Aviation 2010-11	60.83	108.29	178%	446.83	286.89	64%
Aviation 2009-10	43.17	26.81	62%	438.14	261.90	60%
Motor 2010-11	1775.56	2507.74	141%	357.51	294.08	82%
Motor 2009-10	1712.58	1986	116%	256.93	177.49	69%
<b>Total 2010-11</b>	<b>5507.76</b>	<b>5593.56</b>	<b>102%</b>	<b>4036.28</b>	<b>3032.22</b>	<b>75%</b>
<b>Total 2009-10</b>	<b>4666.28</b>	<b>4939.28</b>	<b>106%</b>	<b>3410.15</b>	<b>1917.10</b>	<b>56%</b>

**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.

Indian credit rating agency Credit Analysis & 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 & economic factors on the claims paying ability is minimal.

**INVESTMENT**

The more recent high growth phase of the Indian economy starting from 2003-04 has been accompanied by low headline and core inflation. High growth normally does not warrant high inflation. Empirical analysis suggests

that beyond a threshold level of inflation in the Indian economy, output gets sacrificed and inflation cost begins to rise sharply. Balancing growth and inflation may be important in the short run, but in the long run persistent inflation is a significant threat to growth. Despite emerging headwinds in the form of persistently high inflation levels and rising interest rates, Indian economy showed remarkable resilience to consolidate its position as one of the fastest growing economies in the world.

The year 2010-11 was marked by periods of volatility and tranquility in the Indian financial markets. Global uncertainties as well as domestic developments impacted Indian financial markets. The Indian rupee appreciated moderately against the US \$.

Reflecting several macro economic uncertainties, returns in the Indian equity markets were relatively lower than most of the Emerging Market Economies. Markets lost

much of the valuation gains made during September-December 2010 when India outperformed most of the international markets. Slowdown of net equity investments by the Foreign Institutional Investors in India largely contributed to the decline.

The monetary and liquidity condition remained consistent with the anti-inflationary stance. Tight liquidity conditions prevailing during the third quarter of 2010-11 eased somewhat during the fourth quarter mainly on account of softening of both structural and frictional stress factors. The deficit liquidity conditions strengthened monetary transmission which was reflected in higher deposit as well as lending rate of Banks and in turn improved deposit growth and induced slight moderation in credit growth.

Government Securities' yields in both primary and secondary markets firmed up during January 2011 but moderated thereafter. A lower than expected fiscal deficit and market borrowing programme for the first half of 2011-12 improved market sentiments. The flattening of yield curve despite inflationary pressures was aided by policy rate hikes and temporarily lower issuances. The gross borrowing in dated securities was at ₹ 437000 crores with weighted average maturity of 11.6 years and weighted average yield of 7.9%.

Based on IRDA guidelines, the Corporation invests 45% in Directed Sector comprising 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 ₹ 19777.80 crores as against ₹ 17480.88 crores showing an increase of ₹ 2296.92 crores representing a growth of 13.14% over the previous year. Income from investments stood at ₹ 2219.99 crores with a mean yield on funds at 11.92%. The net non-performing assets percentage was at 1.23% as against 1.59% of last year.

### GIC Re's Reinsurance Program

The Corporation has arranged both Risk and Catastrophe Excess of Loss reinsurance, in respect of various classes of Business, for protecting its net retained Portfolios under domestic business. On large-sized risks, wherever found necessary, the Corporation arranges for facultative

retro. CAT protection has also been arranged for select business and territories in respect of Foreign Inward Business.

The Corporation has continued the ART arrangement for both domestic and foreign business, covering a portion of its retained shares. Placements have been made with securities meeting the stipulations laid down by the Regulator.

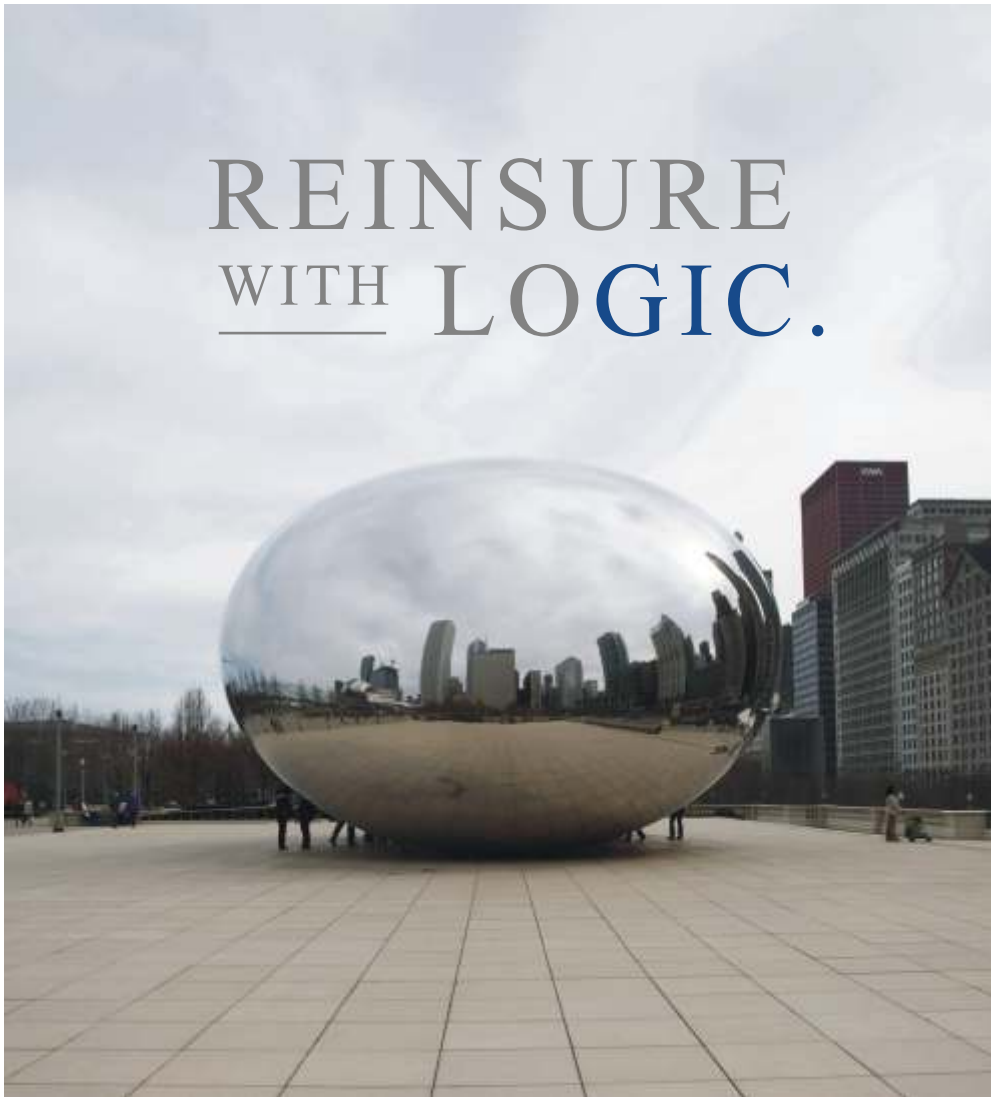
### FUTURE OUTLOOK

The Indian insurance industry is bound to grow in double digits during 2011-12 as well. This is despite the fact that the slight dip in overall Gross Domestic Product growth during 2010-11 was attributed to weaker performance in sectors like manufacturing, trade, hotels, transport and finance including insurance, real estate and business services, than anticipated earlier. However, there are several positive features still in the India Growth Story and riding on the back of relatively solid fundamentals the Indian economy is bound to have an encouraging growth trend in 2011-12 also. On the insurance front 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 mega projects, will continue to be in focus. The employment scenario is quite optimistic. 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. With the 5th year after the abolition of the tariff in progress, the rates have begun to stabilize and the deductibles are being held. This augurs well for the market moving to a more realistic pricing model.

The main strength of GIC Re lies in its brand value in the Afro-Asian market. With both these markets growing rapidly GIC Re also hopes to do well.

The shift to a Risk based capital model will not be easy and put a severe strain on the resources of many a reinsurer. GIC Re, given its strong fundamentals would be able to come up to the expectations of its stakeholders.

# REINSURE WITH LOGIC.



**GIC Re. The most **logical** choice when it comes to reinsurance**

- Total assets: **US\$ 11.16 billion**
- Net worth: **US\$ 2.2 billion**
- Rated **A- (Excellent)** by A.M. Best Co. for Financial Strength
- Rated **AAA (In)** by CARE for Claims Paying Ability
- Ranks **14th** among Top 40 Global Reinsurance Groups  
(**Standard and Poor's** Ranking for 2011)



अपकारे रक्षित्वामि  
**GIC Re**

General Insurance Corporation of India  
Global Reinsurance Solutions

## 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 and Additional Quota Share 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 2010-11.
8. The Corporation's overall top eleven risk exposure is in the following countries:  
  
Israel, Turkey, Jordan, Kuwait, Oman, United Arab Emirates, Saudi Arabia, Taiwan, China, Indonesia and Egypt.  
  
For the above countries catastrophic protection beyond the Corporation's authorized retentions have been purchased upto a limit of USD 70/110 mln. Egypt is not considered to be a catastrophe prone territory and the exposures written are retained to the Corporation's net account.
9. Certifies that the Corporation does not operate directly in any other country. It has its representative office at Moscow and Branch Offices at Kuala Lumpur, 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 31.3.2011, stood at ₹ 595.39 crores compared to ₹ 695.15 crores in the previous year. Out of the total loan

amount of ₹ 595.39 crores, ₹ 586.93 crores are either secured or guaranteed by the Government bodies representing 98.58 % and the balance ₹ 8.46 crores are unsecured. Interest income from loans amounted to ₹ 66.29 crores. Standard performing assets account for ₹ 460.58 Crores and the net non performing assets is ₹ 74.64 crores after making provision of ₹ 60.18 crores.

### INVESTMENTS

The book value of the investment (including deposits) as on 31.3.2011 has increased to ₹ 19185.14 Crores from ₹ 16788.69 crores. The realizable value of investments is at ₹ 38002.85 crores as on 31.3.2011 showing an appreciation of 98.08 % over book cost. Income from investment including Profit on Sale amounted to ₹ 2154.03. crores as against ₹ 1976.52 crores in the previous year. Of the total investment of ₹ 19185.14 crores, ₹ 6775.21 crores are invested in Government Securities and State guaranteed Bonds. Book Value of equity shares is at ₹ 6050.37 crores and market value stood at ₹ 24868.08 crores showing an appreciation of ₹ 18817.71 crores (311.02 %).

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 has 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

31st May 2011

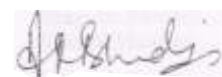
## COMMENTS OF THE COMPTROLLER

### 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 2011.

The preparation of financial statements of General Insurance Corporation of India for the year ended 31 March, 2011 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 auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are 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 31 May, 2011.

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, 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors 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: 06/07/2011

## 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, 2011**, 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 Three Foreign Branches, out of which London and Dubai branches have been audited by local auditors and the Malaysia branch audited by us based on appointments made 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 audited by other

auditors had been forwarded to us and considered by us and were found 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, (Refer Note 19) which is prepared under Indirect Method, where as 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 has been forwarded to 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 & 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) Regulations, 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, 2011;
- (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, 2011;
- (iii) of Deficit, so far it relates to revenue account of Miscellaneous insurances business for the financial year ended on 31st March, 2011;
- (iv) of profit, in so far it relates to the profit and loss account for the financial year ended on 31st March, 2011;
- (v) of the cash flows, in so far it relates to the cash flow statement for the financial year ended on 31st March, 2011;
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 1.1 (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 part 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 THAKUR, VAIDYANATH AIYAR & CO.**  
**Chartered Accountants**  
**FRNo.000038N**

**For SODANI & CO.**  
**Chartered Accountants**  
**FRNo.000880C**

**(C.V. PARAMESWAR)**  
**Partner**  
**Membership No. : 11541**

**(M. D. SODANI)**  
**Partner**  
**Membership No. : 07908**

**Place: Mumbai**  
**Dated: 31st May, 2011**



## Compliance Certificate

We have conducted the audit of accounts of GENERAL INSURANCE CORPORATION OF INDIA, for the year ended on 31.03.2011 in accordance with the directions/sub-direction issued by the C & AG of India under Section 619 (3) (a) of the Companies Act, 1956 and certify that we have complied with all the directions/sub directions issued to us.

**For THAKUR, VAIDYANATH AIYAR & CO.**  
**Chartered Accountants**  
**FRNo.000038N**

**For SODANI & CO.**  
**Chartered Accountants**  
**FRNo.000880C**

**(C.V. PARAMESWAR)**  
**Partner**  
**Membership No. : 11541**

**(M. D. SODANI)**  
**Partner**  
**Membership No. : 07908**

**Place: Mumbai**  
**Dated: 31st May, 2011**

# REVENUE ACCOUNTS

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

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 IN RESPECT OF FIRE INSURANCE BUSINESS

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	27373 264	23610 852
2. Profit on sale of Investments (Net)		1285 365	1327 238
3. Profit/-Loss on Exchange Fluctuation		-117 150	-72 787
4. Interest, Dividend & Rent - Gross		2702 189	2197 320
<b>Total (A)</b>		<b>31243 668</b>	27062 623
1. Claims Incurred (Net)	2	22004 887	16363 786
2. Commission (Net)	3	6509 120	7169 849
3. Operating Expenses related to Insurance Business	4	251 916	245 689
4. Expenses relating to Investments		8 300	6 231
<b>Total (B)</b>		<b>28774 223</b>	23785 555
<b>Operating Profit /- Loss from Fire Business C = (A-B)</b>		<b>2469 445</b>	3277 068
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		2469 445	3277 068
<b>Total (C)</b>		<b>2469 445</b>	3277 068

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 THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C.V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

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

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011  
IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	<b>60139 643</b>	49829 019
2. Profit on sale of Investments (Net)		<b>2515 593</b>	2892 107
3. Profit/-Loss on Exchange Fluctuation		<b>-98 418</b>	-3 659
4. Interest, Dividend & Rent - Gross		<b>5288 466</b>	4788 054
<b>Total (A)</b>		<b>67845 284</b>	57505 521
1. Claims Incurred (Net)	2	<b>58636 096</b>	47482 341
2. Commission (Net)	3	<b>10675 387</b>	10434 491
3. Operating Expenses related to Insurance Business	4	<b>454 516</b>	399 669
4. Expenses relating to Investments		<b>16 244</b>	13 577
<b>Total (B)</b>		<b>69782 243</b>	58330 078
<b>Operating Profit/-Loss from Miscellaneous Business C = (A-B)</b>		<b>-1936 959</b>	-824 557
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		<b>-1936 959</b>	-824 557
<b>Total (C)</b>		<b>-1936 959</b>	-824 557

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 THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C. V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

## REVENUE ACCOUNTS

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011  
IN RESPECT OF MARINE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	<b>7685 571</b>	7195 663
2. Profit on sale of Investments (Net)		<b>513 328</b>	655 269
3. Profit/-Loss on Exchange Fluctuation		<b>10 310</b>	70 233
4. Interest, Dividend & Rent - Gross		<b>1079 155</b>	1084 837
<b>Total (A)</b>		<b>9288 364</b>	9006 002
1. Claims Incurred (Net)	2	<b>5437 852</b>	4649 489
2. Commission (Net)	3	<b>2042 160</b>	1676 874
3. Operating Expenses related to Insurance Business	4	<b>51 704</b>	45 375
4. Expenses relating to Investments		<b>3 315</b>	3 076
<b>Total (B)</b>		<b>7535 031</b>	6374 814
<b>Operating Profit/-Loss from Marine Business C = (A-B)</b>		<b>1753 333</b>	2631 188
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		<b>1753 333</b>	2631 188
<b>Total (C)</b>		<b>1753 333</b>	2631 188

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 THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C.V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

## REVENUE ACCOUNTS

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

### REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 IN RESPECT OF LIFE INSURANCE BUSINESS

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	241 866	128 800
2. Profit on sale of Investments (Net)		4 842	4 577
3. Profit/-Loss on Exchange Fluctuation		1 202	-1 978
4. Interest, Dividend & Rent - Gross		10 180	7 577
<b>Total (A)</b>		<b>258 090</b>	<b>138 976</b>
1. Claims Incurred (Net)	2	178 944	68 261
2. Commission (Net)	3	36 826	21 249
3. Operating Expenses related to Insurance Business	4	2 143	946
4. Expenses relating to Investments		31	21
<b>Total (B)</b>		<b>217 944</b>	<b>90 477</b>
<b>Operating Profit/-Loss from Life Business C = (A-B)</b>		<b>40 146</b>	<b>48 499</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		40 146	48 499
<b>Total (C)</b>		<b>40 146</b>	<b>48 499</b>

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 THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C. V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

# PROFIT & LOSS ACCOUNT

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Operating Profit/-Loss			
(a) Fire Insurance		2469 445	3277 068
(b) Marine Insurance		1753 333	2631 188
(c) Miscellaneous Insurance		-1936 959	-824 557
(d) Life Insurance		40 146	48 499
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		5963 945	5120 083
(b) Profit on sale of Investments (Net)		2836 902	3092 662
3. Other Income:			
Profit on Exchange		266 297	0
Profit on sale of Assets (Net)		237	106
Interest on Income-tax Refund		1194 290	1856 404
Motor Pool Service Charges		238 147	331 922
Miscellaneous Receipts		20 046	12 308
<b>Total (A)</b>		<b>12845 829</b>	<b>15545 683</b>
4. Provision for Doubtful Loans, Investment & Debts		364 256	-143 775
5. Amortisation of premium on Investments		227 330	254 403
6. Diminution in the value of investments written off		319 238	130 284
7. Other Expenses :			
Expenses relating to Investments		18 319	14 519
Loss on Exchange		0	2383 543
Sundry Balances Written off (Net)		1 298	0
Interest on Service Tax		21 902	4 688
<b>Total (B)</b>		<b>952 343</b>	<b>2643 662</b>
<b>Profit Before Tax</b>		<b>11893 486</b>	<b>12902 021</b>
Provision for Taxation :			
Current Tax		2755 000	1701 194
Wealth Tax		1 916	1 559
Deferred Tax		-32 877	-772 626
Fringe Benefit Tax		0	-5 032
Provision for Tax in respect of earlier years		-1164 647	-5769 139
<b>Profit after Tax</b>		<b>10334 094</b>	<b>17746 065</b>
Balance brought forward from last year		610	71
<b>Profit available for appropriation</b>		<b>10334 704</b>	<b>17746 136</b>
<b>Appropriations</b>			
(a) Proposed dividend		2064 000	3526 000
(b) Dividend distribution tax		342 805	585 625
(c) Transfer to General Reserve		7927 300	13633 901
(d) Balance carried forward to Balance Sheet		599	610
		<b>10334 704</b>	<b>17746 136</b>

EPS ₹ 240/- (PY ₹-413/-)

As per our report of even date

**For THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C.V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

# BALANCE SHEET

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

## BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
<b>SOURCES OF FUNDS</b>			
Share Capital	5	4300 000	4300 000
Reserves and Surplus	6	93902 190	85965 715
Fair Value Change Account		188177 072	170284 627
<b>Total</b>		<b>286379 262</b>	<b>260550 342</b>
<b>APPLICATION OF FUNDS</b>			
Investments	8	366924 795	335739 301
Loans	9	5953 935	6951 498
Fixed Assets	10	448 945	446 480
Deferred Tax Asset		15 160	753 506
Current Assets:			
Cash and Bank Balances	11	47566 041	27731 148
Advances and Other Assets	12	76376 758	66799 390
<b>Sub-Total (A)</b>		<b>123942 799</b>	<b>94530 538</b>
Current Liabilities	13	147664 245	122970 438
Provisions	14	63242 127	54900 543
<b>Sub-Total (B)</b>		<b>210906 372</b>	<b>177870 981</b>
Net Current Assets (C) = (A-B)		<b>-86963 573</b>	<b>-83340 443</b>
<b>Total</b>		<b>286379 262</b>	<b>260550 342</b>
<b>CONTINGENT LIABILITIES</b>		<b>10947 692</b>	<b>17300 930</b>

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

As per our report of even date

**For THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C.V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

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**Yogesh Lohiya**

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Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

# SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2011

## 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	34674 173	32195 362
Less: Premium on Reinsurance ceded	6296 639	5228 877
Net Premium	28377 534	26966 485
Adjustment for change in reserve for unexpired risks	-1004 270	-3355 633
<b>Total Premium Earned (Net)</b>	<b>27373 264</b>	<b>23610 852</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	22856 852	19767 753
Less: Premium on Reinsurance ceded	0	38
Net Premium	22856 852	19767 715
Adjustment for change in reserve for unexpired risks	-1526 205	-72 653
<b>Total Premium Earned (Net)</b>	<b>21330 647</b>	<b>19695 062</b>
<b>(2) AVIATION</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	7540 076	6197 760
Less: Premium on Reinsurance ceded	2056 923	1531 916
Net Premium	5483 153	4665 844
Adjustment for change in reserve for unexpired risks	-406 595	147 260
<b>Total Premium Earned (Net)</b>	<b>5076 558</b>	<b>4813 104</b>
<b>(3) ENGINEERING</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	8031 430	7502 384
Less: Premium on Reinsurance ceded	969 364	1254 167
Net Premium	7062 066	6248 217
Adjustment for change in reserve for unexpired risks	-404 109	-325 613
<b>Total Premium Earned (Net)</b>	<b>6657 957</b>	<b>5922 604</b>



**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011  
SCHEDULE 1  
Premium Earned (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(4) W.C.</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	204 891	212 227
Less: Premium on Reinsurance ceded	0	0
Net Premium	204 891	212 227
Adjustment for change in reserve for unexpired risks	3 717	19 865
<b>Total Premium Earned (Net)</b>	<b>208 608</b>	<b>232 092</b>
<b>(5) LIABILITY</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1826 691	1408 741
Less: Premium on Reinsurance ceded	128 977	96 518
Net Premium	1697 714	1312 223
Adjustment for change in reserve for unexpired risks	-192 523	-258 620
<b>Total Premium Earned (Net)</b>	<b>1505 191</b>	<b>1053 603</b>
<b>(6) PA</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	2837 492	1723 606
Less: Premium on Reinsurance ceded	16 131	30 781
Net Premium	2821 361	1692 825
Adjustment for change in reserve for unexpired risks	-564 211	-151 777
<b>Total Premium Earned (Net)</b>	<b>2257 150</b>	<b>1541 048</b>
<b>(7) HEALTH</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	16474 055	10217 138
Less: Premium on Reinsurance ceded	0	24
Net Premium	16474 055	10217 114
Adjustment for change in reserve for unexpired risks	-3099 666	-1312 041
<b>Total Premium Earned (Net)</b>	<b>13374 389</b>	<b>8905 073</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 1  
Premium Earned (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(8) OTHER MISC.</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	9613 872	7836 183
Less: Premium on Reinsurance ceded	638 870	594 130
Net Premium	8975 002	7242 053
Adjustment for change in reserve for unexpired risks	-863 917	-1184 201
<b>Total Premium Earned (Net)</b>	<b>8111 085</b>	6057 852
<b>(9) FL/CREDIT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1564 414	1671 701
Less: Premium on Reinsurance ceded	0	0
Net Premium	1564 414	1671 701
Adjustment for change in reserve for unexpired risks	53 644	-63 120
<b>Total Premium Earned (Net)</b>	<b>1618 058</b>	1608 581
<b>TOTAL MISCELLANEOUS</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	70949 773	56537 493
Less: Premium on Reinsurance ceded	3810 265	3507 574
Net Premium	67139 508	53029 919
Adjustment for change in reserve for unexpired risks	-6999 865	-3200 900
<b>Total Premium Earned (Net)</b>	<b>60139 643</b>	49829 019
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	4215 390	3449 031
Less: Premium on Reinsurance ceded	293 607	336 080
Net Premium	3921 783	3112 951
Adjustment for change in reserve for unexpired risks	-790 180	-91 330
<b>Total Premium Earned (Net)</b>	<b>3131 603</b>	3021 621

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 1  
Premium Earned (Net)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	6628 282	5047 019
Less: Premium on Reinsurance ceded	1284 852	527 891
Net Premium	5343 430	4519 128
Adjustment for change in reserve for unexpired risks	-789 462	-345 086
<b>Total Premium Earned (Net)</b>	<b>4553 968</b>	<b>4174 042</b>
<b>TOTAL MARINE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	10843 672	8496 050
Less: Premium on Reinsurance ceded	1578 459	863 971
Net Premium	9265 213	7632 079
Adjustment for change in reserve for unexpired risks	-1579 642	-436 416
<b>Total Premium Earned (Net)</b>	<b>7685 571</b>	<b>7195 663</b>
<b>D LIFE INSURANCE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	345 091	140 250
Less: Premium on Reinsurance ceded	1 610	0
Net Premium	343 481	140 250
Adjustment for change in reserve for unexpired risks	-101 615	-11 450
<b>Total Premium Earned (Net)</b>	<b>241 866</b>	<b>128 800</b>
<b>E TOTAL ALL CLASSES</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	116812 709	97369 155
Less: Premium on Reinsurance ceded	11686 973	9600 422
Net Premium	105125 736	87768 733
Adjustment for change in reserve for unexpired risks	-9685 392	-7004 399
<b>Total Premium Earned (Net)</b>	<b>95440 344</b>	<b>80764 334</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 2  
Claims Incurred (Net)**

**A FIRE INSURANCE**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	16451 318	13925 745
Less: Reinsurance ceded	1787 923	1681 719
Net Claims Paid	14663 395	12244 026
Add: Claims Outstanding at the end of the year	34311 102	26969 610
Less: Claims Outstanding at the beginning of the year	26969 610	22849 850
<b>Total Claims Incurred</b>	<b>22004 887</b>	<b>16363 786</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	19500 511	20499 411
Less: Reinsurance ceded	0	123
Net Claims Paid	19500 511	20499 288
Add: Claims Outstanding at the end of the year	40251 415	31733 679
Less: Claims Outstanding at the beginning of the year	31733 679	30597 952
<b>Total Claims Incurred</b>	<b>28018 247</b>	<b>21635 015</b>
<b>(2) AVIATION</b>		
<b>Claims Paid</b>		
Direct	8 705	88 265
Add: Reinsurance accepted	4086 965	4151 914
Less: Reinsurance ceded	371 679	670 131
Net Claims Paid	3723 991	3570 048
Add: Claims Outstanding at the end of the year	5305 467	5077 680
Less: Claims Outstanding at the beginning of the year	5077 680	5760 611
<b>Total Claims Incurred</b>	<b>3951 778</b>	<b>2887 117</b>
<b>(3) ENGINEERING</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	3065 721	2747 241
Less: Reinsurance ceded	185 236	289 892
Net Claims Paid	2880 485	2457 349
Add: Claims Outstanding at the end of the year	6620 777	6270 387
Less: Claims Outstanding at the beginning of the year	6270 387	5647 953
<b>Total Claims Incurred</b>	<b>3230 875</b>	<b>3079 783</b>

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 2  
Claims Incurred (Net)

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(4) WC</b>		
<b>CLAIMS PAID</b>		
Direct	0	0
Add: Reinsurance accepted	40 645	73 671
Less: Reinsurance ceded	0	0
Net Claims Paid	40 645	73 671
Add: Claims Outstanding at the end of the year	100 365	50 961
Less: Claims Outstanding at the beginning of the year	50 961	26 026
<b>Total Claims Incurred</b>	<b>90 049</b>	<b>98 606</b>
<b>(5) LIABILITY</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	245 771	227 204
Less: Reinsurance ceded	0	24
Net Claims Paid	245 771	227 180
Add: Claims Outstanding at the end of the year	636 110	847 295
Less: Claims Outstanding at the beginning of the year	847 295	422 978
<b>Total Claims Incurred</b>	<b>34 586</b>	<b>651 497</b>
<b>(6) PA</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	1621 560	1171 237
Less: Reinsurance ceded	1 819	15 930
Net Claims Paid	1619 741	1155 307
Add: Claims Outstanding at the end of the year	651 469	575 808
Less: Claims Outstanding at the beginning of the year	575 808	364 462
<b>Total Claims Incurred</b>	<b>1695 402</b>	<b>1366 653</b>
<b>(7) HEALTH</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	13468 800	7658 755
Less: Reinsurance ceded	7	383
Net Claims Paid	13468 793	7658 372
Add: Claims Outstanding at the end of the year	1968 987	1858 525
Less: Claims Outstanding at the beginning of the year	1858 525	508 025
<b>Total Claims Incurred</b>	<b>13579 255</b>	<b>9008 872</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 2  
Claims Incurred (Net)**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
<b>(8) OTHER MISC.</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	3915 383	6909 533
Less: Reinsurance ceded	36 892	194 335
Net Claims Paid	3878 491	6715 198
Add: Claims Outstanding at the end of the year	6537 537	5314 695
Less: Claims Outstanding at the beginning of the year	5314 695	5357 199
<b>Total Claims Incurred</b>	<b>5101 333</b>	<b>6672 694</b>
<b>(9) FL/CREDIT</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	1711 027	1088 732
Less: Reinsurance ceded	0	0
Net Claims Paid	1711 027	1088 732
Add: Claims Outstanding at the end of the year	2869 514	1645 970
Less: Claims Outstanding at the beginning of the year	1645 970	652 598
<b>Total Claims Incurred</b>	<b>2934 571</b>	<b>2082 104</b>
<b>TOTAL MISCELLANEOUS</b>		
<b>Claims Paid</b>		
Direct	8 705	88 265
Add: Reinsurance accepted	47656 383	44527 698
Less: Reinsurance ceded	595 633	1170 818
Net Claims Paid	47069 455	43445 145
Add: Claims Outstanding at the end of the year	64941 641	53375 000
Less: Claims Outstanding at the beginning of the year	53375 000	49337 804
<b>Total Claims Incurred</b>	<b>58636 096</b>	<b>47482 341</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	2080 923	2159 333
Less: Reinsurance ceded	123 189	48 001
Net Claims Paid	1957 734	2111 332
Add: Claims Outstanding at the end of the year	4006 594	2686 226
Less: Claims Outstanding at the beginning of the year	2686 226	3014 794
<b>Total Claims Incurred</b>	<b>3278 102</b>	<b>1782 764</b>

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 2  
Claims Incurred (Net)

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	4786 246	3664 243
Less: Reinsurance ceded	1481 762	529 425
Net Claims Paid	3304 484	3134 818
Add: Claims Outstanding at the end of the year	4881 945	6026 679
Less: Claims Outstanding at the beginning of the year	6026 679	6294 772
<b>Total Claims Incurred</b>	<b>2159 750</b>	<b>2866 725</b>
<b>TOTAL MARINE</b>		
<b>(3) Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	6867 169	5823 576
Less: Reinsurance ceded	1604 951	577 426
Net Claims Paid	5262 218	5246 150
Add: Claims Outstanding at the end of the year	8888 539	8712 905
Less: Claims Outstanding at the beginning of the year	8712 905	9309 566
<b>Total Claims Incurred</b>	<b>5437 852</b>	<b>4649 489</b>
<b>D LIFE INSURANCE</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	105 393	40 799
Less: Reinsurance ceded	862	0
Net Claims Paid	104 531	40 799
Add: Claims Outstanding at the end of the year	158 475	84 062
Less: Claims Outstanding at the beginning of the year	84 062	56 600
<b>Total Claims Incurred</b>	<b>178 944</b>	<b>68 261</b>
<b>E TOTAL ALL CLASSES</b>		
<b>Claims Paid</b>		
Direct	8 705	88 265
Add: Reinsurance accepted	71080 263	64317 818
Less: Reinsurance ceded	3989 369	3429 963
Net Claims Paid	67099 599	60976 120
Add: Claims Outstanding at the end of the year	108299 757	89141 577
Less: Claims Outstanding at the beginning of the year	89141 577	81553 820
<b>Total Claims Incurred</b>	<b>86257 779</b>	<b>68563 877</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 3  
Commission**

**A FIRE INSURANCE**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	6833 836	7289 004
Less: Commission on Reinsurance Ceded	324 716	119 155
<b>Net Commission</b>	<b>6509 120</b>	<b>7169 849</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	3042 331	3799 218
Less: Commission on Reinsurance Ceded	0	0
<b>Net Commission</b>	<b>3042 331</b>	<b>3799 218</b>
<b>(2) AVIATION</b>		
Commission Paid		
Direct	0	923
Add: Reinsurance Accepted	1225 975	968 030
Less: Commission on Reinsurance Ceded	69 637	65 317
<b>Net Commission</b>	<b>1156 338</b>	<b>903 636</b>
<b>(3) ENGINEERING</b>		
<b>Commission Paid</b>		
Direct	0	0
Add: Reinsurance Accepted	1958 930	1946 395
Less: Commission on Reinsurance Ceded	80 784	58 245
<b>Net Commission</b>	<b>1878 146</b>	<b>1888 150</b>



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 3  
Commission

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(4) W.C.</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	33 799	42 370
Less: Commission on Reinsurance Ceded	0	0
<b>Net Commission</b>	<b>33 799</b>	<b>42 370</b>
<b>(5) LIABILITY</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	292 780	159 868
Less: Commission on Reinsurance Ceded	934	0
<b>Net Commission</b>	<b>291 846</b>	<b>159 868</b>
<b>(6) P.A.</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	480 882	301 360
Less: Commission on Reinsurance Ceded	532	1 666
<b>Net Commission</b>	<b>480 350</b>	<b>299 694</b>
<b>(7) HEALTH</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	1943 337	1339 700
Less: Commission on Reinsurance Ceded	0	7
<b>Net Commission</b>	<b>1943 337</b>	<b>1339 693</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 3  
Commission**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
<b>(8) OTHER MISC.</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	1828 876	1617 367
Less: Commission on Reinsurance Ceded	37 818	-23 958
<b>Net Commission</b>	<b>1791 058</b>	1641 325
<b>(9) FL/CREDIT</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	58 182	360 537
Less: Commission on Reinsurance Ceded	0	0
<b>Net Commission</b>	<b>58 182</b>	360 537
<b>TOTAL MISCELLANEOUS</b>		
Commission Paid		
Direct	0	923
Add: Reinsurance Accepted	10865 092	10534 845
Less: Commission on Reinsurance Ceded	189 705	101 277
<b>Net Commission</b>	<b>10675 387</b>	10434 491
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	896 572	784 782
Less: Commission on Reinsurance Ceded	1 147	10 757
<b>Net Commission</b>	<b>895 425</b>	774 025

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 3  
Commission

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	1272 396	992 843
Less: Commission on Reinsurance Ceded	125 661	89 994
<b>Net Commission</b>	<b>1146 735</b>	<b>902 849</b>
<b>TOTAL MARINE</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	2168 968	1777 625
Less: Commission on Reinsurance Ceded	126 808	100 751
<b>Net Commission</b>	<b>2042 160</b>	<b>1676 874</b>
<b>D LIFE INSURANCE</b>		
Commission Paid		
Direct	0	0
Add: Reinsurance Accepted	36 826	21 249
Less: Commission on Reinsurance Ceded	0	0
<b>Net Commission</b>	<b>36 826</b>	<b>21 249</b>
<b>E TOTAL ALL CLASSES</b>		
Commission Paid		
Direct	0	923
Add: Reinsurance Accepted	19904 722	19622 723
Less: Commission on Reinsurance Ceded	641 229	321 183
<b>Net Commission</b>	<b>19263 493</b>	<b>19302 463</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011  
SCHEDULE 4  
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Employees' remuneration and welfare benefits	<b>385 280</b>	362 105
2 Travel, conveyance and vehicle running expenses	<b>23 163</b>	16 002
3 Training expenses	<b>3 884</b>	2 523
4 Rents, rates and taxes	<b>20 417</b>	24 944
5 Repairs	<b>134 929</b>	120 196
6 Printing & stationery	<b>3 212</b>	3 617
7 Communication	<b>10 988</b>	8 728
8 Legal & professional charges	<b>28 407</b>	22 409
9 Auditors' fees, expenses etc.		
(a) as auditor	<b>5 729</b>	4 510
(b) as advisor or in any other capacity, in respect of		
(i) Taxation matters	<b>200</b>	200
(ii) Others	<b>1 560</b>	1 436
10 Advertisement and publicity	<b>24 767</b>	18 818
11 Interest & Bank Charges	<b>11 688</b>	9 149
12 Others	<b>74 917</b>	63 870
13 Depreciation	<b>31 138</b>	33 172
<b>Total</b>	<b>760 279</b>	691 679

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**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
<b>Total</b>	<b>4300 000</b>	<b>4300 000</b>

**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	87032 000	73398 099
Add : Transfer from Profit & Loss A/c	7927 300	13633 901
	<b>94959 300</b>	87032 000
2 Reserve for Pension, Gratuity & Leave encashment	-64 712	-64 712
3 Foreign Currency Translation Reserve	-992 997	-1002 183
4 Balance of Profit in Profit & Loss Account	599	610
<b>Total</b>	<b>93902 190</b>	<b>85965 715</b>

**SCHEDULE 7  
BORROWINGS**

NIL

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011  
SCHEDULE 8  
INVESTMENTS - SHAREHOLDERS' FUND**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>Long-Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	<b>23666 330</b>	19265 855
2 Other Approved Securities	<b>2152 084</b>	2674 271
3 Approved Investments		
(a) Shares		
(aa) Equity - Indian	<b>87728 018</b>	77768 317
Equity - Foreign	<b>7 816</b>	7 816
(bb) Debentures - Foreign	<b>0</b>	0
(cc) Preference	<b>17 859</b>	17 615
(b) Mutual Funds/Venture Funds	<b>0</b>	0
(c) Debentures - Indian	<b>5094 747</b>	4307 248
(d) Debentures - Foreign	<b>350 764</b>	0
(e) Guaranteed Equity	<b>198</b>	194
(f) Subsidiaries	<b>0</b>	0
(g) Associates - Indian	<b>0</b>	0
Associates - Foreign	<b>591 162</b>	591 162
4 Investments in Infrastructure and Social Sector	<b>18626 719</b>	16808 712
5 Other Investments		
(a) Equity/Preference/Debentures/Venture Funds	<b>4884 520</b>	5246 177
(b) Associates - Indian	<b>700 000</b>	700 000
(c) Equity - Foreign	<b>0</b>	7 570
<b>Short-Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	<b>592 434</b>	1300 348
2 Other Approved Securities	<b>265 870</b>	170 645
3 Approved Investments		
(a) Shares		
(aa) Equity	<b>0</b>	0
(bb) Preference	<b>0</b>	0
(b) Mutual Funds	<b>0</b>	984 216
(c) Debentures/Bonds	<b>403 953</b>	414 600
(d) Subsidiaries	<b>0</b>	0
4 Investments in Infrastructure and Social Sector	<b>1262 848</b>	517 265
5 Other Investments	<b>99 451</b>	217 559
<b>Total</b>	<b>146444 773</b>	130999 570

Figures for the previous year have been regrouped where necessary.

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011  
SCHEDULE 8A  
INVESTMENTS - POLICYHOLDERS' FUND**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
<b>Long-Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	<b>36036 824</b>	30414 018
2 Other Approved Securities	<b>3276 987</b>	4221 735
3 Approved Investments		
(a) Shares		
(aa) Equity - Indian	<b>133583 833</b>	122768 860
Equity - Foreign	<b>27 193</b>	0
(bb) Preference	<b>0</b>	27 808
(b) Mutual Funds/Venture Funds	<b>0</b>	0
(c) Debentures Indian	<b>7757 793</b>	6799 631
(d) Debentures Foreign	<b>0</b>	0
(e) Guaranteed Equity	<b>302</b>	306
(f) Subsidiaries	<b>0</b>	0
(g) Associates - Indian	<b>0</b>	0
(h) Associates - Foreign	<b>0</b>	0
4 Investments in Infrastructure and Social Sector	<b>28362 986</b>	26535 052
5 Other Investments		0
(a) Equity/Preference/Debentures/Venture Funds	<b>7437 681</b>	8281 872
(b) Associates - Indian	<b>0</b>	0
(c) Equity - Foreign	<b>0</b>	0
<b>Short-Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	<b>902 102</b>	2052 793
2 Other Approved Securities	<b>404 841</b>	269 389
3 Approved Investments		
(a) Shares		
(aa) Equity	<b>0</b>	0
(bb) Preference	<b>0</b>	0
(b) Mutual Funds	<b>0</b>	1553 731
(c) Debentures/Bonds	<b>615 102</b>	654 507
(d) Subsidiaries	<b>0</b>	0
4 Investments in Infrastructure and Social Sector	<b>1922 944</b>	816 580
5 Other Investments	<b>151 434</b>	343 449
<b>Total</b>	<b>220480 022</b>	204739 731

Figures for the previous year have been regrouped where necessary.

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 9  
LOANS**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
<b>1 Security-wise Classification</b>		
Secured		
(a) On mortgage of property		
(aa) In India*	<b>1685 568</b>	2392 455
(bb) Outside India	<b>0</b>	0
(b) On Shares, Bonds, Government Securities	<b>0</b>	0
(c) Others	<b>4183 780</b>	4474 456
Unsecured	<b>84 587</b>	84 587
<b>Total</b>	<b>5953 935</b>	6951 498
<b>2 Borrower-Wise Classification</b>		
(a) Central and State Governments	<b>4183 780</b>	4474 456
(b) Banks and Financial Institutions	<b>0</b>	0
(c) Subsidiaries	<b>0</b>	0
(d) Industrial Undertakings	<b>1574 848</b>	2121 552
(e) Others	<b>195 307</b>	355 490
<b>Total</b>	<b>5953 935</b>	6951 498
<b>3 Performance-Wise Classification</b>		
(a) Loans classified as standard		
(aa) In India	<b>4605 808</b>	5445 471
(bb) Outside India	<b>0</b>	0
(b) Non-performing loans less provisions		
(aa) In India	<b>746 358</b>	855 955
(bb) Outside India	<b>0</b>	0
Provisions **	<b>601 769</b>	650 072
<b>Total</b>	<b>5953 935</b>	6951 498
<b>4 Maturity-Wise Classification</b>		
(a) Short-Term	<b>559 842</b>	717 913
(b) Long-Term	<b>5394 093</b>	6233 585
<b>Total</b>	<b>5953 935</b>	6951 498

\*Includes Term Loans of ₹ 408,18,862/- on which creation of security is pending (Previous year ₹ 430,88,956/-)

\*\*Includes Provision for Bad and Doubtful Loans



**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011  
SCHEDULE 10  
FIXED ASSETS**

(₹ in thousand)

Particulars	Cost/Gross Block				Depreciation				Net Block	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Up to 31.03.2010	for the Year	On Sales/ Adjustment	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Leasehold Land	247 253			247 253	68 681	3 434		72 115	175 138	178 572
Buildings	417 682	170		417 852	175 419	14 075		189 494	228 358	242 263
Furniture & Fittings	18 522	665	215	18 972	16 816	350	209	16 957	2 015	1 706
I.T. Equipments	140 222	14 591	59 240	95 573	130 858	9 424	57 942	82 340	13 233	9 364
I.T. Software		15 043		15 043		220		220	14823	
Vehicles	13 000	4 264	3 411	13 853	5 824	2 495	2 557	5 762	8 091	7 176
Office Equipments	9 296	843	207	9 932	6 242	481	135	6 588	3 344	3 054
AC & Water Coolers	12 129	216		12 345	11 026	179		11 205	1 140	1 103
Elevators	2 073			2 073	2 045	4		2 049	24	28
Canteen Appliances	440			440	212	34		246	194	228
Electrical Installation	11 584			11 584	10 441	159		10 600	984	1 143
Fire Alarm Systems	3 408			3 408	1 524	283		1 807	1 601	1 884
<b>Total</b>	<b>875 609</b>	<b>35 792</b>	<b>63 073</b>	<b>848 328</b>	<b>429 088</b>	<b>31 138</b>	<b>60 843</b>	<b>399 383</b>	<b>448 945</b>	<b>446 521</b>
Previous years	836 825	44 966	6 240	875 551	400 681	33 172	4 782	429 071		

The figures are inclusive of Appreciation/Depreciation due to foreign currency fluctuation.

**SCHEDULE 11  
CASH AND BANK BALANCES**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Cash and stamps	<b>65</b>	50
2 Bank Balances		
(a) Deposit Accounts - Short-term (due within 12 months)	<b>43589 907</b>	26079 850
(b) Current Accounts (includes cash at Bank of ₹ 3,12,550.75 pertaining to Terrorism Pool Previous Year ₹ 5,22,095.06)	<b>3290 198</b>	1112 609
3 Money at Call and Short Notice		
(a) With Bank	<b>194 369</b>	47 416
(b) With other Institutions	<b>491 502</b>	491 223
<b>Total</b>	<b>47566 041</b>	27731 148

Balances with non-scheduled banks

Nil

Nil

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 12  
ADVANCES AND OTHER ASSETS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>Advances</b>		
1 Reserve Deposits with Ceding Companies	<b>11527 470</b>	16476 166
2 Prepayments	<b>42 709</b>	42 914
3 Advances to Directors/Officers	<b>1 545</b>	1 866
4 Advance Tax Paid and TDS	<b>26832 028</b>	22346 181
Less: Provision for Taxation	<b>12659 109</b>	11224 935
	<b>14172 919</b>	11121 246
5 Others	<b>36 508</b>	11 692
6 Deferred Commission	<b>326 790</b>	231 681
<b>Total (A)</b>	<b>26107 941</b>	27885 565
<b>Other Assets</b>		
1 Income accrued on investments	<b>3907 102</b>	3233 690
2 Due from other entities carrying on insurance business (including reinsurers)*	<b>23162 745</b>	17717 354
3 Deposit U/S-7 of Insurance Act	<b>303 541</b>	305 597
4 Sundry Debtors	<b>309 848</b>	97 869
5 Sundry Deposits	<b>238 219</b>	102 107
6 MAT Credit	<b>771 571</b>	0
7 Terrorism Pool Assets	<b>21575 791</b>	17457 208
<b>Total (B)</b>	<b>50268 817</b>	38913 825
<b>Total (A+B)</b>	<b>76376 758</b>	66799 390

\* (Includes ₹ 1,094,719,030/- (P.Y. ₹ 738,450,905/-) 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	<b>8442 524</b>	8161 117
2 Deposits held on re-insurance ceded	<b>7669 577</b>	6587 821
3 Sundry Creditors	<b>1676 596</b>	1622 715
4 Claims Outstanding	<b>108299 757</b>	89141 577
5 Terrorism Pool Liabilities	<b>21575 791</b>	17457 208
<b>Total</b>	<b>147664 245</b>	122970 438

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2011**

**SCHEDULE 14  
PROVISIONS**

<b>Particulars</b>	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
1 Reserve for Unexpired Risk	<b>58070 141</b>	48384 750
2 For Proposed Dividends	<b>2064 000</b>	3526 000
3 For Dividend Distribution Tax	<b>342 805</b>	585 625
4 For Doubtful Loans, Investment and Debts	<b>2513 026</b>	2148 770
5 For Leave Encashment	<b>81 672</b>	73 111
6 Provision for Pension	<b>104 245</b>	71 368
7 Provision for Gratuity	<b>46 888</b>	0
8 Provision for Settlement	<b>6 850</b>	7 034
9 For Salary Arrears	<b>0</b>	88 885
10 For PLLI Arrears	<b>12 500</b>	15 000
<b>Total</b>	<b>63242 127</b>	54900 543

**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, while 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 and intangible assets amortization is made over the period of lease/use.
- (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 & 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 ₹ 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 & 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 consists of Share Capital and Free Reserves. Policyholders' fund consists 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 & Loss

Account 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 repose 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 to the extent applicable and IRDA guidelines, 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.

1.1 (a) Out of investment held in shares and debentures of the value of ₹ 305,727,105 thousand (Previous year ₹ 280,060,797 thousand), no confirmation regarding actual custody or other documentary evidence for investments of the book value of ₹ 1221 thousand (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 ₹ 587 thousand (Previous year ₹ 629 thousand).

(c) Sale of equity shares of a company contracted through public offer in 1995-96 for ₹ 4,000 thousand (Previous Year ₹ 4,000 thousand) 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 (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 ₹ 236,112 thousand (Previous Year ₹ 208,050 thousand)

(b) During the year, the Corporation has undertaken under CDR (Corporate Debt Restructuring) System, following fresh cases of restructuring of corporate debt / loans tc., as under :

(₹ in thousands)

Sr. No.	Particulars	Current Year	Previous Year
	Total Amount of assets subjected to restructuring under CDR	<b>578,908</b>	503,189
	The breakup of the same is given hereunder :		
(I)	Total amount of standard assets subjected to restructuring under CDR	<b>100,000</b>	-
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	<b>474,288</b>	447,012
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	-	-
(iv)	Total amount of loss assets subjected to restructuring under CDR	<b>4,620</b>	56,177
	<b>TOTAL</b>	<b>578,908</b>	503,189

- A scheme of Productivity Linked Lump-sum Incentive to the employees has been implemented and a provision of ₹ 12,500 thousand has been made for the year ended 31st March, 2011, (Previous year ₹ 15,000 thousand).
- The balances of amount Due To/From other persons/bodies carrying on insurance business and deposits held/are subject to confirmation/reconciliation. 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 31.03.2011 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 ₹ 1,094,719 thousand for doubtful receivables.

- Taxes paid in advance and TDS includes an amount of ₹ 11,150,805 thousand (Previous year ₹ 12,347,914 thousand) pertaining to either Assessments completed for the Assessments Years 2000-01 to 2003-04, 2005-06 to 2009-2010 or appeals pending or appeal effects not given by the authorities as at 31st March, 2011.

During the year, the Corporation received refund orders in respect of Interest Tax for Assessment Years 1992-93 to Assessment Years 2000-01 amounting to ₹ 911,368 thousand. The Corporation also received Income Tax refund orders for the Assessment Years 2002-03, 2006-07 and 2007-08 for ₹ 263,128 thousand, ₹ 1,216,629 thousand and ₹ 7,615,261 thousand respectively. However, after adjusting the additional demands, the refund of ₹ 6,623,160 thousand is received after 31st March, 2011.



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

(₹ in thousands)

Particulars	As on 31.03.2011 Deferred Tax		As on 31.03. 2010 Deferred Tax	
	Asset	Liability	Asset	Liability
Timing difference on account of Difference in book depreciation and Depreciation under Income Tax Act, 1961	-	<b>173,616</b>	-	175,744
Provision for employees benefits	<b>101,022</b>	-	115,611	-
Others	-	-	7,163	-
Foreign Branches	<b>119,314</b>	-	-	178
Tax Credit . U/s.115JAA	-	-	2,269,995	-
<b>TOTAL</b>	<b>220,336</b>	<b>173,616</b>	<b>2,392,769</b>	<b>175,922</b>
Net Timing Differences	<b>46,720</b>	-	2,216,847	-
Net Deferred Tax	<b>15,160</b>	-	753,506	-

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
2010-11	271,949	33,802	238,147
2009-10	351,607	19,685	331,922

8. ART Cover : The Corporation has entered into ART agreement with Swiss Re for providing (1) top end umbrella protection for both domestic and foreign inward business and further (2) to take exposures from the net retained shares on other protections. The two contracts were combined and renewed for a three-year period from 1st May 2010 for a cover of ₹ 200 Crores for domestic and \$ 20 million for foreign business. This agreement provides a cost effective complement to the traditional excess of loss protection and protects the Corporation's portfolio suitably.
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. ₹ 3,930 thousand (Previous year Nil)
- Underwriting commitments outstanding: Nil. (P.Y. Nil).
- Claims, other than under policies not acknowledged as debts: Nil. (P.Y. Nil).
- Guarantees/LC given by or on behalf of the Corporation ₹ 4,644,804 thousand (Previous year ₹ 4,467,634 thousand).
- Statutory demand/liabilities in dispute - Income-tax demands disputed in appeal, not provided for ₹ 6,298,958 thousand (Previous year ₹ 12,833,296 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, 2011 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 ₹ 303,541 thousand (Previous year 12.30%, 2016 for ₹ 305,596 thousand) 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 ₹ 10,123 thousand and, 8.07% 2017 for ₹ 10,235 thousand and 8.20% 2022 for ₹ 29,976 thousand 7.99% 2017 for ₹ 40,084 thousand, 8.08% 2022 for ₹ 20,020 thousand, 7.80% GOI 2020 for ₹ 40,192 thousand total amounting to ₹ 150,630 thousand (Previous year total amounting to ₹ 45,408 thousand) and cash deposit of ₹ 2900 thousand (Previous year ₹ 2900 thousand) 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 19/03/2008, Corporation has provided Fixed Deposits amounting to ₹ 80,000 thousand (Previous year ₹ 50,000 thousand) as margins in cash segments viz. FDR of ₹ 50,000 thousand (Previous year

₹ 30,000 thousand) as collateral is held with NSCCCL and FDR of ₹ 30,000 thousand (Previous year ₹ 20,000 thousand) as collateral is held with BSE.

[d] Margin FDR held by Bank for issue as LC/BG of ₹ 4,644,804 thousand (Previous year ₹ 4,467,634 thousand).

10.3 The Commitments made and outstanding for Loans, Investments and Fixed Assets (if any) as at 31st March, 2011 is ₹ 574,832 thousand (Previous year ₹ 671,700 thousand).

10.4 Disclosures of Claims less reinsurance during the financial year 2010-11 paid in India are ₹ 45,706,215 thousand (Previous year ₹ 43,753,012 thousand) and outside India are ₹ 21,393,381 thousand (Previous year ₹ 17,223,108 thousand).

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 31.03.2011

(₹ 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	63	171,194	24	18,408	35	125,469	75	174,739	3	1,238	1	2,669	201	493,717
2	> 30 days up to six (6) months	357	671,875	66	77,186	206	85,681	217	405,965	2	1,186	6	910	854	1,242,803
3	> 6 months up to 1 year	391	1,193,734	110	359,828	216	195,922	220	1,060,497	3	15,088	4	1,383	944	2,826,452
4	> 1 year to up to 5 years	812	2,725,264	331	497,313	646	339,348	1,244	3,208,411	19	250,583	32	128,816	3084	7,149,735
5	> 5 years	2	16,892	1	1,340	-	-	43	279,222	-	-	-	-	46	297,454
	<b>Total</b>	<b>1,625</b>	<b>4,778,959</b>	<b>532</b>	<b>954,075</b>	<b>1103</b>	<b>746,420</b>	<b>1,799</b>	<b>5,128,834</b>	<b>27</b>	<b>268,095</b>	<b>43</b>	<b>133,778</b>	<b>5129</b>	<b>12,010,161</b>

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
	<b>Total</b>	<b>1,141</b>	<b>3,735,663</b>	<b>370</b>	<b>768,756</b>	<b>799</b>	<b>533,230</b>	<b>1,853</b>	<b>4,893,846</b>	<b>20</b>	<b>250,831</b>	<b>34</b>	<b>163,421</b>	<b>4,217</b>	<b>10,345,747</b>

10.7 Premiums, less reinsurance, written from business during the financial year 2010-11 in India are ₹ 62,728,585 thousands (Previous year ₹ 48,503,276 thousands) and outside India are ₹ 42,397,151 thousands (Previous year ₹ 39,265,457 thousands).

10.8 Claims settled and remaining unpaid for a period of more than six months as on 31-03-2011 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 ₹ 58,889,556 thousands (Previous year ₹ 61,646,216 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	₹ 22,33,600	₹ 96,000	₹ 1,44,000	₹ NIL	₹ 21,600

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 the 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.

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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Fire Insurance	752.75	633.57	629.71	783.57	168.55	219.35	7.30	6.71	(0.70)	(0.01)	(53.52)	(376.07)
Motor Insurance	1775.56	1712.58	2507.74	1986.00	236.81	299.71	12.06	10.85	(0.02)	(0.01)	(981.08)	(583.99)
Aviation Insurance	60.83	43.17	108.29	26.81	7.59	3.16	0.66	0.51	(0.33)	0.89	(56.04)	13.58
Engineering Insurance	405.85	373.48	184.65	186.74	105.11	120.14	3.25	3.44	(0.18)	0.10	112.66	63.26
Other Miscellaneous Insurance	2186.26	1619.40	1931.96	1781.33	350.75	306.98	16.41	12.68	(0.45)	(0.12)	(113.32)	(481.71)
Marine Cargo	190.42	188.14	258.63	109.13	44.59	39.67	1.28	1.13	(0.26)	0.10	(114.33)	38.31
Marine Hull	124.95	90.44	(36.04)	63.31	18.96	15.45	0.98	0.81	(0.12)	(0.36)	140.93	10.51
Life	11.15	5.50	8.62	2.39	2.07	1.26	0.09	0.06	-	-	0.37	1.79
	5507.76	4666.28	5593.56	4939.28	934.43	1005.72	42.03	36.19	(2.06)	0.59	(1064.32)	(1314.32)

**Foreign Business**

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain /-Loss		Net Result	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Fire Insurance	1984.58	1727.51	1570.78	852.81	482.36	497.64	17.89	17.86	(11.02)	(7.27)	(97.47)	351.93
Motor Insurance	357.51	256.93	294.08	177.49	67.42	80.21	2.21	2.76	(1.17)	(1.77)	(7.37)	(5.30)
Aviation Insurance	446.83	438.14	286.89	261.90	108.04	87.21	5.09	4.68	(5.48)	2.76	41.33	87.11
Engineering Insurance	259.95	218.77	138.44	121.24	82.71	68.67	1.84	1.79	(0.68)	(0.37)	36.28	26.70
Other Miscellaneous Insurance	521.19	320.44	411.56	206.71	109.11	77.37	3.93	3.26	(1.53)	(1.85)	(4.94)	31.25
Marine Cargo	122.74	114.02	69.18	69.15	44.95	37.73	0.72	0.69	(0.67)	4.23	7.21	10.68
Marine Hull	330.44	326.96	252.01	223.36	95.71	74.83	2.19	1.90	2.08	3.06	(17.39)	29.93
Life	13.04	7.38	9.28	4.44	1.61	0.86	0.13	0.04	0.12	(0.20)	2.14	1.84
	4036.28	3410.15	3032.22	1917.10	991.92	924.52	34.00	32.98	(18.35)	(1.41)	(40.21)	534.14

**Total**

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain /-Loss		Net Result	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Fire Insurance	2737.33	2361.08	2200.49	1636.38	650.91	716.99	25.19	24.57	(11.72)	(7.28)	(150.98)	(24.14)
Motor Insurance	2133.06	1969.51	2801.82	2163.49	304.23	379.92	14.27	13.61	(1.18)	(1.78)	(988.45)	(589.29)
Aviation Insurance	507.66	481.31	395.18	288.71	115.63	90.37	5.75	5.19	(5.81)	3.65	(14.72)	100.69
Engineering Insurance	665.80	592.25	323.09	307.98	187.81	188.81	5.09	5.23	(0.86)	(0.27)	148.95	89.96
Other Miscellaneous Insurance	2707.45	1939.84	2343.52	1988.04	459.86	384.35	20.34	15.94	(1.99)	(1.97)	(118.26)	(450.46)
Marine Cargo	313.16	302.16	327.81	178.28	89.54	77.40	2.00	1.82	(0.93)	4.33	(107.12)	48.99
Marine Hull	455.40	417.40	215.98	286.67	114.67	90.28	3.17	2.71	1.96	2.70	123.53	40.44
Life	24.19	12.88	17.89	6.83	3.68	2.12	0.21	0.10	0.12	(0.20)	2.52	3.63
	9544.03	8076.43	8625.78	6856.38	1926.35	1930.24	76.03	69.17	(20.41)	(0.82)	(1104.53)	(780.18)

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

a) Associate Company:

Kenindia Assurance Co. Ltd., Nairobi, Kenya.  
 LIC (Mauritius) Offshore Limited, Mauritius  
 (wound up on 12.03.2011)  
 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) offshore Ltd.		India International Pte Ltd.	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Premium Accepted	214,139	191,327	-	-	1,377,166	1,004,700
Premium Ceded	-	-	-	-	(766)	-
Net Premium	214,139	191,327	-	-	1,376,400	1,004,700
Commission Paid	81,279	69,252	-	-	394,253	314,419
Commission Recovered	-	-	-	-	-	-
Net Commission	81,279	69,252	-	-	394,253	314,419
Claims Paid	132,362	122,110	-	-	880,982	494,918
Claims Recovered	-	-	-	-	-	-
Net Claims	132,362	122,110	-	-	880,982	494,918
Balance on 31st March (-) Indicates amount payable by GIC	(113,700)	(35)	-	-	280,008	195,363

**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 Reinsurance Company	
	2010-11	2009-10	2010-11	2009-10
Premium Accepted	2,149,797	699,264	7,562	4,524
Premium Ceded	5,233	-	-	-
Net Premium	2,144,565	699,264	7,562	4,524
Commission Paid	428,019	138,977	931	628
Commission Recovered	-	-	-	-
Net Commission	428,019	138,977	931	628
Claims Paid	610,627	319,084	845	765
Claims Recovered	-	-	-	-
Net Claims	610,627	319,084	845	765
Balance on 31st March (-) Indicates amount payable by GIC	-	-	604	3,131

\* 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. Investment in Associate Companies (as on 31st March, 2011)**

(₹ in thousands)

Sr. No.	Name of Company	Currency	No. of Shares	Face Value	% Holding	Acquisiton Cost
1	Kenindia Assurance Co. Ltd., Kenya	Kshs	435,186	100Kshs	09.19%	7,247
2	India International Ins. Pte Ltd. Singapore	S.D.	10,000,000	1 S.D	20.00%	29,479
3	Asian Reinsurance Corporation, Bangkok	USD	7,222	1000 USD	23.88%	474,519
4	East Africa Reinsurance Co. Ltd., Kenya	Kshs	95,889	1000 Kshs	14.75%	79,917
	Total Foreign Investments					591,162
1	Agriculture Insurance Co. of India Ltd., India	INR	7,000	100 INR	35.00%	700,000
	Total Indian Investment					700,000

## 15 Employees' 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 the Corporation has recognised the following amounts in the Profit And Loss Account:**

(Amount in ₹)

	Year ending 31st March, 2011	Year ending 31st March, 2010
Pension Superannuation Scheme (Employees Pension Fund)	99,945,544	105,138,852
Leave Encashment (Earned Leave and Sick Leave)	8,559,923	2,375,553
Gratuity (Employees Gratuity Fund)	46,887,968	9,183,476
Provident Fund (Employees Provident Fund)	12,513,990	2,613,272
Settlement Benefit	NIL	200,271

### A) Change in the Present Value of Obligation

(Amount in ₹)

	Pension 31/03/2011	Pension 31/03/2010	Gratuity 31/03/2011	Gratuity 31/03/2010	Leave Salary 31/03/2011	Leave Salary 31/03/2010	Settlement 31/03/2011	Settlement 31/03/2010
Present Value of Obligation at 1 April	626303710	551863238	106398390	92651608	73111629	70736316	6850000	6649729
Interest Cost	47730564	42114796	8215019	7541638	5467217	3500054	522004	522004
Past Service Cost	0	0	0	0	0	0	0	0
Current Service Cost	27267184	62630371	8889652	6472808	6436754	1093746	0	205500
Curtailment Cost/(Credit)	0	0	0	0	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0	0	0	0	0
Benefit Paid	-59343321	-30738033	-7421307	-2543396	-9542834	-2258619	0	0
Actuarial Gain/Loss on Obligation	59993034	433338	32456048	2275732	6198786	40132	-522004	-527233
Present Value of Obligation at 31 March	701951171	626303710	148537802	106398390	81671552	73111629	6850000	6850000

**B) Change in the Fair value of Plan Assets**

(Amount in ₹)

	Pension	Pension	Gratuity	Gratuity	Leave Salary	Leave Salary	Settlement	Settlement
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Fair Value of Plan Assets as at 1 April	521164858	409465567	97214914	88266267	0	0	0	0
Expected return on Plan Assets	5362216	34862455	8177202	7001185	0	0	0	0
Actuarial Gain/Loss on Obligation	29683022	30647313	-5504451	105858	0	0	0	0
Contribution	105138852	76927556	9183476	4385000	9542834	2258619	0	0
Benefit Paid	-59343321	-30738033	-7421307	-2543396	-9542834	-2258619	0	0
Fair Value of Plan Assets at 31 March	602005627	521164858	101649834	97214914	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets at 31 March	602005627	521164858	101649834	97214914	0	0	0	0

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

(Amount in ₹)

	Pension	Pension	Gratuity	Gratuity	Leave Salary	Leave Salary	Settlement	Settlement
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Present Value of Funded / (unfunded) Obligation as at 1 April	-701951171	-626303710	-148537802	-106398390	-81671552	-73111629	-6850000	-6850000
Fair Value of Plan Assets at 31 March	-602005627	-521164858	-101649834	-97214914	0	0	0	0
Funded Status	99945544	105138852	46887968	9183476	81671552	73111629	6850000	6850000
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	99945544	105138852	46887968	9183476	81671552	73111629	6850000	6850000

**Expenses recognised in the Profit and Loss Account**

(Amount in ₹)

For year ending 31st March, 2011	Pension	Gratuity	Leave Salary	Settlement
Current Service Cost	27,267,184	8,889,652	6,436,754	NIL
Interest Cost	47,730,564	8,215,019	5,467,217	522,004
Curtailement Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net actuarial (gains) / losses recognized in the period	24,947,796	29,783,297	-3,344,048	-522,004
Total Expenses recognized in the Profit & Loss A/c	99,945,544	46,887,968	8,559,923	NIL

(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 recognised in the period	393685	-4830970	-2218247	-527233
Total Expenses recognised in the Profit & Loss A/c	105,138,852	9,183,476	2,375,553	200,271

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.

16. Additional Provision of ₹ 16,843 thousands has been made in respect of Reserve for Unexpired Risk as required by IRDA for 2010-11 for London Branch. Previous year ₹ 23,325 thousands).
17. Based on the statements received from the Pool, liability for IBNR claim for third party motor pool was provided in the past. During the current year, the IRDA carried out independent assessment of the provision required for Indian Motor Third Party Pool (Commercial Vehicles) and vide its order IRDA/NL/ORD/MPL/046/03/2011 dated March 12, 2011 directed all General Insurance and Reinsurance Companies to make a provision of not less than 153% for each of the four years from the inception of the pool (i.e. from 2007-08). Due to this, additional provision of ₹ 4,805,773 thousand (Previous year NIL) has been created during the current year.
18. Earnings per Share (EPS) as per Accounting Standards 20 of the ICAI:

	2010-11	2009-10
Basic and Diluted EPS	₹ 240/-	₹ 413/-
Profit after Tax	₹ 10,334,094 thousands	₹ 17746,065 thousands
Number of equity shares	4,30,00,000	4,30,00,000
Nominal value of share	₹ 100/-	₹ 100/-

19. The Corporation has prepared Cash flow statement adopting the indirect method.
20. Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.
21. Prior period items have not been separately disclosed, as the amount is not material.
22. The summary of the financial statements of the Corporation for the last five years is as per Annexure I.
23. The Accounting Ratios of the Corporation are stated in Annexure II.
24. Tax credit under section 115 JAA of Income Tax Act has been included in Schedule 12 – Advances and other Assets as on 31st March, 2011.



25. Details of the penalty payable by the Corporation during the year 2010-11 are given below:

SL No.	Authority	Non-Compliance/ Violation	Amount in ₹		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	NIL	NIL	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

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

As per our report of even date

**For THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C.V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai  
Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

## Summary of Financial Statements for the year ended 31st March, 2011

(₹ In lakhs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>OPERATING RESULTS</b>					
1 Gross Premium Written	<b>1168127</b>	973692	806113	931555	740417
2 Net Premium Income	<b>1051258</b>	877687	740233	831114	642087
3 Income from investments (net)	<b>133991</b>	129570	113883	128976	123224
4 Profit on Exchange Fluctuation	<b>-2041</b>	-82	794	-72	-98
5 Total Income	<b>1183208</b>	1007175	854910	960018	765213
6 Commissions & Brokerage	<b>192635</b>	193025	174918	208965	167012
7 Brokerage	-	-	-	-	-
8 Operating Expenses	<b>7881</b>	7146	6312	5697	4811
9 Claims, increase in Unexpired Risk Reserve and Other outgoings	<b>959432</b>	755683	584005	709255	477978
10 Operating Profit/loss	<b>23260</b>	51321	89675	36101	115412
<b>NON-OPERATING RESULT</b>					
11 Total Income under Shareholders' account (Net)	<b>95675</b>	77698	91484	70629	63534
12 Profit/(loss) before tax	<b>118935</b>	129020	181159	106730	178946
13 Provision for tax	<b>15594</b>	-48440	40439	7451	25811
14 Profit/(loss) after tax	<b>103341</b>	177460	140720	99279	153135
<b>MISCELLANEOUS</b>					
15 Policy holders' Account :					
Fire	<b>492734</b>	409276	334305	272312	214939
Miscellaneous	<b>986661</b>	800996	728465	764353	720384
Marine	<b>181003</b>	163450	165050	129394	90026
Life	<b>3302</b>	1542	1153	1081	153
Total funds	<b>1663700</b>	1375264	1228973	1167140	1025502
Total Investments	<b>2513658</b>	2257069	1573195	1996337	1683465
Yield on Investments	<b>12.6</b>	11.9	10.7	13.40	13.30
16 Shareholders' Account :					
Total funds	<b>992599</b>	913326	776982	668962	592826
Total Investments	<b>1651028</b>	1430637	898073	1154075	846102
Yield on Investments	<b>12.6</b>	11.9	10.7	13.40	13.30

Particulars	(₹ In lakhs)				
	2010-11	2009-10	2008-09	2007-08	2006-07
17 Paid up equity Capital	<b>43000</b>	43000	43000	43000	43000
18 Net worth	<b>992599</b>	913326	776982	668962	592826
19 Total assets	<b>4972856</b>	4384213	3001964	3601283	2852398
20 Yield on total investments	<b>12.6</b>	11.9	10.7	13.40	13.30
21 Earnings per share (Rs.)	<b>240</b>	413	327	231	356
22 Book Value per share (Rs.)	<b>2308</b>	2124	1807	1556	1379
23 Total Dividend	<b>20640</b>	35260	27950	19780	30960
24 Dividend per share (Rs.)	<b>48</b>	82	65	46	72

As per our report of even date

**For THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C.V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

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Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

Director

**Suchita Gupta**

Company Secretary

## RATIOS FOR NON-LIFE COMPANIES

Performance Ratio	Ratio / Percentage	
	2010-11	2009-10
1 Gross Premium Growth Rate (segment-wise) (Gross premium for the current year divided by the gross premium for the previous year)		
Fire Insurance	7.7	40.4
Motor Insurance	15.6	1.0
Aviation Insurance	21.7	3.2
Engineering insurance	7.1	11.9
W.C.	-3.5	-15.6
Liability	29.7	63.7
PA	64.6	22.4
Health	61.2	35.8
Other Miscellaneous Insurance	22.7	46.9
FL/Credit	-6.4	8.2
Marine Cargo	22.2	4.9
Marine Hull	31.3	-0.3
Life	146.1	19.5
2 Gross Premium to shareholders' fund ratio : (Gross premium for the current year divided by paid up capital plus free reserves)	117.7	106.6
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)	8.7	17.5
4 Net retention ratio (segment-wise) (Net premium divided by gross premium)		
Fire Insurance	81.8	83.8
Motor Insurance	100.0	100.0
Aviation Insurance	72.7	75.3
Engineering insurance	87.9	83.3
W.C.	100.0	100.0
Liability	92.9	93.1
PA	99.4	98.2
Health	100.0	100.0
Other Miscellaneous Insurance	93.4	92.4
FL/Credit	100.0	100.0
Marine Cargo	93.0	90.3
Marine Hull	80.6	89.5
Life	99.5	100.0

Performance Ratio		Ratio / Percentage	
		2010-11	2009-10
5	Net commission ratio (segment-wise) (Commission net of reinsurance for a class of business divided by net premium)		
	Fire Insurance	<b>22.9</b>	26.6
	Motor Insurance	<b>13.3</b>	19.2
	Aviation Insurance	<b>21.1</b>	19.4
	Engineering insurance	<b>26.6</b>	30.2
	W.C.	<b>16.5</b>	20.0
	Liability	<b>17.2</b>	12.2
	PA	<b>17.0</b>	17.7
	Health	<b>11.8</b>	13.1
	Other Miscellaneous Insurance	<b>20.0</b>	22.7
	FL/Credit	<b>3.7</b>	21.6
	Marine Cargo	<b>22.8</b>	24.9
	Marine Hull	<b>21.5</b>	20.0
	Life	<b>10.7</b>	15.2
6	Expenses of management to gross premium ratio (Expenses of management divided by the total gross premium)	<b>0.7</b>	0.7
7	Combined ratio : (Claims paid plus expenses divided by gross premium)	<b>58.1</b>	63.3
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	<b>158.3</b>	156.7
9	Underwriting balance ratio (segment-wise) (Underwriting profit divided by net premium for the respective class of business)		
	Fire Insurance	<b>8.7</b>	12.2
	Motor Insurance	<b>-25.5</b>	-8.3
	Aviation Insurance	<b>10.7</b>	40.4
	Engineering insurance	<b>34.1</b>	28.7
	W.C.	<b>48.2</b>	49.8
	Liability	<b>77.0</b>	23.6
	PA	<b>7.1</b>	-1.7
	Health	<b>-9.6</b>	-10.4
	Other Miscellaneous Insurance	<b>22.5</b>	-20.6
	FL/Credit	<b>-73.1</b>	-41.7

Performance Ratio	Ratio / Percentage	
	2010-11	2009-10
Marine Cargo	-12.9	36.1
Marine Hull	42.3	33.3
Life	11.7	34.6
10 Operating profit ratio (Underwriting profit plus investment income divided by net premium)	10.6	15.2
11 Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	32.9	24.8
12 Net earnings ratio: (Profit after tax divided by net premium)	9.8	20.2
13 Return on net worth (Profit after tax divided by net worth)	10.5	19.7
14 Reinsurance ratio : (Risk reinsured divided by gross premium)	10.0	9.9

As per our report of even date

**For THAKUR, VAIDYANATH AIYAR & CO.**

Chartered Accountants  
Firm No. 000038N

**C. V. PARAMESWAR**

Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**

Chartered Accountants  
Firm No. 000880C

**M. D. SODANI**

Partner  
Membership No.: 07908

**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**  
Director

**S.L. Mohan**  
Director

**Bhagyam Ramani**  
Director and G. M. (Finance)

**S. B. Mathur**  
Director

**G. Srinivasan**  
Director

**Suchita Gupta**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

As per Indirect Method

(₹ in thousands)

	31st March, 2011	31st March, 2010	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net Profit before taxation as per Profit &amp; Loss A/c</b>	<b>11893 486</b>		12902 020
<b>Adjustments for:</b>			
Exchange -Loss/Gain charged	-62 241		2391 734
Provision for Diminution in Value of Investment	319 238		130 283
Provision for Doubtful Loans, Investments & Debts	364 256		-143 775
Amortisation of Premium on Investment	227 330		254 403
Depreciation	31 138		33 172
-Profit /Loss on sale of Assets	- 237		- 106
Provision for Leave Encashment & Salary Arrears	-3 243		-23 130
Sundry Balances Written off/-back	1 298	<b>877 539</b>	0
<b>Operating Profit before working capital changes</b>	<b>12771 025</b>		15544 601
Changes in Unexpired Risk Reserves	9685 392		7041 278
Changes in Provisions for Outstanding Claims	19158 181		7587 756
Changes in Income accrued on Investments	-673 412		-16 523
Changes in Balances with Insurance Companies	866 469		-6691 774
Changes in Advance and Deposits	-5356 888		-2413 631
Changes in other Current Liabilities	4172 464	<b>27852 206</b>	2375 940
<b>Cash generated from operations</b>	<b>40623 231</b>		23427 647
Income Tax Paid (Net)	-3872 720		-3718 258
<b>Net Cash from Operating Activities</b>	<b>36750 511</b>		19709 389
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	-35 792		-44 966
Proceeds from sale of Fixed Assets	2 426		1 565

(₹ in thousands)

	31st March, 2011	31st March, 2010
Foreign Currency Translation Reserve	9 186	-1202 120
Changes in net Investments	-12842 054	-16397 978
Net Cash used in Investing Activities	-12866 234	-17643 499
<b>C ) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	-3526 000	-2795 000
Dividend Tax Paid	-585 625	-475 010
Net Cash from Financing Activities	-4111 625	-3270 010
<b>D) Effect of Foreign Exchange on Cash &amp; Cash equivalents(Net)</b>	62 241	-2391 734
Net increase in Cash and Cash equivalents (A+B+C+D)	19834 893	-3595 854
Cash and Cash equivalents at beginning of period	27731 148	31327 002
Cash and Cash equivalents at the end of period	47566 041	27731 148

As per our report of even date

**For THAKUR, VAIDYANATH AIYAR & CO.**Chartered Accountants  
Firm No. 000038N**C.V. PARAMESWAR**Partner  
Membership No.: 11541

Mumbai

Dated : 31st May, 2011

**For SODANI & CO.**Chartered Accountants  
Firm No. 000880C**M. D. SODANI**Partner  
Membership No.: 07908**Yogesh Lohiya**

Chairman-cum-Managing Director

**Tarun Bajaj**

Director

**S.L. Mohan**

Director

**Bhagyam Ramani**

Director and G. M. (Finance)

**S. B. Mathur**

Director

**G. Srinivasan**

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	31/03/2011		

### 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	28 63 79 262	Total Assets	28 63 79 262
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#### Sources of Funds

Paid-up Capital	43 00 000	Reserves & Surplus	9 39 02 190
Secured Loans	N I L	Unsecured Loans	N I L
Deffered Taxation Liability	0	Fair Value Change Account	18 81 77 072

#### Application of Funds

Net Fixed Assets	4 48 945	Investment	37 28 78 730
Net Current Assets	(-) 86963573	Misc. Expenditure	N I L
Accumulated Losses	N I L	Deffered Tax Asset	15160

### IV. Performance of Company (Amount in ₹ Thousands)

Turnover	11 91 55 270	Total Expenditure	10 72 61 784
Profit/ Loss Before Tax	1 18 93 486	Profit/ Loss After Tax	1 03 34 094
Earning per Share in (₹)	240.00	Dividend @ %	48

### 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

(₹ &amp; US\$ in '000)

	as on 31.03.2011		as on 31.03.2010	
	₹	US \$	₹	US \$
Net Earned Premium	95 440 343	2 143 763	80 764 334	1 802 775
Net Claims	86 257 779	1 937 506	68 563 877	1 530 444
% to Earned Premium	90.4%	90.4%	84.9%	84.9%
Net Commission	19 263 493	432 693	19 302 463	430 859
% to Earned Premium	20.2%	20.2%	23.9%	23.9%
Operating Expenses and Other Outgo less Other Income	964 335	21 661	699 869	15 622
Investment Income Less Expenses apportioned to Revenue a/c	13 371 229	300 342	12 934 073	288 707
Revenue Profit/Loss(-)	2 325 965	52 245	5 132 198	114 558
Investment Income Less Expenses apportioned to P/L a/c	8 782 528	197 272	8 198 226	182 996
Other Income less Other Outgo	1 695 817	38 091	- 187 492	- 4 185
Res. for Doubtful Debts, Investment W/off & Amortisation of Prem.on Inv.	910 824	20 459	240 912	5 378
<b>PROFIT BEFORE TAX</b>	<b>11 893 487</b>	<b>267 149</b>	12 902 021	287 992
Provision for tax including deferred tax	1 559 392	35 027	-4 844 044	- 108 126
<b>PROFIT AFTER TAX</b>	<b>10 334 094</b>	<b>232 123</b>	17 746 065	396 118
<b>ASSETS:</b>				
Investments	366 924 795	8 241 797	335 739 302	7 494 181
Loans	5 953 935	133 736	6 951 498	155 167
Fixed Assets	448 945	10 084	446 480	9 966
Cash and Bank Balances	47 566 041	1 068 420	27 731 148	618 999
Advances and Other Assets	76 376 758	1 715 561	66 799 390	1 491 058
Deferred Tax Asset	15 160	341	753 506	16 819
<b>TOTAL ASSETS</b>	<b>497 285 635</b>	<b>11 169 938</b>	438 421 323	9 786 190
<b>LIABILITIES:</b>				
Share Capital	4 300 000	96 586	4 300 000	95 982
Reserve and Surplus	93 902 190	2 109 214	85 965 715	1 918 878
Deferred Tax Liabilities	0	0	0	0
Fair Value Change Account	188 177 072	4 226 799	170 284 627	3 800 996
Current Liabilities & Provisions	210 906 373	4 737 340	177 870 981	3 970 334
<b>TOTAL LIABILITIES</b>	<b>497 285 635</b>	<b>11 169 938</b>	438 421 323	9 786 190

1 \$ = ₹ 44.52 as on 31.03.2011

1 \$ = ₹ 44.80 as on 31.03.2010

(Percentage relates 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

www.gicofindia.in



GIC Re

The strategic choice when it comes to reinsurance

- Total assets: **US\$ 11.16 billion** • Rated **AAA (In)** by CARE for Claims Paying Ability
  - Rated **A-(Excellent)** by A. M. Best Co. for Financial Strength
    - Net worth: **US\$ 2.2 billion**
  - Ranks **14th** among Top 40 Global Reinsurance Groups  
(Standard and Poor's Ranking for 2011)



आपत्काले रक्षिष्यामि

GIC Re

General Insurance Corporation of India

Global Reinsurance Solutions

# AWARDS RECOGNITIONS AND CERTIFICATIONS



A.M. Best Co. reaffirmed in February 2011, the Financial Strength Rating of A-(Excellent) and the Issuer Credit Rating of 'a-' of General Insurance Corporation of India (GIC Re) (India). The outlook for both ratings is stable. The ratings reflect GIC Re's strong risk-adjusted capitalization, improved expense ratio and strong market presence.

As mentioned by A. M. Best Co. in the rating rationale, GIC Re's strong capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), has further strengthened in the fiscal year 2010-11.



The rating committee of Credit Analysis & Research Ltd. (CARE) has, after completion of yearly surveillance in March 2011, 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 & economic factors on the claims paying ability is minimal. As mentioned in the rating rationale, this rating reflects GIC Re's status in the Indian insurance industry as national reinsurer, strong solvency position, low operating leverage, adequate liquidity and good profitability.



### **GIC Re Wins The Industry Catalyst Award For 2011**

Yet another accolade for the Corporation!

GIC Re was awarded The Industry Catalyst Award 2011 at "The Indian Insurance Awards 2011" held in Mumbai on the 7th of June 2011. India Insurance Review Journal, in association with Celent ([www.celent.com](http://www.celent.com)), organised "The Indian Insurance Awards 2011."

The Industry Catalyst Award 2011. –Category Description:

This award seeks to honour an industry participant that has provided exemplary services to the insurance industry in the country. The awardee would be a player in the insurance value chain whose contribution to the industry is significant and services par excellence in its field. The awardee would be a partner of choice for insurers in India bringing to the industry complementary strengths and value.

The Citation:

The Industry Catalyst Award for 2011 goes to the General Insurance Corporation of India.

"The only Indian reinsurance company, GIC of India, today celebrates a decade of service to the Indian insurance industry since its re-notification as a pure re-insurer in November 2000. The company has established its credentials as a quality service partner and responsive re-insurer to the Indian insurance industry. Today as GIC spreads its wings globally, Indian Insurance Awards celebrates its decade of growth and yeoman service to the Indian insurance industry."



# NOTABLE EVENTS/VISITS



## **Shri J. Hari Narayan, Chairman, IRDA visits GIC Re**

Shri J. Hari Narayan, Chairman of Insurance Regulatory & Development Authority visited GIC Re on 22nd July 2011. This was perhaps the first visit by the Indian Insurance Regulator to GIC Re.

CMD, Mr. Yogesh Lohiya welcomed the honoured guest and introduced him to the senior executives of the Corporation present on the occasion. Subsequently, a comprehensive presentation about GIC Re's profile, structure, financial performance, comparison with peers, new initiatives in IT and other matters detailing

all round growth & progress of GIC Re was made for the benefit of the honoured guest. The presentation also elaborated on Corporate Governance, transparency in decision-making, new initiatives like ERM and eThru in the area of IT.

Mr. Lohiya informed the IRDA Chairman about the measures that GIC Re as Indian reinsurer has adopted to stabilise, streamline and support the Indian non-life insurance market.

Shri Hari Narayan, evinced keen interest in the Project eThru. The highlights of the project eThru (detailed below) evoked enthusiastic response from the regulator. Shri Hari Narayan raised some pertinent questions about implementation of the eThru project, its acceptability, the probability of more producers being brought under its ambit and its scope being widened to include more parameters in it. He appreciated the steps being taken by the Corporation to bring in transparency and efficiency in the system.



### Highlights of project 'eThru'

- Automation between business partners
- Reduction of Processing inefficiencies
- Lower Operational Cost
- Ability to handle more business
- Integrate with Global Markets, Channels
- End-to-end integration of business processes, Straight Through Processing

The Chairman, IRDA, also gave us valuable inputs about the role that GIC Re would have to play in the years to come for the development of the Indian insurance industry. He emphasized on the importance that should be attached to an organisation's vision, mission and core values. He mentioned that these help the organisation remain on its toes and chart out a bright future for itself.

Visit of the Regulator was certainly a high-point for us and we cherish moments spent with him. We thank Shri Hari Narayan for his visit to GIC Re and guiding us forward to achieve greater successes in the days ahead.



## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has today become increasingly prominent in the Indian corporate scenario as organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. 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.

### 4th International Training Programme for participants from Africa and SAARC

Over the years GIC Re has acquired sufficient knowledge, expertise and technical know-how in the field of reinsurance. Reinsurance being a cross-border business based on relationships, GIC Re has also developed strong national and international relations required for sustaining this business.

To nurture and further enhance its already cordial and strong relations and share with its business partners, the Afro-Asian insurers, GIC Re has been organising Training Programmes on Reinsurance for its customers from this area of the globe. The 4th programme in the series of International Training programmes on Reinsurance was organized in Mumbai from 30th August to 3rd September 2010 at the newly erected campus of Insurance Institute of India. Twenty nine participants attended this programme of which 17 were from SAARC & African countries, 1 from Bahrain, 2 from Thailand and 1 from Dubai. Senior and middle level officials from Insurance Companies from Bangladesh, Sri Lanka, Nepal, Bhutan, Thailand, Bahrain, Egypt, Nigeria, Maldives and Dubai participated in the 5-day programme. There were 2 nomination from IIRM (Indian Institute of Risk Management), Hyderabad also.

The programme was inaugurated by Mr. A. K. Roy, General Manager, HR & Training. The Faculty was drawn from mainly from GIC Re, ex GIC Re officials and from the broking sections. In all 12 sessions on various technical subjects were held.

Mr. Yogesh Lohiya, CMD, GIC Re graced the Valedictory Function awarded participation certificates and mementos to the participants. From the feedback received from the participants, the programme was found very useful and it has achieved its purpose. It also provided a lot of opportunities to the participants to network and develop business with GIC Re counterparts.

The programme was co-coordinated by the GIC Re Learning Academy with support from Co-ordination and Reinsurance Departments.





## SUMMER INTERNSHIPS

Till a couple of years back, public sector insurance companies fought shy of working out summer internship programmes for B-school graduates. However, things are changing for the better. Today we have 48 insurance companies both in the public and private sector and all of them need academically qualified youngsters who can be groomed for taking up greater responsibilities in this very vital area.

Moreover, the insurance sector in the country post-liberalisation is in a transitory state currently. 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.

Now with liberalisation the sector has made great strides and many institutes and universities have come up with graduate and post graduate programmes in Insurance and allied fields. For providing these academically armed youngsters with some real-world experience in a work setting before they actually get into the thick of things, summer internship programmes are the right avenue. Ideally, the summer internship programmes 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.

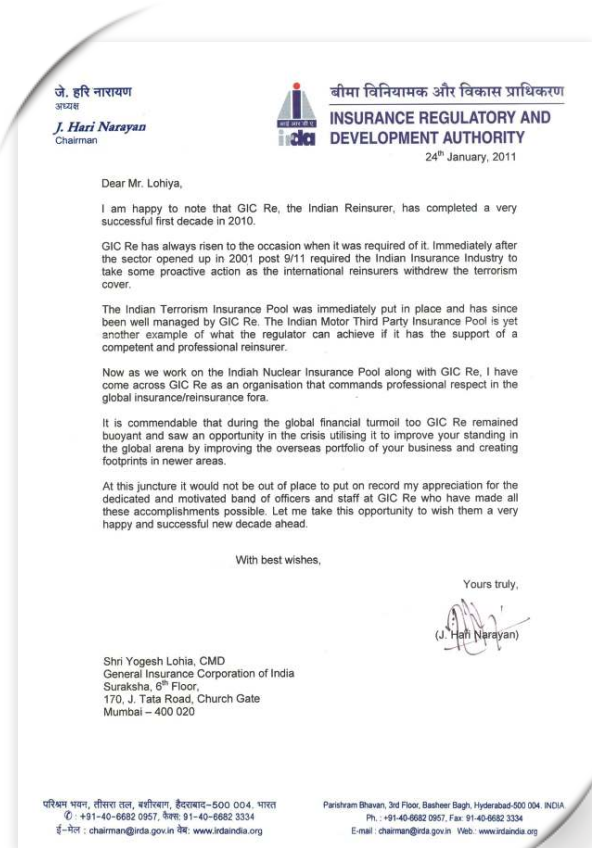
GIC Re has also, albeit in a small way, begun the summer internship programme. During the year 2010-11 the Corporation selected 13 students from National Insurance Academy, Pune and St. Xavier's College, Mumbai for its Summer Internship programme. The selected students were assigned to various departments in the Corporation where they were provided hands-on training in the various departments.

## ENCOMIUMS

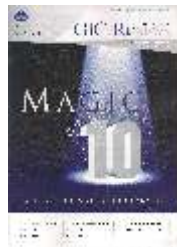
GIC Re completed its first decade as the Indian Reinsurer in November 2010.

The Corporation celebrated this momentous occasion by publishing a special issue of its quarterly newsletter GIC ReNEWS in January 2011.

On achieving this milestone, the who's who of the insurance sector, not only in the country but also from overseas congratulated the Corporation.



The January 2011 special issue of GIC ReNEWS is available at  
<http://gicofindia.com/Downloads/GICre-Jan-2011.pdf>





MAGIC

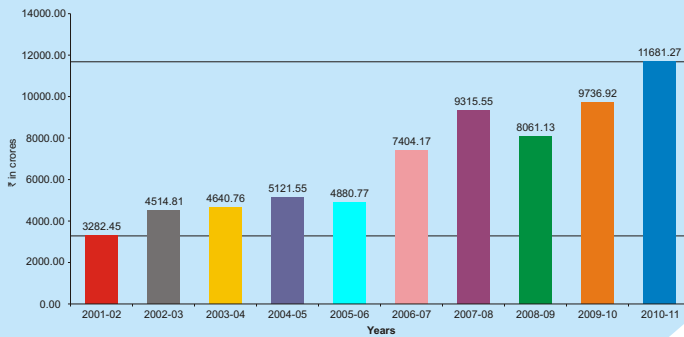
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— GLORIOUS YEARS OF GIC Re —

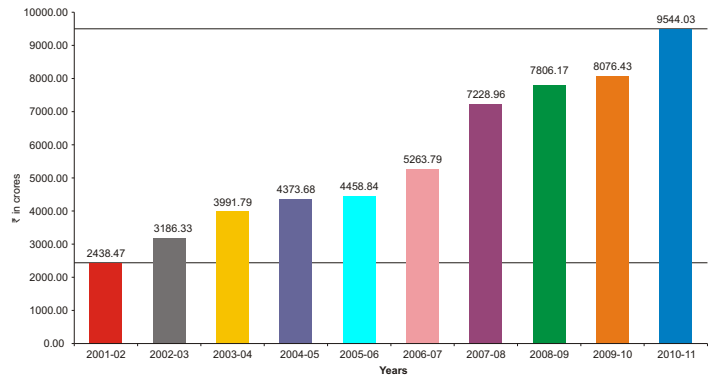
## DECADE'S (2001 - 2010) FINANCIAL HIGHLIGHTS

Currency - ₹ in crores

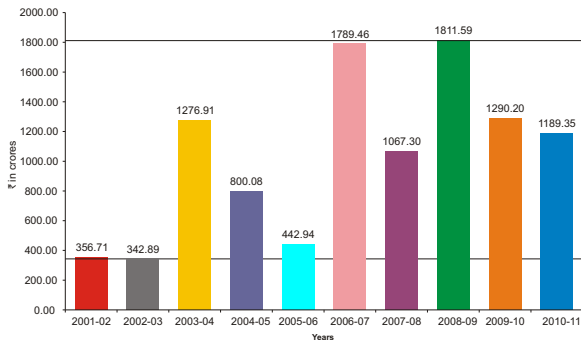
Year	Heads			
	Gross Premium	Earned Premium	Incurred Claims	Profit Before Tax
2001-02	3282.45	2438.47	2295.08	356.71
2002-03	4514.81	3186.33	2744.40	342.89
2003-04	4640.76	3991.79	2895.36	1276.91
2004-05	5121.55	4373.68	3702.80	800.08
2005-06	4880.77	4458.84	4573.07	442.94
2006-07	7404.17	5263.79	3622.71	1789.46
2007-08	9315.55	7228.96	6011.49	1067.30
2008-09	8061.13	7806.17	6217.14	1811.59
2009-10	9736.92	8076.43	6856.39	1290.20
2010-11	11681.27	9544.03	8625.78	1189.35



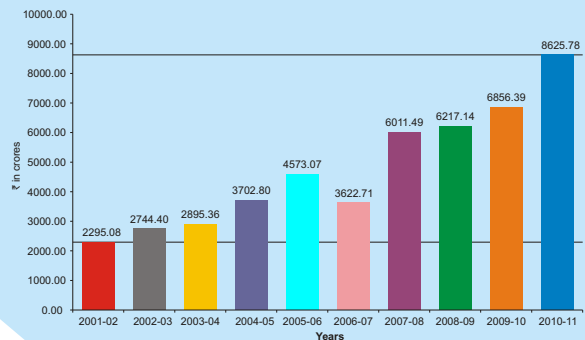
Gross Premium



Earned Premium



Profit Before Tax

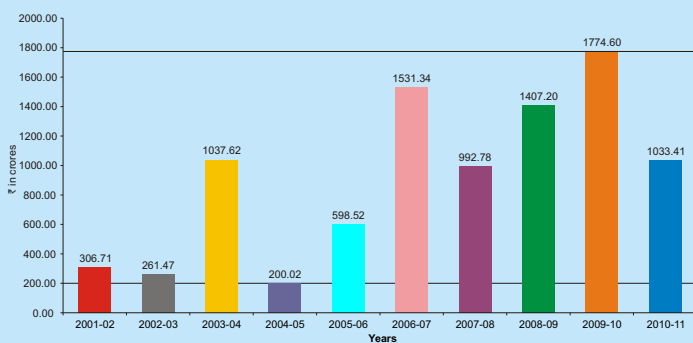


Incurred Claims

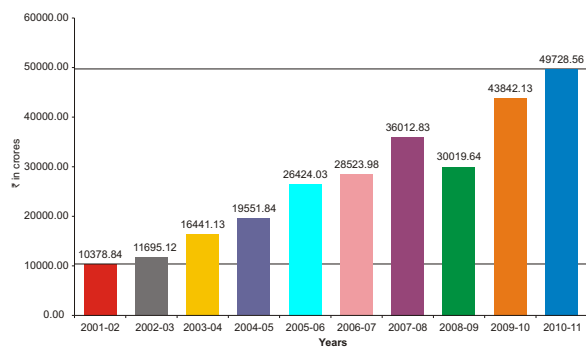
## DECADE'S (2001 - 2010) FINANCIAL HIGHLIGHTS

Currency - ₹ in crores

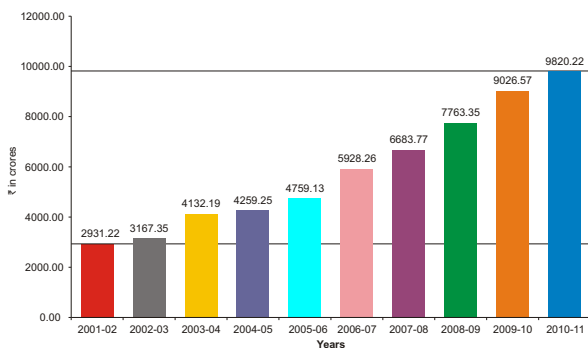
Year	Heads			
	Profit After Tax	Total Assest	Net Worth	Dividend Percentage
2001-02	306.71	10378.84	2931.22	20
2002-03	261.47	11695.12	3167.35	22
2003-04	1037.62	16441.13	4132.19	30
2004-05	200.02	19551.84	4259.25	30
2005-06	598.52	26424.03	4759.13	20
2006-07	1531.34	28523.98	5928.26	72
2007-08	992.78	36012.83	6683.77	46
2008-09	1407.20	30019.64	7763.35	65
2009-10	1774.60	43842.13	9026.57	82
2010-11	1033.41	49728.56	9820.22	48



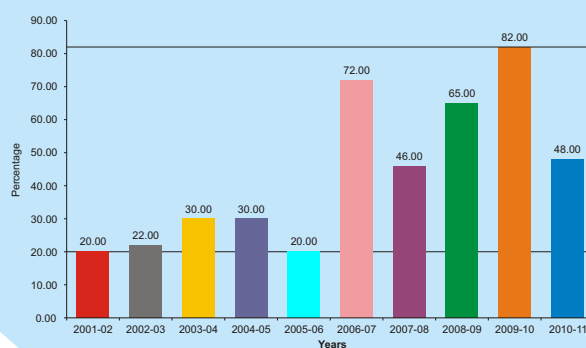
Profit After Tax



Total Assets



Net Worth



Dividend Percentage

Notes:

## PRESENTATION OF DIVIDEND FOR THE YEAR 2010-II



Shri Yogesh Lohiya, Chairman-cum-Managing Director, GIC Re presented the dividend cheque for 2010-11 for ₹ 206.40 crores to the Hon'ble Union Finance Minister Shri Pranab Mukherjee in New Delhi on the 1st of October 2011. Others in the picture are Hon'ble Minister of State for Finance, Shri Namo Narain Meena, Smt. Bhagyam Ramani, Director & General Manager, GIC Re (3rd from left) and Shri Ashok Kumar Roy, General Manager, GIC Re (extreme left).



## भारतीय साधारण बीमा निगम

सुरक्षा, 170, जे. टाटा रोड, 1 गेट, मुंबई - 400 020, भारत

फोन: +91 22 2286 7000 वेबसाइट: [www.gicofindia.in](http://www.gicofindia.in) ईमेल: [info@gicofindia.com](mailto:info@gicofindia.com)

(भारत सरकार के पूर्णतः स्वामित्व वाला उद्गम)

## General Insurance Corporation of India

Suraksha, 170, J. Tata Road, Churchgate, Mumbai - 400 020, India

Tel.: +91 22 2286 7000 Website: [www.gicofindia.in](http://www.gicofindia.in) email: [info@gicofindia.com](mailto:info@gicofindia.com)

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