Financial Services Commission
Mauritius

FINANCIAL SERVICES COMMISSION

Annual Report 2007

Contents

Statistics compiled by the Financial Services Commission in respect of the financial services and global business sectors

Pursuant to section 6(j) of the Financial Services Act 2007, one of the functions of the Commission is to "*collect, compile, publish and disseminate statistics in respect of the financial services and global business sectors.*"

The Commission regularly collects, compiles and disseminates industry-wide data and also conducts surveys amongst licensees.

Some of the aggregate figures compiled by the Commission have been published in this Annual Report and pertain to the financial year ending 30 June 2007.

More detailed figures and results of surveys carried out by the Commission will henceforth be published in a Statistical Bulletin that will be released within the first semester following each calendar year-end.

The first issue of the Statistical Bulletin is scheduled for the first semester 2008.

Financial Services Commission
Mauritius

Annual Report
for the year 1 July 2006 to 30 June 2007

Members of the Board

Chairman
Said Lalloo

Vice Chairman
Satyajit Boolell

Radhakrishna Chellapermal

Sanjay Gopaul

Chairman

Said Lalloo

Mr Lalloo has worked at directorate Level in the Finance Departments of the African Development Bank, from 1981 to 1990. Prior to this, he served a long career in the Ministry of Finance and was Chief Accountant from 1971 to 1981. He had previously worked at the Government Audit Department for 16 years.

He was the Director of the National Investment Trust from 1994 to 2005 and held the post of Chairman (2003-2004). He has also served as Chairman of the National Housing Development Corporation from 1993 to 2000, and as Director of the State Investment Corporation from 1994 to 2004.

Mr Lalloo is a fellow member of the Association of Chartered Certified Accountants.

Vice Chairman

Satyajit Boolell

Mr Boolell was admitted to the Mauritian Bar in 1985. He joined the Attorney General's Office in the following year. In 2003, he was appointed Parliamentary Counsel, post which he occupies to date. He holds a postgraduate law degree in Finance and Banking from Kings College, University of London. He is also a lecturer at the Council of Legal Education and a member of the Law Reform Commission. He has represented the Government at various international conferences, expert meetings and negotiations. He has appeared for the Government before the Judicial Committee of the Privy Council on a number of occasions.

Radhakrishna Chellapermal

Director, Financial Policy Analysis, Ministry of Finance and Economic Development.

After working in the private sector for 6 years, Mr Chellapermal joined the Ministry of Finance in 1983, where he has been involved in various projects relating to the financial services sector including the establishment of the Stock Exchange, the review of company legislation and the regulatory framework governing international business. He has also served on various committees, including the Company Law Advisory Committee and the Mauritius Accounting and Auditing Standards Committee. Mr Chellapermal was admitted as a member of the Association of Chartered Certified Accountants in 1980.

Sanjay Gopaul

Mr Gopaul is an economist and a graduate of the London School of Economics. He is the lead partner in DCDM E&M, an independent economic and management consultancy firm, part of the De Chazal Du Mée organisation. Before joining the private sector in 1999, he conducted research on export market development and foreign direct investment for the Mauritius Export Development and Investment Authority. He now practices as a management consultant and works almost exclusively in sub-Saharan Africa. Mr Gopaul advises governments and public sector institutions on privatisation, public sector reform and organisational restructuring. He is also widely sollicited by the private sector for advice on corporate strategy and new business ventures.

Members of the Board

Oliver Lew Kew Lin

Raj Makoond

Mary Anne Philips

Chief Executive
J.N. Meetarbhan

Oliver Lew Kew Lin

Managing Director, Diadeis Maurice Ltée.

After graduating from Oxford University in Engineering and Computing Science, Mr Lew Kew Lin set up one of the first BPO companies in Mauritius in 1990, specialising in Desktop Publishing for export. He is presently the CEO of the local branch of the French-based Diadeis Group. He was formerly the Chairperson of the Mauritius Institute Advisory Council and of the Board of the Export Processing Zone Development Authority. He has also served on various boards and committees, including the National Computer Board, the Board of Governors of the University of Technology, Mauritius as well as the board of a private bank.

Raj Makoond

Executive Director, Joint Economic Council.

Mr Makoond holds a Master's degree in Tourism Planning. Prior to his present responsibilities at the Joint Economic Council, he was the Deputy Secretary-General of the Mauritius Chamber of Commerce & Industry until 1993. He has also worked for the Ministry of Commerce, the Ministry of Economic Planning & Development and the Ministry of Tourism. He is a member of the Mauritius Negotiating Team on ACP-EU relations and the WTO Standing Committee. He is also involved at policy level in a number of institutions, such as Business Parks of Mauritius Ltd and the Board of Investment. Mr Makoond is a Director of the European Centre for Development Policy Management, a Dutch foundation.

Mary Anne Philips

Ms Philips is a practising Attorney since 1995.

She holds a Maîtrise en droit.

She has previously worked in the banking sector as in-house lawyer for the BNPI Group. She specialises in company law, commercial law, bankruptcy law, insurance, financial services and banking, as well as civil law.

Chief Executive

J.N. Meetarbhan

Mr Meetarbhan has long been associated with the development of the financial services sector in Mauritius.

He acted as legal adviser to the Ministry of Finance from 1986 to 1990 and was involved in the setting up of the Stock Exchange of Mauritius. He was subsequently appointed as a member of the Stock Exchange Commission. He served as the Chairperson of the Financial Services Consultative Committee, set up by the Government in 1997 to review a comprehensive set of legislation relating to the financial services sector.

Mr Meetarbhan was called to the Bar at the Middle Temple in London. He also obtained a Doctorate in International Law from the Sorbonne in Paris.

As a legal consultant, he has been actively engaged in the global business sector since 1994. He has advised a number of international corporations operating in the sector and has also served as a director on the boards of several companies and funds.

Previously, he was Senior Policy Adviser to the Prime Minister from 1995 to 1998 and served as Chairperson of Mauritius Telecom from 1998 to 2000.

He was also formerly Associate Professor of Law and Head of the Law Department at the University of Mauritius.

Financial Centres worldwide have had to face increasing competition and significant challenges over the past year. Globalisation has however increased opportunities for business. The world economy is nowadays increasingly dependent on global financial services and cross-border money flows as a means to sustaining economic growth while companies are becoming ever more multinational, shifting their operations and activities across borders.

In the face of such unprecedented acute competition and international economic challenges, the Mauritius financial sector has shown strong resilience, as a result of the strategic decisions made at macroeconomic level: the opening up of our economy, the overhauling of the tax system for a simplified tax regime that has improved competitiveness, the fast-track approval process for investment and improvements in the framework for doing business in Mauritius has positioned the sector as an attractive, secure and competitive location for cross-border investments. Economic growth is now expected to rise from less than 5% in 2006/2007 to around 5.8% in 2007/2008. The financial services sector itself is expected to grow by 7 to 8% during the same period.

The strategies laid down during the year under review both in terms of national policy by the Government or at the level of the Commission have reinforced the development of a business-friendly environment. While Mauritius ranks 11th for Protecting Investors in the Doing Business 2007 report[1], the economic reforms underway and elaborated in the National Budget 2007/2008 are poised to further promote an efficient and sound financial market as well as improving our business capability and effectiveness. These reforms aimed at boosting the economy and reinvigorating the business climate in Mauritius by adding more substance and value to our international financial centre (IFC).

"Our challenge is now to keep this momentum to consolidate our strategies and uphold the jurisdiction as a resilient and well regulated IFC, capable of facing fast paced changes in the financial sector and sustaining economic growth."

[1] *Doing Business: Protecting Investors, The World Bank Group, 2007.*

The opening up of our economy cannot however be made possible without a substantial improvement in the quality and efficiency of the financial services sector. The traditional ways in which the industry operates, including the instruments that are used for the provision of services, need to be reviewed. Ability to attract investment is influenced by key dynamic factors such as the overall business environment the jurisdiction offers, the availability of investment vehicles, the quality and cost of service, the range and diversity of products, the competence of its pool of professionals.

The year 2006/2007 has been focused on consolidating the sector. We have furthered the approach and direction given by the Board at the beginning of last year and defined the priorities for the Commission in terms of our policies and guiding principles.

During the year under review, the Commission has worked towards making Mauritius a still more attractive and competitive IFC in terms of the legal and regulatory regimes of the jurisdiction. The reputation of our jurisdiction is now internationally well established and Mauritius is considered sound and secure in all respects. The long overdue review of our legal framework was made to provide an adequate environment for investors and service providers. The new pieces of legislation will bring a wave of reforms to pave the way to a more flexible and modern regulatory environment. While implementing such critical changes, the overriding concern of the Commission has been to ensure compliance with international standards and best practices.

The Commission also continued in its endeavour to further improve its regulation and supervision of markets and service providers whilst ensuring consumer protection. The ever evolving and competitive dynamics in the market also requires of the Commission to be constantly innovative and proactive in its approach to the regulation of the sector.

I am happy to say that the relationship between the Commission and the non-bank financial services industry has been one of collaboration bent on achieving fair market conduct. The setting up of the Financial Services Consultative Council, which associates stakeholders of the sector, will certainly promote a stronger partnership that will allow us to align our objectives and strategies, combine our efforts and coordinate initiatives in a creative and innovative way to face the challenges of competitiveness and globalisation.

Our challenge is now to keep this momentum to consolidate our strategies and uphold the jurisdiction as a resilient and well regulated IFC, capable of facing fast paced changes in the financial sector and sustaining economic growth.

I wish to seize this opportunity to express my gratitude to the Vice-Chairman and the members of the Board as well as to the Chief Executive and his staff for their support in what has been a very challenging year. I look forward to their continued support in what will be yet another demanding year for the Commission in an increasingly dynamic global environment.

Said Lalloo
Chairman

The Commission set out during the previous year to adopt a more business-friendly and purposive approach to regulation. Whilst this objective was pursued during the year under review, the Commission, whose statutory duties include the development of the financial services sector, was also actively engaged in safeguarding the interests of the jurisdiction, promoting the Mauritian International Financial Centre, ensuring that consumer interests are adequately protected and promoting business development.

Prior to the Financial Services Development (FSD) Act 2001, the Mauritius Offshore Business Activities Authority was responsible for both regulation and promotion. The Stock Exchange Commission had also been entrusted with the responsibility of promoting dealings in securities and given the duty of protecting consumer interests. The FSD Act 2001 clearly distinguished between the two functions of regulation and promotion and provided for the setting up of the Financial Services Commission (FSC) as the regulator and the Financial Services Promotion Authority (FSPA) as the agency responsible for promotion. In 2006, Parliament repealed the provisions of the law relating to FSPA.

"The FSC is enhancing its communication strategy with all stakeholders. It believes in open dialogue with the industry. It aims not only at consolidating the level of confidence in the conduct of business in Mauritius but also to synergise the collaboration between the industry and the Commission."

The theoretical debate about the need to separate the functions of regulation and promotion cannot be the same in all jurisdictions. In smaller countries, the talent and skills available specially to the public sector are perforce limited. The apex agency in any sector is the one which has an overview of the sector and its staff has proper knowledge of the players and the business it regulates. To duplicate the same knowledge in another agency which would be entrusted with responsibility for promoting the sector is not always feasible.

A distinction needs to be made between promotion and business development. A regulator, especially in a smaller jurisdiction, should have no conflict in taking on responsibility for business development whilst another agency which specialises in promoting investments in other sectors of the economy assists in the design and logistics of promotional activities. To require a separate agency from the one which has a comprehensive knowledge of the sector to look after business development of the sector for theoretical reasons may not always be beneficial to the jurisdiction.

The Monetary Authority of Singapore took the view that supervision and development are not incompatible but complementary. "Our experience has been that effective cooperation between the supervisor and developer is vital so that our rules or regulations can be business-friendly without compromising industry best practices or undermining the basic tenets of good supervision. We believe that the delicate balance between the supervisory and developmental roles is best achieved within one organization with a shared purpose rather than separate agencies with possibly conflicting goals."

The statutory objectives of the FSC include:

Section 5 (1) (a)

to work out objectives, policies and priorities for the development of the financial services sector and to make recommendations to the Minister;

Section 5 (1) (b)

to study new avenues for development in the financial services sector, to respond to new challenges and to take full advantage of new opportunities for achieving economic sustainability and job creation;

The FSC takes these statutory objectives seriously and looks forward to an appropriate institutional framework which sets out the respective roles of all agencies in promoting the development of the financial services sector.

The debate about regulation and business development was extended during the past year to whether the functions of regulating an activity should be distinct from that of enforcing competition rules. Should these two functions need to be entrusted to separate agencies, the availability of skills required, the knowledge of the regulated sectors and possible institutional conflicts in small jurisdictions will again be relevant to the debate about new competition legislation.

As part of its overall duty to safeguard the interests of the financial services sector and the business conducted by its licensees, the Commission devoted, during the year under review, significant resources to ensuring the continued development of the global business industry. The support provided to these efforts at the highest level of Government with the Prime Minister, the Deputy Prime Minister and Minister of Finance and Economic Development and the Minister of Foreign Affairs show the strong commitment of Government to the sustained development of global business and the financial services sector as an engine of growth for the economy in general.

During the same period, the Commission devoted a considerable amount of resources to the work on improving the legal and regulatory framework. The Commission provided extensive support to the Ministry of Finance and Economic Development in finalising the new Financial Services Bill, the Securities (Amendment) Bill and the Insurance (Amendment) Bill and the regulations that would be made under these new laws so that they could be proclaimed. The Commission also worked extensively on the Rules to be made by the FSC for the proper implementation of the new legal framework.

The Financial Services Development Act 2001 provides that leasing is one of the financial services activities regulated by the FSC. However, a number of leasing companies which also take deposits were only licensed by the Bank of Mauritius whilst leasing companies which do not take deposits were licensed by the FSC. In January 2007, the FSC issued a public communiqué drawing attention to the provisions of the law and inviting leasing companies to comply. All leasing companies subsequently applied for a Licence from the FSC and the Commission has broadened its operational activities to exercise its statutory duties with respect to leasing.

The renaming of the Commission's Securities Cluster to the Capital Markets Cluster reflects the change in the scope of activities now regulated by the Commission. Over the last year, greater emphasis was put on enhancing the licensing and supervisory framework for Collective Investment Schemes. The year also saw the launching of the Development Enterprise Market by the Stock Exchange of Mauritius.

During the year under review, the Commission gave its in principle approval to the setting up of an international Commodities Exchange in Mauritius by the promoters of an Indian Multi Commodity Exchange. Such an exchange should give a significant boost to the image of Mauritius as an International Financial Centre (IFC). It is particularly apt that Mauritius, whose history is inextricably linked to sugar, should today be chosen as a place for setting up a regional commodities exchange which will include a Sugar Board.

Over the last year, the Commission has taken several measures to reinforce its capacity to regulate the insurance sector and ensure consumer confidence in the sector. The FSC required insurance companies to put in place new complaints handling procedures. Each insurer should appoint a Complaints Coordinator and have effective consumer complaints procedures to process complaints from persons not satisfied with claims handling by the insurer. Complaints not satisfactorily resolved by the insurer would then be referred to the Commission.

The FSC also made a significant effort during the past year to reinforce its capacity to supervise the insurance industry and recruit qualified staff both locally and overseas. The Commission also decided during the period under review to appoint inspectors to investigate the affairs of two insurance companies and appropriate action was taken following the submission of the inspection reports in both cases.

As part of its initiative to reinforce its supervisory framework with respect to all the sectors that it regulates, the FSC has commissioned a Risk-Based Supervision framework and solution, based on international standards and state-of-the-art technology.
The new Risk-Based Supervision Framework will guide the FSC in risk-assessing and supervising its licensees and is expected to be operational early 2008. Risk-Based Supervision will enable the FSC to prioritise and allocate supervisory resources according to the risk map of its licensees. The solution will enable the FSC to assess the quality of risk governance structure of its licensees through an appropriately calibrated and validated risk governance index. This in turn will help create an early warning system that will enable the Commission to take corrective action.

The FSC is enhancing its communication strategy with all stakeholders. It believes in open dialogue with the industry. It aims not only at consolidating the level of confidence in the conduct of business in Mauritius but also to synergise the collaboration between the industry and the Commission. The Financial Services Consultative Council set up under the Financial Services Development Act 2001 held its first meeting in December 2006. The Council is chaired by the Minister of Finance and Economic Development and comprises representatives of various financial services sectors and should be a useful forum for discussions on future strategy and product diversification and legislative reforms. Three specialised sub-committees have been set up and a number of members co-opted from the industry.

The Commission also started an exercise during the period under review to revisit its vision and mission statements. A Management retreat followed by a retreat for Board members considered the changes that have taken place both on the domestic and international fronts and the need to refocus the Commission's vision and mission.

As a member of the international standard setting bodies, the FSC adopts international norms and best practices in the exercise of its supervisory functions. During the year under review, the FSC initiated steps to become a signatory to the IOSCO Multilateral MOU on Exchange of Information. The FSC also agreed to host the Regional Seminar for African Insurance Supervisors on Licensing, Corporate Governance and Risk-based

Supervision in November 2007. The target audience are the Senior and Mid-Level Supervisors in the insurance sector. The event is organised by the Financial Stability Institute (FSI) and the International Association of Insurance Supervisors (IAIS).

Staff development and capacity building remain one of the top priorities of the Commission. We set up a full-fledged HR department headed by an Executive and we are pursuing our strategy of creating a conducive environment where opportunities are given to all our people to develop, grow and add value to the various organisational initiatives.

I wish to thank members of staff who have contributed to the various initiatives taken during the year, the Chairman and members of the Board for their continued and active support and industry representatives for their fruitful cooperation

J.N. Meetarbhan
Chief Executive

CORPORATE OVERVIEW

1.1 About FSC

The Financial Services Commission is the integrated regulator for global business and financial services other than banking in Mauritius.

Whilst focusing on its core functions and mission to safeguard the good repute of Mauritius as an International Financial Centre and to protect the interests of all stakeholders in the industry, the Commission is also committed to enhancing the competitive edge of the jurisdiction, expanding the business and contributing to the sustained economic development of Mauritius.

1.2 Review of Internal Structure and Investing in Human Capital

1.2.1 Review of Internal Structure

The past year was characterised by a number of internal organisational initiatives taken by the Management in order to better enable the Commission to discharge its statutory objectives.

The internal organisational structure of the FSC was reviewed and changes were brought. These include the merging of the legal and investigation teams to create the Legal and Enforcement cluster, the widening of the scope of the activities of the Capital Markets cluster to include oversight of, *inter alia*, Collective Investment Schemes, and the setting up of two new clusters, the Human Resources cluster and the Administration cluster.

1.2.2 Empowerment and Flexibility

In line with its policy of decentralised management and human capital empowerment, new work arrangements were introduced by empowering Coordinators and Team Leaders in all clusters.

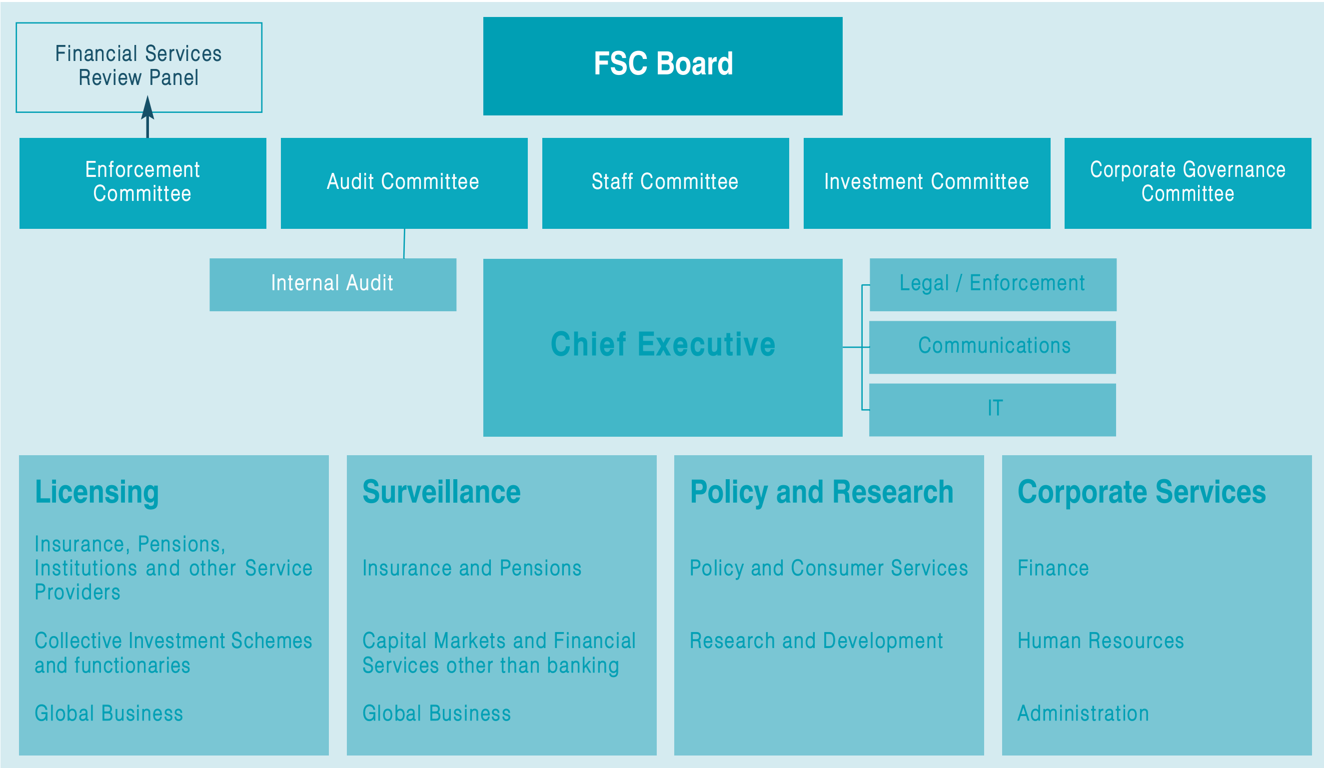
With a view to ensuring that FSC operates efficiently and effectively emphasis is laid on the flexibility of its internal organizational structure. A project-based approach to all major initiatives has been adopted. In order to ensure the effective and timely implementation of these initiatives, cross-functional teams have been constituted to work on the projects. The FSC is committed to giving all members of staff opportunities to contribute and add value to the various initiatives.

1.2.3 Capacity Building

Building organisational capacity is one of the priorities of the FSC in so far as its human capital strategies are concerned. Despite the highly competitive labour market in which it operates, the FSC has continued to attract quality human capital and maintains an average turnover rate of 6.1%.

In addition to a new recruitment drive, major initiatives were taken to upgrade the technical and managerial competence of staff. Regional and international exposure is deemed very important and staff regularly attend and participate in various workshops and conferences conducted by international regulatory organisations.

Organisational Chart



A series of in-house workshops and training sessions aimed at enhancing the technical knowledge as well as soft skills of staff took place during the year under review. A two-day workshop on team building was also conducted for senior management and Board members by a professional consultant.

1.2.4 Organisational Knowledge Management System

Having a well defined strategy to manage corporate knowledge capital is of major importance in a knowledge based economy. The dynamic nature of the financial services sector requires that the FSC puts in place the necessary infrastructure to ensure that performance is enhanced through the identification, capture, validation, transfer and sharing of knowledge. A Knowledge Management awareness initiative has been taken, in support of which a cross functional Steering Committee was set up.

1.3 Investment in Technology

Technology plays a pivotal role in the Commission's strategy to improve its operational and supervisory capabilities. In July 2006, the Integrated Licensee System became fully operational. This project was initiated to act as a data repository for the different categories of licensees such as Insurance entities, Pension Scheme-related entities and Financial Intermediaries; Leasing, Credit Finance and Factoring entities; Investment Dealers, Investment Advisers and their representatives; Collective Investment Schemes and CIS functionaries such as CIS Managers, CIS Custodians and CIS Administrators; Treasury Management and Actuarial services firms.

The Integrated Licensee System will provide better features in terms of user-friendliness, concurrent use, secure access to data, and enhanced integrity with improved confidentiality and better reporting performances. It leverages on a state-of-the-art hardware and Relational Database Management System platform, thus providing a high standard of operation in the most efficient manner.

A new backup system was also implemented during the year under review, with the object of taking extra data security measures. This initiative was part of the FSC's overall disaster recovery strategy.

Measures were also adopted to improve the data entry process and to harmonise the quality of data throughout its various functions. The long-term objective is to reduce the intensive paper-based approach to information management and processing. Emphasis has thus been laid on the optimal use of electronic data.

The FSC has also undertaken to move focus from application-specific issues to needs of end-to-end processes. A review of the ability to feed information to processes and end users of the FSC's existing software applications was started. This entailed customising existing applications to fit with the desired information architecture and to meet the needs of the business as a whole.

Moreover, the introduction of new technologies has enabled the streamlining of existing processes and improved the responsiveness of the Commission to external competitive pressures.

Financial Services Consultative Council

The Financial Services Development Act 2001 provides for the setting up of a Financial Services Consultative Council (FSCC). The FSCC was established during the year under review and the first meeting was held in December 2006. The objective of the FSCC is to act as a think tank and to serve as a platform for discussions on innovative concepts and international trends in the field of financial services, and to formulate proposals for the development of the sector.

The FSC participated in sub-committees of the FSCC set up sector-wise for Capital Markets, Global Business, Insurance and Pensions. The Commission also provided administrative and secretarial supports to these sector-wise sub-committees.

Sub-Committee on Capital Markets

The sub-committee for Capital Markets focused on market development and the legislative framework governing capital markets. It considered the need for investor education aimed at retail investors on the domestic market. The sub-committee also discussed the need for more companies to be listed on the local Stock Exchange and to encourage regional listings. The sub-committee was of the view that the introduction of corporate bonds with attractive yields should be encouraged to develop a stronger secondary debt market.

The sub-committee also contributed to the review of the Securities Act 2005 and proposed amendments with a view to encouraging the overall development of the capital markets.

Sub-Committee on Insurance and Pensions

The Sub-Committee has started examining the measures to be adopted and the legal and institutional framework required for an improved pensions industry.

Sub-Committee on Global Business

Issues relating to training, legislation, promotion and marketing in the global business sector were identified and discussed. Core proposals were:

- Enactment of partnership legislation - preferred structure for funds
- Expansion of the Double Taxation Avoidance Agreements (DTAA) network, specifically the identification of “priority countries” with which DTAAs can be negotiated
- Specialised professional training in financial services.
- Promotion and marketing of Mauritius as a jurisdiction.
- Proposals relating to the global business sector in the context of the National Budget 2007-2008.

PROMOTING EFFICIENT AND SUSTAINABLE MARKETS

I. Enhancing Compliance

2.1 The Legislative Framework

Since its enactment in 2001, the Financial Services Development Act, under which the FSC was established, underwent various amendments. With a view to consolidating all amendments brought over the years and further improve the regulatory framework, the FSC proposed the adoption of a new Financial Services Bill.

In view of the common regulatory regime for all licensees proposed in the new Financial Services Bill, amendments were also required to the Securities Act 2005 and the Insurance Act 2005.

The Financial Services Bill will, *inter alia*, streamline the licensing procedures and consolidate the regulatory and supervisory framework for all non-bank financial service providers.

The Financial Services Bill will also provide for Self-Regulatory Organisations (SROs) in the non-banking financial services sector. The FSC may delegate some of its functions and powers to SROs.

2.2 Risk-based Supervision

During the year under review, the Financial Services Commission initiated action to introduce a new risk-based supervision framework and solution, based on international standards and state-of-the-art technology, for all financial services it licenses and regulates.

The new risk-based supervision framework will guide the FSC in risk-assessing and supervising its licensees. This framework will enable the FSC to prioritise and allocate supervisory resources according to the risk map of its licensees. The solution will enable the FSC to assess the quality of risk governance structure of its licensees through an appropriately calibrated and validated risk governance index. This in turn will help create an early warning system that will enable the Commission to take corrective action

This initiative is in line with FSC's commitment to continuously improve its supervisory framework.

2.3 Supervision and Compliance

2.3.1 Insurance

2.3.1.1 Surveillance

The FSC conducts both on-site and off-site supervision of its licensees. Examination of statutory returns, annual reports, actuarial valuation reports and reinsurance treaties continue to be the main aspects of off-site supervision.

The FSC also monitors companies which are in run-off situation and companies in liquidation.

2.3.1.2 Inspections

On-site inspections enable the Commission to assess the insurer's risk management and decision-making processes as well as its accounting and internal control systems. Increasingly, inspections are also being seen as an ideal way to build a beneficial working relationship between the FSC and the insurers.

During the year under review, the FSC conducted on-site inspections of six insurers. Findings were discussed extensively with the insurers and then communicated to them in inspection reports. Increased communication with insurers has helped to a large extent to improve compliance.

2.3.1.3 Regulatory Developments

During the year under review, the FSC worked on several amendments to the Insurance Act 2005.

The Commission had regular working sessions with the Insurers' Association on amendments to solvency rules for long-term and general insurances.

The solvency rules for general business will outline the capital framework, using a risk-based formula, for determining the minimum capital required. It will also define the capital available to meet the minimum capital requirement. It should be noted that the solvency rules will determine the minimum capital requirement, which may not necessarily be the optimum capital required.

The long-term solvency rules will set out the principles for determining the value of liabilities, describe the valuation parameters, outline the valuation of assets and investment concentration limits, and describe the content of the actuary's report. The rules will also set out the minimum capital requirement.

A minimum level of financial resilience will be introduced by way of:

(a) best-estimate assumptions of all parameters which will be increased by prescribed minimum margins as well as additional discretionary margins for prudent release of profits; and
(b) compliance with the capital adequacy requirement, wherever applicable.

The Commission worked on FSC rules to be made under the forthcoming legislations and assisted in the drafting of various regulations to be made by the Minister of Finance and Economic Development. The major regulations deal with the investment of funds overseas, insuring assets based in Mauritius overseas, qualifications of an actuary, frequency of actuarial investigation, brokers, agents and compulsory cession to statutory insurer. Throughout this exercise, consultations have been undertaken with the industry in a spirit of collaboration and comments made by the Insurer's Association were considered while drafting the regulations.

2.3.2 Global Business

2.3.2.1 Surveillance

Category 1 Global Business Companies (GBCs 1)

GBCs 1 submitted some 3,700 audited financial statements which were reviewed with respect to their:

(i) compliance with the law and the relevant regulations;
(ii) compliance with licensing conditions as well as with International Financial Reporting Standards;
(iii) ascertainment of the financial performance and position of licensees; and
(iv) ongoing assessment of the licensees' fitness and propriety.

2.3.2.2 Inspections

Inspections of Management Companies are carried out to ensure that licensees operate in compliance with the existing regulatory and legal framework. Inspections have enabled the FSC to achieve inter alia a beneficial working relationship with Management Companies in line with the Commission's business-friendly approach. In addition to improving communication between the FSC and the Management Companies, inspections have bridged the FSC's regulatory expectations gap by clarifying what is expected from Management Companies in their capacity as service providers.

The first cycle of inspections was completed by the end of the financial year under review, thereby bringing the total number of Management Companies inspected to 76. As at 30 June 2007, all Management Companies in operation for more than one year had been inspected.

The first cycle of inspections focused on the following:

(i) compliance with Customer Due Diligence requirements; monitoring of conduct of clients' business;
(ii) establishment of documented procedures (including anti-money laundering procedure manual);
(iii) risk profiling system in place; and
(iv) compliance with the Code on the Prevention of Money Laundering and Terrorist Financing intended for Management Companies in respect of appointments of Money Laundering Reporting Officers;

The second cycle of inspections at Management Companies will be determined in the light of the new risk-based supervisory framework to be adopted by FSC. In the meantime, regular inspections will continue for newly licensed Management Companies.

2.3.3 Capital Markets

2.3.3.1 Surveillance

The FSC oversees trading of the market through the Automated Trading System (ATS) daily and monitors trading activities through public information and by keeping track of market events through the media, SEM's publications and reports from the CDS. No failed trades have been noted as at 30 June 2007.

The FSC also reviewed audited financial statements and other statutory returns submitted by licensees to ascertain compliance with the relevant laws and regulations as well as licensing conditions.

2.3.3.2 Inspections

During the year under review, the FSC conducted on-site inspections of six companies licensed under the Financial Services Development Act 2001 (comprising of one Investment Manager, three Investment Advisers, one Treasury Manager and one provider of custodial services) and three stockbroking companies.

The FSC reviewed the scope of inspections. A more pragmatic and market-oriented approach was adopted with regard to the conduct of on-site inspections with a view to facilitating the sharing of information, such as good governance practices, with its licensees.

2.3.3.3 Approval of Listing Particulars

The FSC gave its authorisation for the publication of Listing Particulars in relation to the proposed listing of shares by way of Bonus and Rights Issues of companies listed on the Stock Exchange of Mauritius during the period under review.

2.3.4 Other Financial Services

2.3.4.1 Supervision

The FSC monitors compliance of the licensed financial institutions with relevant laws, regulations, codes and licensing conditions. This is done through off-site monitoring and on-site inspections. While off-site monitoring involves reviewing information (audited financial statements, change in shareholding structure, appointment of senior management, launching of new products and other data) submitted to the Commission, on-site inspection generally involves ensuring the licensees' compliance with laws, licensing conditions, corporate governance practices, the implementation of adequate internal controls and risks management mechanism. It also involves an assessment of the adequacy of the financial institution's internal complaints handling procedures and any departures from sound conduct of business.

During the year under review, the FSC has broadened its supervisory scope of new business activities to include factoring, leasing and custodial service.

The supervisory focus on licensed financial institutions, though harmonised with that of capital market operators, has special regard to the specificity of the licensees' financial activity and the risks inherent in the business conducted so as to move in tandem with the Commission's overall strategy for implementation of a risk-based assessment.

II. Improving our Business Capability and Effectiveness

2.4 Streamlining Application Procedures for Global Business

Given that all applications for Global Business Licences are channelled through Management Companies, the latter play an important role in the financial services sector. They are to ensure that their clients are fit and proper to conduct business in Mauritius. In this respect, the licensing regime applicable to Management Companies (in their capacity of service provider) is more stringent than the regime applicable to client companies set up for investment purposes.

During the year under review, the minimum capital requirement for a Management Company was raised from Rs 300,000 to Rs 500,000 and the application procedure was reviewed to include the submission of a comprehensive human resource plan, draft compliance and procedures manuals and infrastructural plans. On 13 September 2006, additional changes were brought to the Licensing Conditions applicable to Management Licences in order to align these conditions with the provisions of the law and the current practice. Henceforth, Management Companies need the prior approval of the FSC for the appointment of any director/officer (as defined in the Companies Act 2001) and for the issue/transfer of any shares or any change liable to affect its legal or beneficial interest. Moreover, the FSC has started interviewing new applicants for a Management Licence prior to recommending the applications to its Board. This preliminary interaction gives the FSC an opportunity to better assess the application.

During the year under review, a new Application Form for a Management Licence has been finalised. The new Application Form will comprise a checklist to assist applicants in the compilation of documents required to be appended to their applications.

2.4.1 Streamlining of Licensing Procedures for GBC 1

With a view to reducing the application turnaround time and in line with its commitment to further streamline the process relating to applications for a GBC 1, the FSC introduced new application procedures for GBC 1. These new application procedures became effective as from 2 February 2007.

The new application procedures involve the issue of a GBC 1 without the prior issue of a letter of intent. This new procedure is applied where the FSC is satisfied that, on the face of the application documents submitted, the licence may be issued without going through the process of issuing a letter of intent.

To this effect, all applications for a GBC 1 licence need to be accompanied by the appropriate set of supporting documents and the prescribed processing and annual fees and a letter of acceptance of standard licensing conditions that would be applicable to the proposed GBC 1.

Overall, the turnaround time for the approval of a Collective Investment Schemes, GBC1 and GBC2 has been considerably reduced to an average of one week, two days and one day respectively during this financial year.

2.4.2 Recommendation of the Issue of Tax Residence Certificates (TRCs)

2.4.2.1 Recent Developments in TRC Applications

Since October 2006, TRCs are issued to GBCs 1 by the Mauritius Revenue Authority (MRA) upon the recommendation of the FSC.

To be eligible for a TRC, a GBC 1 is required to:

- Maintain at least two resident directors in Mauritius;
- Chair and initiate Board Meetings from within Mauritius;
- Maintain an account with a local bank through which its funds will flow;
- Maintain its registered office in Mauritius where all statutory records will also be kept; and
- Have a local qualified company secretary. Under the condition attached to a GBC 1 licence, the Management Company of the GBC 1 acts as qualified company secretary.

In respect of the above, a Circular Letter (CL011006) was issued by the FSC on 3 October 2006 to set out the requirements for TRC application.
The existing procedures were further enhanced as follows:

(a) TRCs are issued with validity dates, i.e., they would be effective as from the date of issue/renewal of the GBC 1 licence and would remain valid until the expiry of the licence.Thereafter, the TRC would be renewed each year.

(b) TRCs are issued pursuant to a specified DTAA. Accordingly, the DTAA in relation to which a TRC is being applied for should be stated in the application.

(c) The Finance Act 2006 amended Section 73 of the Income Tax Act to state that TRCs would be issued by the MRA within a period of seven days as from the date of the application.

In October 2006, the FSC introduced a new recommendation process which included the assessment of the good standing of the applicant GBC 1 through a comprehensive review of its corresponding records. This exercise enables the FSC to ascertain compliance of the GBC 1 applying for the TRC with prevailing laws, licensing conditions and Circular letter CL011006 which requires that the company is controlled and managed from Mauritius.

From October 2006 to June 2007, the Commission has recommended the issue of 1,882 TRCs, out of which 885 were new applications and 997 were renewals.

Double Taxation Avoidance Agreement (DTAA) Network

Tax treaty benefits are available to entities or persons resident in Mauritius. Accordingly, a resident entity must be liable to tax in Mauritius in accordance with the tax laws as applicable in Mauritius. Such an entity must obtain a Tax Residence Certificate (TRC) issued by the Mauritius Revenue Authority (MRA).

As at 30 June 2007, Mauritius had a network of 32 DTAAs ratified with countries from various parts of the world as follows -

Africa - Botswana, Lesotho, Namibia, Madagascar, Mozambique, Rwanda, Senegal, Seychelles, South Africa, Swaziland, Uganda and Zimbabwe;
Asia - China, India, Malaysia, Nepal, Pakistan, Singapore, Sri Lanka and Thailand;
Europe - Belgium, Cyprus, Croatia, France, Germany, Italy, Luxembourg, Sweden and UK;
Middle East - Kuwait and Oman;
Carribbean - Barbados.

During the year under review, the DTAA between Mauritius and the United Arab Emirates (UAE) was ratified. This DTAA will come into force on or after 1 July 2007 in Mauritius and on 1 January 2008 in UAE, following which our DTAA network will comprise of 33 treaties in force.

The network is expected to further expand with some seven DTAAs already signed and awaiting ratification whilst six DTAAs are under negotiation.

2.5 Protecting Consumers

2.5.1 Revised Complaints Handling Procedures for Insurance Companies

With a view to encouraging insurance companies to offer a better service to policy holders, the FSC revised the complaints handling procedures for the insurance sector during the year under review.

The FSC issued a Circular Letter (CL021006) as well as Guidelines on complaints handling by Insurance Companies on 5 October 2006 requiring all insurance companies to set up and maintain with effect from January 2007 an internal complaints handling mechanism to ensure that complaints are addressed efficiently and in a timely manner.

With a view to better informing consumers, insurance companies were also required to provide information relating to all the steps towards the resolution of a complaint, as provided in the FSC's Guidelines on complaints handling by Insurance Companies: how to file a complaint, the documents that must be produced when filing a complaint, the processing time and the expected response time from the insurance company.

Each insurance company has therefore appointed a Complaints Coordinator in accordance with the above requirements. The Complaints Coordinator's role is to ensure that the complaint is given a fair treatment through the insurance company's internal complaints handling mechanism. The company is expected to settle a complaint within 30 working days of the date of filing.

The FSC will henceforth only look into complaints if the complainant is not satisfied with the outcome of the insurer's internal complaints handling mechanism.

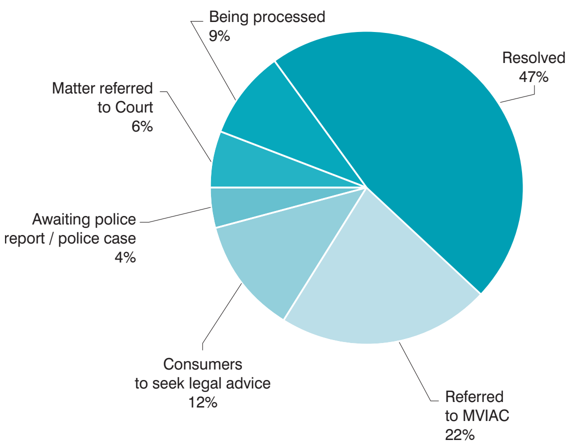
2.5.2 Complaints Handling

During the period under review, the Commission received 326 complaints, all but one related to the insurance sector.

95% of the insurance complaints related to motor insurance, followed by life insurance 2.5%, and the remaining 2.5 % consisted of Fire Insurance, Travel Insurance, Personal Accident and Marine.

The FSC assisted in the successful resolution of 47% of the complaints received. The remaining complaints were deemed to relate to disputes of a contractual nature or in connection with Agreed Statement of Facts ("Constat à l'amiable"), which had to be referred to the Motor Vehicle Insurance Arbitration Committee (MVIAC) for settlement of disputes on quantum and liability.

Chart 1 – Complaints Handling by the FSC for the period 1 July 2006 - 30 June 2007



Source: FSC, 30 June 2007

MARKET OVERVIEW

3.1 Insurance [1]

During the year under review, overall gross premium of the local insurance industry amounted to approximately Rs. 10.5 billion, divided into Rs. 6.8 billion for long-term and Rs. 3.6 billion for general insurance. Total gross premium rose by 15% from Rs. 9.1 billion in 2005. Total assets of insurers grew by 20% from Rs. 42.1 billion in 2005 to Rs. 50.7 billion in 2006. Assets of long-term insurers amounted to Rs. 42.7 billion, while the remaining Rs. 8 billion were held by general insurers.

Long-term Business

For the year under review, 14 companies were active in the long-term insurance industry generating total gross premium of Rs. 6.86 billion, up from Rs. 5.74 billion in 2005 representing an increase of 19.5%.

Assets of long-term insurers showed a robust growth of 21.5% to reach Rs. 42.71 billion in 2006 from Rs. 35.15 billion in 2005. Booming stock markets were the main contributors to this strong growth. The long-term insurance industry achieved a surplus after tax of Rs. 5.3 billion. Assets of long-term insurers stood at 20.7% of GDP (at market prices) in 2006, compared to 19% in 2005.

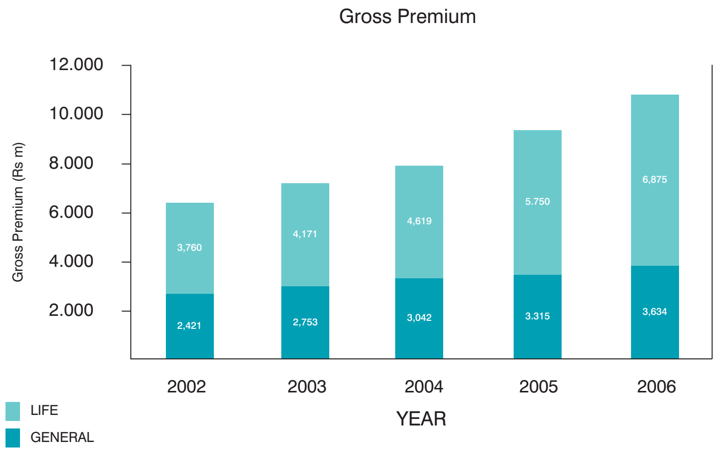
The long-term insurance industry witnessed the emergence of new products, where insurance were blended with investment products. The distribution of insurance also experienced some transformation, where banks are now acting as agents for insurers.

General Business

During the period 2006/2007, there were 15 companies operating in the general insurance sector [2].

Chart 2

Chart 3



Gross premium in 2006 reached Rs. 3.63 billion, experiencing a growth of 9.34% from Rs. 3.32 billion in 2005. The corresponding growth from 2004 to 2005 was 8.9%. Net premium grew from Rs. 1.7 billion in 2005 to Rs. 1.88 billion in 2006, representing an increase of 10.2%. Overall retention by general insurers remained almost constant at 51% of gross premium.

Motor insurance continues to have the major share in the general insurance business with 37% of total gross premium, though this share varies widely between insurers. Stiffening premium rates competition in this segment of the market has negatively impacted on the underwriting results of many insurers. In addition, the motor insurance business tends to post high loss ratio, which is mainly due to the increased costs of claims and higher incidence of claims.

The net claims ratio of the overall general insurance business was 68%, with a net underwriting loss of Rs. 264 million. It differs significantly between insurers, with the spectrum varying from 36% to over 100%. Underwriting loss as a percentage of gross and net premiums has deteriorated to 7.3% and 14% respectively in 2006, as compared to 2.6% and 5% respectively in 2005. Despite unfavourable underwriting results, assets of general insurers grew by 14.7% from Rs. 6.99 billion in 2005 to Rs. 8 billion in 2006. This was mainly due to the positive investment and other income which has amortised the adverse underwriting results leading to a net retained profit.

Assets of general insurers as a percentage of GDP (at market prices), however, grew only marginally from 3.8% in 2005 to 3.9% in 2006.

[1] More detailed statistics are provided in Appendix IV.

[2] One company is in run-off.

International Overview [3]

Worldwide insurance premiums amounted to US$ 3,723 billion in 2006. This was split into US$ 2,209 billion in life and US$ 1,514 billion in non-life insurance. Total premium volume grew by 5%, in real terms, with life premiums increasing by 7.7% and non-life premiums by 1.5%.

In 2006, the life market grew by 7.7%, the highest rate since 2000, and faster than overall economic activity in most countries with the exception of Japan. The profitability of life business has continued to improve in many countries, as costs were cut, guaranteed interest rates reduced and profit participations adjusted to reflect the low interest-rate environment.

Recovering from last year's stagnation, global non-life business grew by 1.5%, below the growth in GDP. However, this headline figure masks a sharp divergence in performance between the industrialised world, which saw only tiny growth of 0.6%, and the robust 11% delivered by emerging markets.

Africa contributes 1.6% towards world premium for life business and 0.9% for non-life.

[3] Source: Swiss Re Sigma (No 4/2007)

3.2 Pensions

During the year under review work continued on a Private Occupational Pension Bill and the rules to be made under the new law. The rules will provide inter alia for Actuarial Valuation, Admissible Assets and Spreading of Risks and Disclosure to Members. Prior to finalisation of the Bill and its rules, working sessions with stakeholders of the Pensions industry will be held.

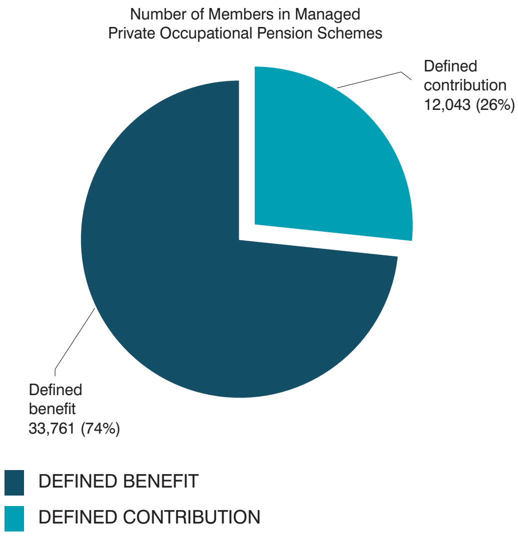
Managed Private Occupational Pension

In anticipation of the forthcoming legislations on private occupational pension business, the FSC conducted a survey on private occupational pension schemes managed by insurers and pension scheme administrators. The results are shown in Chart 4.

Funds of managed pension schemes amounted to almost Rs. 11 billion as at 31 December 2006. As in the insurance industry, the market for managed private occupational pension business tends to be highly concentrated. Two insurers control 69% of the managed schemes, with 72% of total assets.

There are a large number of small schemes and a few large schemes, as shown below.

Chart 4



A total of 733 managed pension schemes were surveyed, out of which 508 (69%) were defined benefit and 225 (31%) defined contribution.

There were a total of 45,804 members, split between defined benefit schemes (33,761) and defined contribution schemes (12,043).

Table 1 - Number of Members per Size of Scheme

Size of Scheme	Defined Contribution		Defined Benefit		Total	
No. of Members	**Schemes**	**Members**	**Schemes**	**Members**	**Schemes**	**Members**
<10	115	477	244	985	359	1,462
11-50	75	1,759	157	3,765	232	5,524
51-300	26	3,050	90	9,875	116	12,925
301-1,000	7	4,176	11	6,197	18	10,373
1,000+	2	2,581	6	12,939	8	15,520
TOTAL	**225**	**12,043**	**508**	**33,761**	**733**	**45,804**

3.3 Global Business

3.3.1 Management Companies

The global business sector continued to attract new players. There was growing interest from international law firms, legal and accounting practitioners, conglomerates wishing to diversify their existing line of business and professionals (both local and from abroad) to set up Management Companies.

The Commission received 11 applications for Management Licences for the period 2006/2007 as compared to seven applications in the previous financial year. Out of the 11 applications, eight licences were issued by the Commission during the year under review.

There were also a number of mergers and acquisitions amongst existing Management Companies during the period under review. This trend clearly reflects a dynamic market characterised by increased competition, which imposes exigencies of both quality service at a competitive pricing, and moving from the provision of conventional services to new types of services extended to foreign companies. Such new services include – but are not limited to – back office support services to foreign companies, foreign funds administration, Net Asset Value calculation (for foreign Collective Investment Schemes), book keeping, preparation of accounts and trusteeship services.

In 2006, 67 Management Companies generated US$ 64,301,796 whereas in 2005, 68 Management Companies recorded a turnover of US$ 48,646,195. There has been a substantial increase in their overall profit before tax (US$ 28,328,230) whilst in 2005, 68 Management Companies realised a total profit before tax of US$ 21,041,548. Further, data collected from the audited financial statements show that more than 60% of the total income was yielded by only 10 Management Companies.

Table 2 - Summary of Financial Results of Management Companies (2004-2006)

	2006	2005	2004
No. of Management Companies' Accounts Reviewed	67	68	75
Turnover (US$ m)	64,302	48,646	39,940
Profit Before Tax (US$ m)	28,328	21,042	12,214

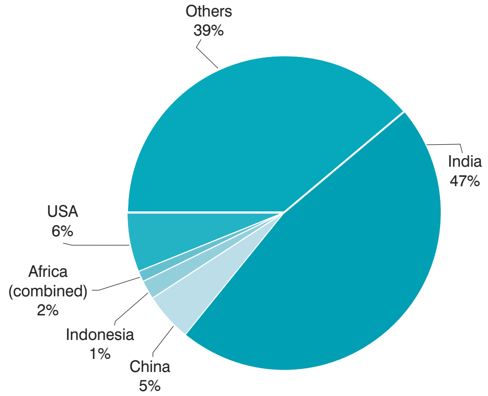
3.3.2 Global Business Licence holders

Applications for Global Business Licences maintained its momentum with an average annual growth of around 13%.

Category 1 Global Business Licences (GBC 1)

A total of 1,367 new GBC 1 licences were issued during the year 2006/2007, thus taking the total number of GBC 1 licences issued above the 10,000-mark (totalling 10,073). This constitutes an increase of 16% in the total number of GBC 1 licences on the previous financial year.

Chart 5 - Geographical breakdown of investments through GBC1 (2006/2007)



Source: FSC, 30 June 2007

Category 2 Global Business Licences (GBC 2)

Licences issued to GBC 2 have maintained a constant growth of 12% for the last two financial years. 2,410 GBC 2 were licensed during the period under review, resulting in a total of 22,695 GBC 2 on the FSC's register.

Table 3 - Summary of Number of Licences Issued (2004-2006)

Type of Licences	2006/2007	2005/2006	2004/2005
Management Licences	8	5	4
GBCs 1	1,367	973	472
of which Collective Investment Schemes	*87*	*86*	*46*
GBCs 2	2,410	2,118	1,833

3.4 Capital Markets

3.4.1 The Stock Exchange of Mauritius

In line with global trends, the Stock Exchange of Mauritius has demonstrated a strong growth record. All the three market indices have recorded new heights. However, by mid-May, a sporadic downward pressure was noted on the progression of the market causing it to retreat slightly. The fall was short-lived and the market recovered to the loss incurred. Moreover, the fiscal measures announced in the National Budget 2007/2008 gave another boost to the Market which enabled it to post further gains as at 30 June 2007. Charts 6a/6b/6c/6d provide a snapshot of the evolution of the indices of the Market as at 30 June 2007.

Net foreign investment inflow into the equities market amounted to Rs 972.8 million for the period under review.

3.4.2 Extension of Trading Sessions of the Stock Exchange of Mauritius

The trading hours for the sessions of the Stock Exchange of Mauritius were extended following the closure of the Over-the-Counter Market at the end of January 2007. The trading hours for the Development and Enterprise Market have been extended to trade daily (instead of thrice weekly) and run in parallel with the Official Market. The trading hours are now from 09.30 to 12.00 daily for both markets. It is expected that such changes will contribute to a boost in the trading market.

Chart 6a: Evolution of SEMDEX and SEM-7 for period July 2006 to June 2007 (end month)

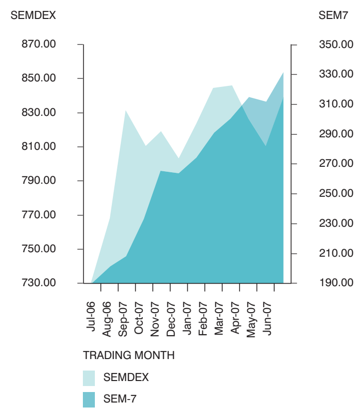


Chart 6b: Evolution of SEMTRI (Rs) and US$ for period July 2006 to June 2007 (end month)

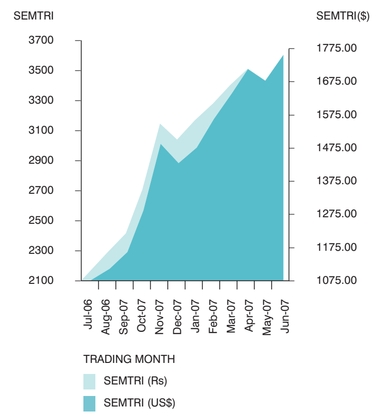


Chart 6c: Evolution of DEMDEX for period July 2006 to June 2007 (end month)

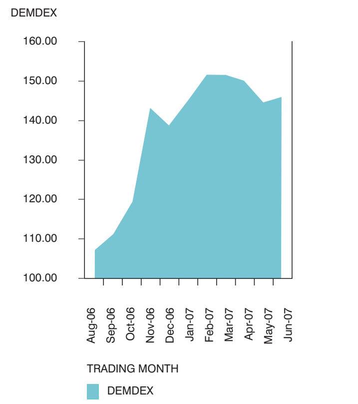
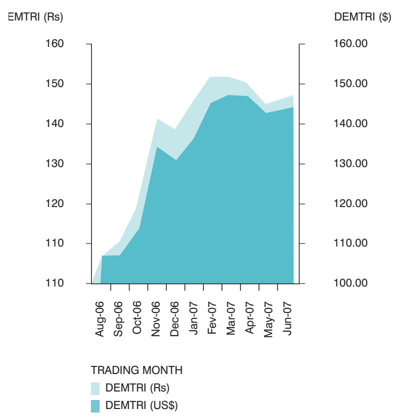


Chart 6d: Evolution of DEMTRI (Rs) and US$ for period July 2006 to June 2007 (end month)



3.4.3 Development and Enterprise Market

The coming into operation of the Development and Enterprises Market (DEM) on 4 August 2006 marked a new phase in the history of the Stock Exchange of Mauritius. This market is the secondary market of the Stock Exchange of Mauritius. Following the launching of the new market, the Over-the-Counter (OTC) market of the Stock Exchange of Mauritius was phased out at the end of January 2007.

3.4.4 Commodity Market

The initiative to set up a Pan African Commodity Market in Mauritius by a leading international company specialising in multi-assets exchanges was welcomed by the authorities in Mauritius during an announcement made to stakeholders of the Capital Markets industry in November 2006.

The new Commodity Market will require a licence from the Commission to operate an international market in Mauritius with domestic and international players. It will allow different categories of participants to trade through an electronic network linking geographically dispersed buyers and sellers in real time.

3.4.5 Leasing Companies

Leasing companies not involved in deposit taking activities are licensed by the FSC under the Financial Services Development Act 2001. The FSC has put in place a new supervisory framework to better oversee leasing activities in Mauritius.

With the aim of ensuring compliance with the relevant provisions of the Financial Services Development Act 2001, the FSC issued a Communiqué on 31 January 2007 drawing attention to Section 14(1) of the Financial Services Development Act 2001 which requires any person conducting leasing business to be licensed by the FSC. The Communiqué also mentioned that a list of all persons licensed by the FSC would be posted on its website. The public is advised to consult this list before entering into a business relationship with any entity that claims to be a provider of financial services business as defined under the Financial Services Development Act 2001.

Following the issue of the above mentioned Communiqué, one new company was licensed by the FSC during the year under review to conduct leasing business in Mauritius.

The list of leasing companies licensed by the FSC as at 30 June 2007 is as follows:

- SICOM Financial Services Ltd
- La Prudence Leasing Finance Co. Ltd
- Capital Leasing Ltd
- Océor Lease Mascareignes Ltée
- SBM Lease Ltd
- The Mauritius Leasing Company Limited

3.4.6 Collective Investment Schemes

The CIS sector will undergo a major overhaul with the coming into force of the Securities Act 2005 and the CIS Regulations issued under this Act.

During the year under review, the FSC held wide consultations on the draft CIS Regulations in order to streamline its provisions and offer a modern and comprehensive framework for CIS. The provisions of the CIS Regulations have been drafted in line with the objectives of IOSCO.

FSC worked on a new comprehensive framework for CIS to encourage the setting up of a greater number of investment funds, both domestic and global, including Real Estate Investment Trusts.

With the increasing number of investment funds operating in the global business sector, the FSC has sought to encourage global funds to be listed on the Stock Exchange. Mauritius can provide the necessary facilities in developing a market for global funds. To this effect, a Joint Committee set up by the FSC and the Stock Exchange of Mauritius (SEM) is working on the setting up of a framework to enable the listing of global funds on the domestic stock market.

As at 30 June 2007, 439 global funds were registered with the FSC, and their Net Value of Assets (NAV) stood at over US$ 43 billion.

International Overview

Capital markets worldwide experienced satisfactory upturn as at 30 June 2007, despite significant sell-outs which resulted into occasional downturns. Several factors such as better-than-expected earnings growth and positive economic data accounted for the strong recovery and good results. The US Dow Jones Industrial Average registered historic winning streak and its almost daily climb to new record highs in the last quarter of the period under review. An impressive feat that had not been seen since 1927 was noted in April and May 2007. The BRIC (Brazil, Russia, India and China) countries particularly India and China have continued to demonstrate their potential as engines of growth. In general, global markets had been witnessing positive growth and a closer degree of synchronization. International realignment and mergers and acquisitions activities had been switching into high gear among stock markets. Technology had had a huge impact on exchanges' business as a mean to facilitate trading and inculcate an e-friendly business. Along with these changes, investor education has become important together with market information distilled to the public. Emerging markets have overall undergone a dramatic transformation since the crisis-prone 1990s and were in arguably the best fundamental shape in decades.

3.5 Other NBFIs

The FSC regulates all financial services other than banking. In addition to the sectors already covered in this Annual Report, the FSC also regulates financial institutions carrying out the following activities:

- Fund/Portfolio Management
- Investment Advisory Service
- Leasing Service
- Credit Financing Service
- Factoring Service
- Pension Scheme Management
- Actuarial Service
- Treasury Management
- Custodial Service
- Registrar Service

3.5.1 Licensed Financial Institutions

As at 30 June 2007, the FSC had issued a total of 50 licences under section 14 of the Financial Services Development Act 2001 to companies involved in a wide range of activities including, but not limited to leasing, factoring, credit financing, treasury management, investment or pension fund administration/management, custodial service, registrar and transfer agency. For the year under review, seven new licences were issued.

Table 4 below provides highlights of trends in the number of such licences issued over the last five years.

Table 4 - Entities licensed under Section 14 of the Financial Services Development Act 2001 (2003-2007)

	As at 30/06/2007	As at 30/06/2006	As at 30/06/2005	As at 30/06/2004	As at 30/06/2003
Fund / Portfolio Managers	18	16	16	9	5
Investment Advisors / Agents	6	6	5	3	2
Leasing Companies	6	3	3	2	0
Credit Finance Companies	3	3	2	1	1
Factoring Companies	3	3	1	0	0
Pension Scheme Managers	3	3	2	2	1
Actuaries	1	1	1	1	1
Treasury Managers	5	4	3	1	1
Custodians / Registrar	5	4	1	1	1
TOTAL	**50**	**43**	**34**	**20**	**12**

Classification of Financial Institutions other than Banking

1. Risk-pooling Institutions (Insurance Companies)

This sub-sector specialises in providing contingent promises by underwriting economic risks associated with death, illness, damage to or loss of property, other loss exposures and retirement incomes. The main institutions would include:

- Insurance Companies
- Captive Insurance Companies
- Re-insurance Companies

2. Contractual Savings Institutions

These institutions are investment vehicles or organised financial arrangements which pool investors' funds (individuals and institutions) for the purpose of acquiring financial assets in the form of equity, debt and derivative promises. The distinguishing characteristic of these vehicles is that they transform the underlying investment promises into essentially equity-type promises by the vehicle. The ultimate risk inherent in the underlying investment portfolio is borne by the shareholder or unit holder in the vehicle. These institutions in fact provide contractual savings in a fiduciary rather than in a principal role.
They include:

- Collective Investment Schemes (Authorised Mutual Funds, Unit Trust Schemes, Investment Trust Companies, Private Equity Funds, Venture Capital Funds, Hedge Funds, etc.)
- Statutory Pension Funds:
    - National Pension Fund
    - National Savings Fund
    - Sugar Insurance Pension Fund
    - Civil Service Pension Scheme
    - Superannuation Funds or Occupational Pension Schemes
- Private Occupational Pension Schemes

3. Capital Market Operators

Market Makers

This sub-sector comprises companies that intermediate in markets in financial securities such as equities, government and corporate debts, and derivatives by taking dealing and risk positions in the activities undertaken. They include:

- Stockbroking Companies [4]
- CIS Managers and Administrators
- Portfolio Managers

Market Infrastructure Providers

This sub-sector comprises organised institutional units that settle and maintain the infrastructure of the capital market and includes:

- Stock Exchange of Mauritius
- Central Depository System
- Custodial services

4. Specialised Credit Institutions

This sub-sector comprises of institutional units that provide a limited range of specialised financial services (non-deposit taking) to a specialised target group of investors/institutions by raising and channelling funds from lenders and lending them to borrowers. These financial institutions provide a highly specialised service that typically focuses on a single product or sector.

- Credit Finance Companies
- Leasing Companies
- Factoring Companies
- Treasury Managers
- Mortgage Finance Companies

5. Financial Service Providers and Market Professionals

Included in this sub-sector are firms or individuals that arrange, execute, or otherwise facilitate client transactions in financial assets by providing specialised services to their customers on a fee-for-service basis. These units do not as a main business activity raise funds or extend credits on their own account, but do provide finance-related services.

- Corporate Service Providers (essentially Management Companies operating in the Global Business Sector)
- Insurance Managers including Managers of Captive Insurance Business
- Insurance Intermediaries
- Pension Managers and Administrators
- Actuaries
- Auditors

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[4] These entities will be replaced by Investment Advisers and Investment Dealers under the forthcoming new legislation.

3.6 Surveys

One of the functions of the FSC is to collect, compile and disseminate statistical information pertaining to the financial services sector. During the period under review, the FSC participated in local and international statistical initiatives and surveys, as follows:

3.6.1 Annual NBFI and Quarterly Statistical Surveys

The purpose of the Annual NBFI survey is to depict market trends in each industry segment of the non-bank financial services sector. It will also provide economic input for National Accounts used for the purpose of micro and macro economic analysis.

Following consultation with the industry, FSC launched the Quarterly Statistical Surveys (QSS) for Insurers, Occupational Pension Schemes and Collective Investment Schemes in January 2005. Given the risk profiles of these NBFIs, the coverage of these entities in the QSS supports the risk-based approach adopted by the Commission in supervising NBFIs.

The objectives of the QSS are mainly to compile data which enable the FSC to monitor NBFIs through the establishment of an effective framework for off-site surveillance including mechanisms for "early warning system" for entities in difficulty and to provide updated statistics for licensees.

3.6.2 Survey on Islamic Financial Services

In June 2006, the Ministry of Finance and Economic Development set up a Steering Committee which included representatives of the Commission, on Islamic financial services with the objective of examining the feasibility of introducing Islamic financial services in Mauritius. The Committee considered the legal and regulatory aspects of Islamic Finance in the Mauritian financial sector.

Given the wide remit of non-banking Islamic financial services, the FSC conducted a survey among its licensees prior to making appropriate proposals and recommendations to the Committee.

3.6.3 IMF Coordinated Portfolio Investment Survey

The Coordinated Portfolio Investment Survey (CPIS) collected information on securities held by domestic residents but issued by unrelated non-residents. The aim of the CPIS, which is conducted under the aegis of the International Monetary Fund (IMF), was to significantly improve the coverage of cross-border portfolio investment assets at country level and global level. The CPIS also aimed at providing disaggregation according to the country of residence of the issuer, so as to allow the derivation of cross-border portfolio investment liabilities, both at the country and international level.

The survey was conducted jointly by the FSC and the Bank of Mauritius to cover both non-deposit taking institutions (including the Global Business sector) and all deposit taking institutions. The consolidated data was submitted to the IMF.

The data collected from the survey will be used in the compilation of the balance of payments and international investment position statistics of Mauritius. The data will also help to indicate the size and the composition of the financial sector of Mauritius.

The survey was also conducted in coordination with other jurisdictions for international data comparability.

National Committee on Financial Services Statistics

A National Committee on financial services statistics was also set up under the Statistics Advisory Council, established under the Statistics Act 2000.

The Committee comprised stakeholders of the financial services sector, including the FSC, the Bank of Mauritius, the Ministry of Finance and Economic Development, the Central Statistics Office, the University of Mauritius and representatives of the industry.

The Committee has been mandated to develop a set of indicators for the financial services sector which will measure and monitor the performance of the financial services sector. The Committee is looking at ways to facilitate, coordinate and streamline the implementation of various statistical initiatives pertaining to the sector.

INTERNATIONAL RELATIONS

4.1 Developing International Relations

The FSC is a member of international standard setting bodies such as the International Organisation of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS) and of the International Organisation of Pension Supervisors (IOPS).

At regional level, the FSC is part of the Government of Mauritius delegation at the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), and is a member of the Committee for Insurance and Securities National Authorities (CISNA), which groups member countries of the Southern African Development Community (SADC).

With respect to bilateral cooperation, the FSC has signed 14 MOUs with its foreign counterparts to facilitate exchange of information.

4.2 International Organisation for Securities Commissions (IOSCO)

The FSC participated in the 32nd Annual Conference of IOSCO and the Africa and Middle East Regional Committee (AMERC) in Mumbai from 9 to 12 April 2007. One of the main areas of discussion of the Conference was the Objectives and Principles of IOSCO.

With a view to becoming a signatory to the IOSCO MMOU on exchange of information and international cooperation, the FSC has in October 2006 under the IOSCO MMOU Assistance Programme, received the assistance of the Autorité des Marchés Financiers (AMF) of France to prepare the application that would be submitted to IOSCO.

4.3 International Association of Insurance Supervisors (IAIS)

The Commission attended the 13th annual conference of IAIS held in Beijing, China. Nearly 500 supervisors and insurance professionals from more than 100 countries participated, reinforcing the relevance and importance of IAIS. Several new supervisory standards and guidance papers were adopted at the conference on a range of issues including asset/liability management, standard on disclosure concerning technical risks and performance for life insurers and guidance paper on preventing, detecting and remedying fraud in insurance.

4.4 International Organisation of Pension Supervisors (IOPS)

Established in July 2004, IOPS groups pension regulators of some 50 countries worldwide. IOPS serves as a standard setting body on pension supervision, promotes international cooperation among its members and provides a worldwide forum for policy dialogue and exchange of information.

The Commission participated in the Annual General Meeting (AGM) and Committee meetings of the IOPS, held in Istanbul in November 2006. A seminar of the

OECD was also held back-to-back with the IOPS meetings. Following the AGM, IOPS issued the 'Principles of Private Pension Supervision.

4.5 Committee for Insurance, Securities and Non-Bank Financial Authorities (CISNA)

The FSC participated in the first bi-annual meeting of CISNA held in Windhoek, Namibia, in May 2007. A study on the capital markets legal framework existing in the Southern African Development Community (SADC) was conducted. Subsequently, it was agreed to submit a common paper on *a Harmonised Regulatory Framework for CISNA* (relating in particular to legal and market development) at the next meeting of the Committee, to be held in Tanzania in October 2007. A Sub-Committee has also been set up to oversee the development of CISNA's website and member countries are expected to contribute towards its development and maintenance costs.

Bilateral Cooperation

The FSC has signed several Memoranda of Understanding (MOUs) for the exchange of information with other local and international regulatory authorities. These MOUs aim at strengthening the cooperation between the FSC and its counterparts.

List of Counterparts to MOUs

1. Bank of Mauritius
2. Securities and Exchange Board of India
3. Committee for Insurance, Securities and Non-bank Financial Authorities
4. Financial Services Board of South Africa
5. Malta Financial Services Authority
6. Pensions and Insurance Authority of Zambia
7. Capital Markets Authority of Uganda
8. Namibia Financial Institutions Supervisory Authority
9. Securities and Exchange Commission of Zambia
10. Insurance Supervisory Department of Tanzania
11. Financial Intelligence Unit, Mauritius
12. Isle of Man's Financial Supervision Commission
13. Reserve Bank of Malawi
14. South Asian Securities Regulators Forum
15. Central Bank of Lesotho
16. Jersey Financial Services Commission

Exchange of Information

During the period under review, the Commission has dealt with a total of 99 requests for exchange of information.

Out of these, 61 were with overseas regulators and related, *inter alia*, to licensing issues, action resulting from enforcement cases, and fitness and propriety of entities.

At the national level, the FSC dealt mainly with institutions such as the Registrar of Companies, the Bank of Mauritius, the Financial Intelligence Unit, the Stock Exchange of Mauritius and Central Depository and Settlement Co. Ltd.

Attachment Programme

The Commission hosted delegates from the Insurance Supervisory Department of National Bank of Ethiopia who were on attachment with the FSC in May 2007.

CORPORATE GOVERNANCE COMMITTEE REPORT

Report of the Corporate Governance Committee to the Board of the Financial Services Commission

The FSC was established as an independent body to regulate and monitor the non-bank financial services sector. It performs its functions in accordance with its objects as set out in the Financial Services Development Act 2001.

As the regulator for the non-bank financial services sector, the FSC is responsible under the National Code of Corporate Governance (the Code) for monitoring the application of the principles set out in the Code by designated financial institutions falling under its supervision. The FSC guides by example and is committed to achieving high standards of corporate governance and chooses to comply with the spirit laid down in the Code and other relevant international norms and best practice proportionate and consistent with the nature of its business.

Board members who are appointed in accordance with the requirements of the Act are Non-Executives and independent of the FSC. They are nominated in their individual capacity and not as representatives of specific organisations.

The Board has set up sub-committees to assist the Board in discharging its functions. A Corporate Governance Committee, an Audit Committee, a Staff Committee and an Investment Committee have thus been set up.

The Corporate Governance Committee is tasked, *inter alia*, with the responsibility to determine, agree, develop and monitor the FSC's general policy on corporate governance, to prepare the corporate governance report to be published in the FSC's annual report, and to ensure that all relevant disclosures are made in the annual report.

During the year under review, the Board, which under the Act is required to meet at least once every month, held twelve meetings (inclusive of special meetings) while the Audit Committee held eight meetings, the Corporate Governance Committee four meetings and the Staff Committee held five meetings.

The roles of the Chairman and the Chief Executive are separate under the Act. The Chairman heads the Board, which is responsible for administering and managing the FSC while the Chief Executive is responsible for the execution of the policy of the Board and for the control and management of the day to day business of the FSC. The FSC operates independently of Government but is accountable to Parliament, and ultimately to the public, through the tabling of its annual report. Open consultation and a good working relationship with its licensees help to ensure that the FSC interacts with market operators and other stakeholders in a transparent and accountable manner.

The FSC is sensitive to the economic and social environment within which it operates and is committed to act as a responsible corporate citizen. Much progress has been achieved with regard to health and safety issues during the year under review. A Health and Safety Officer has been appointed and a Health and Safety Committee set up to promote and maintain safe and healthy working conditions at the FSC. The Health and Safety Committee is comprised of, *inter alia*, 4 representatives of the FSC and 4 representatives of the Employees who were selected by staff members. The Health and Safety Committee meets once every 2 months.

Other issues such as ethics, employee involvement and equal opportunity of employment have been identified as key to the long term interest of the FSC to conduct itself as a responsible corporate citizen. Work is on-going to refine internal policies and practices that would enhance the existing practice in these areas.

The members of the Corporate Governance Committee have assessed the extent of compliance with the principles of good corporate governance consistent with the FSC's nature of business and are satisfied that during the year under review the Commission was broadly compliant with these principles although some areas have to be developed further.

R. Makoond	M. A. Philips	O. Lew Kew Lin
Chairman	Member	Member

AUDIT COMMITTEE REPORT

Report of the Audit Committee to the Board of the Financial Services Commission

The Audit Committee of the Financial Services Commission (FSC) consists of three Non-Executive Board members namely Mr Oliver Lew Kew Lin (Chairman), Mr Radhakrishna Chellapermal and Mr Sanjay Gopaul. Mr R. Sokappadu, Secretary to the Board, acted as Secretary.

The Audit Committee met on eight occasions from 1 July 2006 to 30 June 2007.

The Terms of Reference of the Audit Committee as well as the Internal and External audit processes were given in the FSC's Annual Report 2006.

In addition to the actions already taken during 2005/2006 as listed in the FSC's Annual Report 2006, the following were undertaken by the Audit Committee during 2006/2007:

1. Following a tender exercise, Messrs Bansal & Co. from the Republic of India were appointed as External Auditors for the sum of US$ 20,000 plus out of pocket and travelling expenses not exceeding US$ 10,000.
2. An accountant at the Commission was appointed temporary internal auditor.
3. The Audit Committee ensured progress was made in the enhancement of the Information System at the Commission and the upgrading of the accounting system.
4. The procedures for loans granted to staff members were reviewed.
5. The necessary procedures and guidelines for expenditure were formalised.
6. The internal auditor has prepared a Report on Risk Analysis and Audit Approach. The Report was discussed at the level of the Committee and necessary actions were taken.

The Audit Committee had meetings with the former External Auditors and the current External Auditors. Suggestions were made on how to improve procedures at the Commission and necessary actions were taken.

The Audit Committee is satisfied with the financial reporting and recommends that the Board approves the financial statements for inclusion in the FSC's Annual Report 2007.

Yours faithfully,

O. Lew Kew Lin	R. Chellapermal	S. Gopaul
Chairman	Member	Member

FINANCIAL STATEMENTS

BOARD'S REPORT

The Board of the Commission presents its report and the audited financial statements of the Commission for the year ended 30 June 2007.

Review of activities

The Commission is an independent regulatory authority established under the Financial Services Development Act 2001 to regulate the non banking financial services sector. The Commission licenses, regulates, monitors and supervises the conduct of business activities in the said sector.

Statement of Board's responsibilities in respect of the financial statements

The Board of the Commission is responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs and income and expenditure account of the Commission.

In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards i.e. the International Financial Reporting Standards (IFRS) have been followed, subject to any material departures and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in business.

The Board confirms that they have complied with the above requirements in preparing the financial statements.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of the Commission on 27 September 2007.

Signed on their behalf

S. Lalloo	S. Boolell	J.N. Meetarbhan
Chairman	Vice Chairman	Chief Executive

AUDITORS' REPORT

BANSAL & CO.
Chartered Accountants

Report of the independent auditors to
The Chairman of the Board of Financial Services Commission
(Under Section 8 of the Statutory Bodies (Accounts & Audit) Act 1972 as amended), the Act.

We have audited the attached Balance Sheet of the Financial Services Commission (The Commission) as at 30th June 2007 and also the income statement and the cash flow statement of the Commission for the year ended on that date annexed thereto. These financial statements have been prepared under the historical cost convention, on the basis of the accounting policies annexed in the notes to the financial statements and comply with the International Financial Reporting Standards (IFRS).

Responsibilities of the Board of the Commission

The Board of the Commission is responsible for the preparation of the financial statements and safeguarding the assets of the Commission and hence taking reasonable steps for the prevention of fraud and other irregularities.

Responsibilities of the Auditors

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of the Commission in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or interests in the Commission other than in our capacity as auditors.

Opinion

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- Proper books of account have been kept by the Commission as far as appears from our examination of those books;
- The Balance sheet, the income statement and cash flow statement dealt with by this report are in agreement with the books of account.
- The Financial Statements give a true and fair view in conformity with the international Financial Reporting Standards:
    - In the case of the Balance sheet, of the state of affairs of the Commission as at 30th June 2007.
    - In the case of the income statement, of the income and expenditure for the year ended on that date.
    - In the case of the cash flow statement, of the cash flows for the year ended on that date.
- in relation to the accounts, the Act has been complied with and no directions have been received from the Minister; and
- as far as could be ascertained from our examination of the accounts and relying on Board representation that no expenditure was of an extravagant or wasteful nature judged by normal commercial practice and prudence.

For BANSAL & CO.
Chartered Accountants

D.S.Rawat
Partner

27th September 2007
New Delhi, India

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Email: info@bansalco.com

BALANCE SHEET AS AT 30 JUNE 2007

	NOTE	2007 Rs	2006 Rs
ASSETS			
Non Current Assets			
Tangible	5(a)	6,378,533	10,825,886
Intangible	5(b)	6,195,008	5,294,473
		12,573,541	16,120,359
Current Assets			
Debtors and Prepayments	6	46,339,914	41,487,305
Treasury Bills		103,165,735	117,894,198
Bank and Cash Balances	7	13,471,728	21,136,344
Bank Deposits		716,666,308	410,050,758
		879,643,685	590,568,605
TOTAL ASSETS		892,217,226	606,688,964
LIABILITIES			
Non Current Liabilities			
Retirement Benefit Obligations	8	2,747,932	3,740,000
Current Liabilities			
Creditors and Payables	9	204,923,741	158,867,561
TOTAL LIABILITIES		207,671,673	162,607,561
NET ASSETS		684,545,553	444,081,403
REPRESENTED BY GENERAL FUND	10	684,545,553	444,081,403

This is the Balance Sheet referred to, in our report of even date

For Bansal & Co
Chartered Accountants

Approved by the Board of the Commission on 27 September 2007
Signed on their Behalf

D.S. Rawat	S. Lalloo	S. Boolell	J.N. Meetarbhan
Partner	Chairman	Vice Chairman	Chief Executive

The accounting policies on pages 62 to 64 and the notes on pages 65 to 71 form an integral part of these Financial Statements.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 Rs	2006 Rs
INCOME			
Fees		315,543,842	256,510,324
Interest	11	48,067,344	34,360,523
		363,611,186	**290,870,847**
EXPENDITURE			
Salaries and Allowances	12	65,189,856	67,726,831
Training and Seminars	13	5,745,786	6,075,278
Legal and Professional Fees		2,404,540	1,692,335
Office and Administrative	14	31,581,477	31,804,113
Depreciation and Amortisation	5(a), 5(b)	10,043,099	9,192,879
		114,964,758	**116,491,436**
SURPLUS OF INCOME OVER EXPENDITURE		248,646,428	174,379,411
Exchange Fluctuation Gain/(loss)		81,817,722	(9,739,787)
TRANSFER TO GENERAL FUND		330,464,150	164,639,624

This is the Income Statement referred to, in our report of even date

For Bansal & Co
Chartered Accountants

Approved by the Board of the Commission on 27 September 2007
Signed on their Behalf

D.S. Rawat
Partner

S. Lalloo
Chairman

S. Boolell
Vice Chairman

J.N. Meetarbhan
Chief Executive

The accounting policies on pages 62 to 64 and the notes on pages 65 to 71 form an integral part of these Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 Rs	2006 Rs
Cash Flow from Operating Activities	15	310,012,548	207,019,193
Cash Flow from Investing Activities			
Fixed Assets		(1,137,306)	(13,796,315)
Proceeds from Disposal of Fixed Assets		-	274,654
Net Cash from Investing Activities		(1,137,306)	(13,521,661)
Cash Flow from Financing Activities			
Contribution Paid Against Retirement Benefit Obligation		(992,068)	(2,590,000)
Contribution to Capital Budget		(90,000,000)	(90,000,000)
Net Cash (used in) Financing Activities		(90,992,068)	(92,590,000)
Net Increase in Cash and Cash Equivalents		217,883,174	100,907,532
Cash and Cash Equivalents at 1 July		549,081,300	457,913,555
Cash and Cash Equivalents at 30 June		766,964,474	558,821,087

Cash and Cash Equivalent consist of Cash in Hand, Balances with the Bank in savings Account, Fixed Deposits and Investment in Treasury Bills.

Cash and Cash Equivalent Included in the Cash Flow Statement comprise of

	2007	2006
Cash and Bank Balances	13,471,728	21,136,344
Bank Deposits	716,666,308	410,050,758
Treasury Bills	103,165,735	117,894,198
	833,303,771	549,081,300
Unrealised Exchange (Gains)/Losses	(66,339,297)	9,739,787
	766,964,474	558,821,087

This is the Cash Flow Statement referred to, in our report of even date

For Bansal & Co
Chartered Accountants

Approved by the Board of the Commission on 27 September 2007
Signed on their Behalf

D.S. Rawat	S. Lalloo	S. Boolell	J.N. Meetarbhan
Partner	Chairman	Vice Chairman	Chief Executive

The accounting policies on pages 62 to 64 and the notes on pages 65 to 71 form an integral part of these Financial Statements.

1. CONSTITUTION OF THE COMMISSION

The Commission is an independent regulatory authority established under the Financial Services Development Act 2001 to regulate the non-banking financial services sector.

2. ACCOUNTING POLICIES

The principal accounting policies adopted by the Commission are as follows:

2.1 Basis of Preparation

These financial statements have been prepared on accrual basis, are in accordance with historical cost convention, and comply with International Financial Reporting Standards adopted by the International Accounting Standard Board (IASB) and interpretations issued by the Standing Interpretations Committee of the IASB. The presentation of financial statements in accordance with IRFS requires the management to make estimates and assumptions that affect the reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

2.2 Revenue

Revenues arising from processing, annual licence, registration and brokerage fee, where no significant uncertainty as to its collectibility exists, have been accounted on accrual basis and those with significant uncertainty are accrued as and when realised.

Interest on bank deposit and state treasury bills have been accounted for on an accrual basis.

2.3 Expenditure

All expenses/outflows have been accounted on accrual basis.
Office rental payments termed operating lease are charged off on straight line basis over the lease period.

2.4 Employee Entitlements

The Commission contributes to a defined benefit plan for non-contractual employees, the assets of which are held independently and administered by an Insurance company, taking account of the recommendations of independent qualified actuaries.

Pension is payable to eligible employees upon retirement/ death of employees as per Section 7 of the Regulations 2000 to the Statutory Bodies Pension Fund Act 1978 (as amended).

For defined pension benefit plans, the pension costs are assessed using the projected unit credit method. The costs of providing pension are charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured as the present value of the estimated future cash outflow using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gain and losses are recognised over the average remaining service lives of the employees.

2.5 Foreign Currency Translation

Foreign currency transactions are translated at the rates of exchange ruling at the dates of the transactions (transactions are occurred on the date of recording).

Assets and liabilities denominated in foreign currencies are translated to Mauritian Rupee (Rs) at the rate of exchange ruling at the end of the financial year.

Gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

2.6 Tangible Assets

Non Current assets are stated at historical cost less accumulated depreciation or fair value, whichever is the lower.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual value over their estimated useful life as follows:

Item	%
Motor Vehicles	20
Furniture	20
Office Equipments	20
Computer Equipment	33.33
Renovations	over the lease period

2.7 Intangible Asset

All computer software and development costs are considered as Intangible Assets and are amortised over the estimated period of utilisation not exceeding three years.

2.8 Cash and Cash Equivalents

Cash comprises cash at bank and in hand and bank deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.9 Taxation

The Commission is exempt from the provisions of the Income Tax Act 1995 (as amended).

2.10 Contributions to the Capital Fund of the Government of Mauritius

The Commission contributes a sum to the Capital Fund of the Government from the General Fund in terms of the provisions of the Financial Services Development Act 2001, based on income and expenditure estimates, and as determined by the Board of the Commission.

2.11 Debtors and Prepayments

Debtors and prepayments are stated at the cost less any impairment losses.

2.12 Creditors and Payables

Creditors and payables are stated at the amount certain for payments.

2.13 Related Parties

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

2.14 Comparatives

Comparative figures have been reclassified to conform with presentation of current year.

3. CONTINGENT LIABILITIES / COMMITMENTS

3.1 Contingent Liability

There are pending lawsuits against the Commission with claims estimated at Rs 22.8 million, excluding interests and costs (previous year: Rs 25 million). The Commission is of the view that the liabilities, if any, that may arise in future shall be appropriately dealt with in the year of settlement of the claims.

3.2 Financial Commitments

The Commission rents office accommodation at premises in Port Louis and the rentals on the premises expire in December 2007. There are no sub-leases during the current year, the amount charged to the Income Statement is Rs 18,482,500 (previous year: Rs 18,161,765).

3.3 Statutory Deposits of Insurance Companies not Included in the Balance Sheet

Statutory security deposit certificates of insurance companies, amounting to Rs 361,568,573 (previous year: Rs 362,871,061) are in the physical custody of the Commission in terms of the Insurance Act 1987 and not included in the Balance Sheet.

4. RISK MANAGEMENT POLICIES

4.1 Financial Risks

A description of the various financial risks to which the Commission is exposed is shown below as well as the approach taken by management to control and mitigate those risks.

Liquidity Risk

This refers to the possibility of default by the Commission to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow is managed regularly and actions taken accordingly.

Foreign Exchange Risk

The Commission is exposed to foreign exchange risk with respect to foreign currency arising from receipt of licence fee in foreign currency.

4.2 Insurable Risks

The Commission has adequate insurance cover for its properties and material contents, loss of profits and public liability. The sums insured for each insurance cover are reviewed annually in accordance with recommendations from professional advisers, where applicable.

5(a) NON CURRENT ASSETS

Tangibles

	MOTOR VEHICLE Rs	FURNITURE Rs	COMPUTER EQUIPMENT Rs	OFFICE EQUIPMENT Rs	RENOVATION Rs	TOTAL Rs
COST						
At 1 July 2006	11,223,284	11,374,074	9,428,253	1,941,049	4,682,246	38,648,906
Purchases	-	57,850	536,902	561,184	-	1,155,936
At 30 June 2007	11,223,284	11,431,924	9,965,155	2,502,233	4,682,246	39,804,842
DEPRECIATION						
At 1 July 2006	4,703,689	8,316,198	8,627,661	1,493,226	4,682,246	27,823,020
Charge for the Year	2,128,072	2,171,093	951,144	352,980	-	5,603,289
At 30 June 2007	6,831,761	10,487,291	9,578,805	1,846,206	4,682,246	33,426,309
NET BOOK VALUE						
At 30 June 2007	4,391,523	944,633	386,350	656,027	-	6,378,533
At 30 June 2006	6,519,595	3,057,876	800,592	447,823	-	10,825,886

5(b) NON CURRENT ASSETS

Intangibles

	2007 Rs	2006 Rs
COST		
At 1 July	12,788,891	4,901,806
Purchases	17,250	7,887,085
Computer Software Development	5,323,095	-
At 30 June	18,129,236	12,788,891
AMORTISATION		
At 1 July	7,494,418	4,828,973
Charge for the Year	4,439,810	2,665,445
At 30 June	11,934,228	7,494,418
NET BOOK VALUE		
At 30 June	6,195,008	5,294,473

6 DEBTORS AND PREPAYMENTS

Debtors (Unsecured, considered good)

	2007 Rs	2006 Rs
Debtors	2,570,585	1,161,700
Staff loan	24,432,947	21,455,253
Other Receivables	822,650	1,052,279
Prepayments	4,904,259	4,486,660
Accrued Interest	13,609,473	13,331,413
	46,339,914	41,487,305

7 BANK AND CASH BALANCES

	2007 Rs	2006 Rs
Cash in hand	21,000	23,900
Bank Balances	13,450,728	21,112,444
	13,471,728	21,136,344

8 RETIREMENT BENEFIT OBLIGATIONS

8.1 The pension scheme is a defined benefit plan and is partly funded. The assets of the funded plan are held independently and administered by SICOM.

	2007 Rs	2006 Rs
The amount recognised in the Income and Expenditure Statement are as follows:		
Current Service Cost	2,575,925	2,220,000
Interest Cost	3,801,600	3,010,000
Expected Return on Plan Assets	(3,651,531)	(2,830,000)
Total Included in Staff Cost	**2,725,994**	**2,400,000**
Actual Return on Plan Assets	4,895,159	3,400,000
Movement in Liability recognised in the Balance Sheet		
As determined by the Actuarial Valuation		
Opening Balance	3,740,000	6,330,000
Expense for the year	2,725,994	2,400,000
Contribution paid	(3,718,062)	(3,460,000)
Less: Special Contributions paid	-	(1,530,000)
As at the close of the year	**2,747,932**	**3,740,000**

Movements in the Present Value of the Plan Assets in the current year were as follows:

	2007 Rs	2006 Rs
At 1 July	30,810,000	23,990,000
Expected Return on Plan Assets	3,651,531	2,830,000
Actuarial Gains	1,222,020	570,000
Contributions from the Employer	3,808,946	4,990,000
Benefits paid	(1,833,170)	(1,526,000)
Schemes Expenses	(90,884)	(44,000)
At 30 June	**37,568,443**	**30,810,000**

The major categories of Plan Assets, and the Expected Rate of Return at the Balance Sheet date for each category, is as follows:

	2007 %	2006 %
Government Securities and Cash	54.5	57.0
Loans	9.0	9.0
Local Equities	17.6	15.8
Overseas Bonds and Equities	17.9	17.0
Property	1.0	1.1
Debenture Stocks	0.0	0.1
	100.0	**100.0**

8 RETIREMENT BENEFIT OBLIGATIONS (continued)

	2007 %	2006 %
Rates used for Accounting Purposes were		
Discount Rate	*11.00*	*10.50*
Expected Return on Plan Assets	*11.50*	*11.00*
Future Salary Increase	*8.00*	*7.50*
Future Pension Increase	*3.50*	*3.00*

8.2 The partly unfunded pension scheme for 5 employees up to the year 2001 is being held by the Accountant General, Government of Mauritius and payment will be effected to the employees upon their retirement.

9 CREDITORS AND PAYABLES

	2007 Rs	2006 Rs
Accruals	1,896,944	953,926
Other Creditors and Provisions	9,475,534	12,184,627
Prepaid Licence Fee	193,551,263	145,729,008
	204,923,741	**158,867,561**

10 GENERAL FUND

	2007 Rs	2006 Rs
Balance brought forward	444,081,403	370,535,390
Prior period adjustments	-	(1,093,611)
	444,081,403	369,441,779
Surplus for the year	330,464,150	164,639,624
	774,545,553	534,081,403
Contribution to Capital Budget	(90,000,000)	(90,000,000)
At 30 June	**684,545,553**	**444,081,403**

11 INTEREST

	2007 Rs	2006 Rs
Treasury Bills	8,661,222	12,214,467
Bank Deposits	38,354,265	20,914,419
Staff Loans	1,051,857	1,231,637
	48,067,344	**34,360,523**

12 SALARIES AND ALLOWANCES

	2007 Rs	2006 Rs
Staff Salaries and Allowances	49,071,676	53,127,060
Pension Contribution	2,725,994	2,400,000
Family Protection Scheme	477,299	592,519
National Savings Fund	307,908	322,046
Passage Benefits	2,096,984	2,271,342
Board and Committee Fees	2,100,000	2,100,000
Travelling	6,920,450	5,648,508
Staff Welfare	1,489,545	1,265,356
	65,189,856	67,726,831

Salaries, Allowances and Sitting Fees

	2007		2006		
	Board Fees Rs	Salaries Rs		Board Fees Rs	Salaries Rs
	Jul 06 - Jun 07	Jul 06 - Jun 07			
Mr S. Lalloo, Chairman	480,000		Dec 05 - Jun 06	280,000	
Mr S. Boolell, Vice Chairman	300,000		Dec 05 - Jun 06	175,000	
Mr R. Chellapermal	240,000		Jul 05 - Jun 06	240,000	
Mr R. Makoond	240,000		Jul 05 - Jun 06	240,000	
Ms M. Philips	240,000		Dec 05 - Jun 06	140,000	
Mr S. Gopaul	240,000		Dec 05 - Jun 06	140,000	
Mr O. Lew Kew Lin	240,000		Dec 05 - Jun 06	140,000	
Chief Executive		4,606,467	Dec 05 - Jun 06		1,693,042
Director - Licensing		4,118,249	Jul 05 - Jun 06		3,525,963

13 TRAINING AND SEMINARS

	2007 Rs	2006 Rs
Overseas Conferences and Seminars	4,399,262	5,577,266
Local Events	-	104,500
Staff Training	1,346,524	393,512
	5,745,786	6,075,278

14 OFFICE AND ADMINISTRATIVE EXPENSES

	2007	2006
	Rs	Rs
Rental and Maintenance of Office Premises	18,757,655	19,706,463
Post, Telephone, Internet and Fax charges	2,192,324	2,425,561
Electricity	1,132,503	1,458,875
Stationery	1,608,104	1,738,794
Subscription	3,688,224	4,163,766
General Office Expenses	1,794,429	1,016,805
Vehicle Expenses	1,046,879	669,799
Advertising and Publications	1,361,359	624,050
	31,581,477	31,804,113

15 NET CASH FLOW FROM OPERATING ACTIVITIES

	2007	2006
	Rs	Rs
Surplus of Income over Expenditure	330,464,150	164,639,624
Adjustments for:		
Foreign Exchange (gain)/loss	(66,339,297)	9,739,787
Depreciation and Amortisation	10,043,099	9,192,879
Cash Flow from Operating Activities, before working Capital Changes	274,167,952	183,572,290
(Increase)/Decrease in Debtors	(1,408,884)	166,805
Increase in Staff Loan	(2,977,694)	(3,995,296)
Increase in Interest Receivable	(278,060)	(1,518,103)
Increase in Other Receivables	(1,770,595)	(414,127)
Increase in Prepayments	(417,599)	(221,799)
Increase in Accrued Expenses and Other Payables	42,697,428	29,429,423
Net Cash Flow from Operating Activities	310,012,548	207,019,193

16 LIQUIDITY RISK

The liquidity risk with regard to outflows is limited to contribution to capital budget and operative expenses. The outflows to capital budget are matched with the corresponding bank deposits of maturities around the expected time of outflows. The outflows to operative expenses are matched with the corresponding licence fee income based on budget estimates. The surplus based on decisions of the Investment Committee, are invested with maturity profiles as at 30 June 2007.

Maturity Profiles are as under:-

	Maturity	
	0 - 1 Year	> 1 year
Cash and Bank Balances	13,471,728	nil
Treasury Bills	103,165,735	nil
Bank Deposits	716,666,308	nil

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

17 CREDIT RISK

Credit risk with regard to accounts receivable is limited as the Commission is a regulatory body, and fees are charged in terms of the legislation.

18 EXCHANGE RISK

Substantial revenues of the Commission are received in foreign currency and the Commission is subjected to Exchange Fluctuation Risk. Based on the potential foreign exchange fluctuation estimate by the Investment Committee, the investments are made in foreign currency to minimise losses.

Currency profile is as under:

	2007	2006
New Zealand Dollars	NZ$ 14,573,039	NZ$ 13,344,220
US Dollars	US$ 11,500,000	US$ 5,100,000

The assessment of currency fluctuation is being reviewed by the Investment Committee from time to time.

19 CURRENCY

The Financial Statements have been presented in Mauritian rupees.

APPENDICES

I. List of Charts and Tables

II. Circulars

In terms of advisories, four Circulars were issued to provide guidance and to clarify the FSC's policy stance on certain regulatory and procedural issues:

- Circular Letter (CL260107): New Application Procedures for Category 1 Global Business Licence;
- Circular Letter (CL021006): Complaints Handling by Insurance Companies;
- Circular Letter (CL011006): Enhanced Procedure relating to the Issue of Tax Residence Certificate (TRC);
- Circular Letter (CL010906): New Licensing Conditions for Management Companies and Corporate Trustees

III. Communiqués

IV. Statistics relating to Insurance Companies

Financial Services Commission
Mauritius

Communiqué

Complaints Handling par les compagnies d'assurance

La Financial Services Commission tient à informer le public que toutes les compagnies d'assurance sont dorénavant tenues d'avoir un guichet pour recevoir et traiter les plaintes de leurs clients ('**Complaints Handling**'), concernant les polices d'assurance et autres produits et services financiers proposés par la compagnie.

En sa capacité d'autorité du marché des assurances à Maurice, la FSC a invité les compagnies d'assurance à mettre en place un tel mécanisme interne au sein de chaque compagnie d'assurance (circulaire du 5 octobre 2006). Cette obligation est effective au 8 janvier 2007.

Le traitement des plaintes : une obligation

Chaque compagnie d'assurance est tenue de désigner un/e '**Complaints Coordinator**', chargé de traiter les plaintes des consommateurs**.** Le/La 'Complaints Coordinator' doit s'assurer que toute plainte logée par un client soit traitée dans les délais réglementaires :

- La compagnie d'assurance a l'obligation d'envoyer un accusé de réception de la plainte dans les 3 jours ouvrables.
- Après examen de la plainte, la compagnie d'assurance doit expliquer au client, dans un délai maximum de 30 jours, et par écrit, sa position finale.

Chaque compagnie d'assurance doit informer ses clients, par dépliant ou tout autre document explicatif, des procédures pour loger une plainte à la compagnie :

- La personne à contacter ;
- Les documents à fournir ;
- Le temps qu'il faudra pour traiter la plainte (la durée des procédures) ;
- Ce qu'il faut faire si la plainte n'a pas été résolue par la compagnie ;
- Toute autre information nécessaire au traitement de la plainte.

La Commission tient à informer le public que toute plainte concernant un produit ou service financier proposé par une compagnie d'assurance doit être logée à la compagnie d'assurance concernée, à travers le/la 'Complaints Coordinator'.

Désormais, la FSC recevra uniquement les cas de plaintes non résolues par la compagnie d'assurance, et dans la mesure où toutes les tentatives pour résoudre ces plaintes à travers le mécanisme interne de la compagnie d'assurance n'auront pas abouti.

La liste des noms et coordonnées du **Complaints Coordinator** de chaque compagnie d'assurance, ainsi que le document *Guidelines for Insurance Companies on Complaints Handling* émis par la FSC à l'intention des compagnies d'assurance, sont disponibles sur le site web de la Commission pour consultation.

29 janvier 2007

4th Floor, Harbour Front Building, President John Kennedy Street, Port Louis, Republic of Mauritius.
Tel: (230) 210 7000 – Fax: (230) 208 7172 – Email: fscmauritius@intnet.mu – Website: www.fscmauritius.org

Financial Services Commission
Mauritius

Communiqué

Leasing Business

The public is hereby informed that, pursuant to section 14(1) of the Financial Services Development Act 2001 (FSD Act), any person conducting leasing business must be licensed by the Financial Services Commission (FSC).

In pursuance of its objects and functions under the FSD Act, the FSC invites all persons who are required to hold a licence for conducting leasing business to apply for a licence under section 14 of the FSD Act at latest by 30 March 2007.

The FSC reserves the right to take such action as may be necessary against any person who fails to comply with the requirements of the FSD Act.

The public is informed that a list of all persons licensed by the FSC under section 14 of the FSD Act is posted on the Commission's website. The public is advised to consult this list before entering into a business relationship with any entity that claims to be a provider of financial services business as defined under the FSD Act.

For further enquiries, please contact the Commission at:

Financial Services Commission
4th Floor, Harbour Front Building, President John Kennedy Street, Port Louis.
Tel: 210 7000 – Fax: 208 7172 – Email: fscmauritius@intnet.mu
Website: www.fscmauritius.org

Financial Services Commission
31 January 2007

ASSETS OF INSURANCE COMPANIES
COMPARATIVE DISTRIBUTION FOR THE YEARS 2002-2006

ANNEX 1

	2002	2003	2004	2005	2006
	%	%	%	%	%
Mortgage Loans	21	18	15	14	12
Other Loans	4	2	3	3	2
Government Securities	13	13	23	24	24
Shares and Debentures	38	48	39	32	36
Land and Property	4	4	4	4	3
Deposits and Securities	9	7	8	14	16
Other Assets	11	8	8	9	7
TOTAL (%)	100	100	100	100	100
TOTAL (Rs 000)	**27,160,257**	**32,592,002**	**37,036,429**	**42,139,645**	**50,706,193**

Source : audited returns and accounts

DISTRIBUTION OF ASSETS OF INSURANCE COMPANIES - YEAR 2006

ANNEX 2
(Amount Rs 000)

	ALBATROSS	ANGLO MTIUS	BAI	GFA	IOGA	ISLAND GEN	ISLAND LIFE	JUBILEE	LAMCO	LA PRUDENCE	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	SUN	SWAN	CEYLINCO STELLA	LIC	NEW INDIA	TOTAL
House and landed property	-	327,449	683,520	1,399	3,080		67,000	-	33,582	31,785	52,414	145,702	57,356	144,996	39,158	-	79,000	36,112	**3,557**	**1,706,110**
Loans to Directors	-			-	976		3,661	-	-	16,387				7,586	2,280	-		0	**0**	**30,890**
Mortgages on property	191,606	2,108,116	360,605	-	15,191		79,254	-	26,972	102,642	123,764	297,979	9,488	2,161,591	55,079	64,976	5,776	350,773	**0**	**5,953,812**
Loan on insurance policies	12,346	92,700	13,911	-	2,963		10,943	-	559	43,058		45,646	4,176	75,916	3,767	-	2,660	26,307	**0**	**334,952**
Loan on personal securities	-	17,251	-	-	43			-	-	3,691			758	6,717	0	-		0	**0**	**28,460**
Other loans	59,420	308,995	-	4	0	25,000	19,178	-	-	11,398		161,460		188,532	19,117	8,557		0	**0**	**801,661**
Goverment securities	-	2,998,161		-	915		43,939	-	-	95,114				7,609,606	232,345	51,955		812,774	152,047	**11,996,856**
Fixed deposits	-		-	49,086	47,000	5,000	39,000	48,074	50,200		17,500			50,000	0	-	1,135	0	16,000	**322,995**
Other securities and deposits	18,817	190,472	44,593	8,000	16,000	9,000	46,903	9,181	16,000	16,000	143,507	16,000	16,092	2,289,139	17,500	8000	16,000	75,754	10,000	**2,966,958**
Inv. in related companies	4,948	126,338	1,595,373	-	-		29,448	-	-	151,235	6,313	90,429		2,668,627	0	31,462		0	0	**4,704,173**
Other investments	739,248	6,250,860	1,704,548	8,167	54,715	64,441	267,784	-	4,274	1,122,036	51,000	2,334,213	93,454	170,940	81,278	342,168		204,000	500	**13,493,626**
Short-term deposits	-	1,854,180	70,000	7,065	33,500		67,048	-	-	68,516	70,693	48,636	112	1,272,805	35,000	184,055	22,612	20,000	130,019	**3,884,241**
Outstanding premium	153,644	47,921	6,445	3,650	2,232	20,283	6,308	0	14,276	108,484	117,988	102,393	23,393	54,609	45,369	186,220	9,458	59,687	24,215	**986,575**
Amount receivable from insurers	-		-	-	-	2,718		-	13,500				8,436	18,485	1,800	-			0	**44,939**
Amount receivable from reinsurers	49,433	16,393	1,885	-	3,114	577	4,489		85		19,508	237,764		37,154	0	189,784			4,866	**565,052**
Other accounts receivable	21,388		77,392	-	235			0	-	12,004	19,357	11,366	25,651	-	0	4,854			523	**172,770**
Interest, dividend and rent receivable	-	19,755	651,510	-	4,646		16,253	-	-	7,239	38,853		2,119	198,728	1,679	0	1,553		0	**942,335**
Sundry debtors	5,364	37,344	87,521	-	364	366		2,132	1,520	14,160	29,589	11,765	1,096	10,305	0	-	47,015		0	**248,541**
Cash on hand	6,145		43	47	278	2	199	-	7	44	2	47	227	19,903	20	4		1,740	1	**28,709**
Bank balance	70,222	74,724	-138,362	9,596	3,884	16,812	44,075	1,404	3,290	14,282	55,047	184,706	5,768	76,200	11,372	31,663	2,380	217,723	10,272	**695,058**
Other assets	226,217	130,392	109,383	3,123	14,385	5,415	8,519	85	8,623	25,715	20,157	51,403	16,467	52,317	3,827	102,089	12,300	6,345	718	**797,480**
TOTAL	1,558,798	14,601,051	5,268,367	90,137	203,521	149,614	754,001	60,876	172,888	1,843,790	765,692	3,739,509	264 593	17,114,156	549,591	1,205,787	199,889	1 811,215	352,718	50,706,193

Source : audited returns and accounts

DISTRIBUTION OF LIABILITIES OF INSURANCE COMPANIES - YEAR 2006

ANNEX 3
(Amount Rs 000)

	ALBATROSS	ANGLO MTIUS	BAI	GFA	IOGA	ISLAND GEN	ISLAND LIFE	JUBILEE	LAMCO	LA PRUDENCE	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	SUN	SWAN	CEYLINCO STELLA	LIC	NEW INDIA	TOTAL
Amount due to insurers		-												6,158						**6,158**
Amount due to reinsurers	33,868	652	-4,817	1,638	398	11,049	1,473		777	44,209	40,569	16,441	10,186	52,903	5,694	84,231	13,156		11,198	**323,625**
Amount payable to policy holders		13,179	12,707		20	2,772						9,943		22,385				10,121		**71,127**
Other creditors	118,905	47,536	141,756	2,247	4,072	2,748	8,494	31,459	2,490	89,112	48,222	67,226	5,079	57,468	12,427	54,494	4,539	14,970	5,331	**718,575**
Outs. claims reserves	35,774	10,101	7,871	28,039	30,476	53,548	10,405	6,971	20,933	76,710	68,748	383,375	48,559	75,200	80,874	179,256	40,698	237	77,130	**1,234,905**
Short-term borrowings			4,287	298	60		10,314	183	1,073				33,698	45,112			14,354	19,032		**128,411**
Taxation	5,512	5,000		329	1,811	3,025	612				6,926			47,935	1,296	78		21,527	7,296	**101,347**
Long-term borrowings			10,412	1,244				12,700	2,264	12,656			30,538	597,438			4,755			**672,007**
Other liabilities	15,014				1,076	2,916	3,075		5,079			815		20,484	6,081	35,005	4,251	5,225		**99,021**
Statutory Reserve Fund	39,160			4,323	1,700	7,199		922	9,750	31,269	37,652	36,117	5,325	24,750	21,971	72,834	1,395		14,885	**309,252**
Other reserves	65,888	3,571,239	158,452	5,839	44,589	10,795			11,391	176,362	68,780	410,694	35,330	215,818	18,002	168,632	27,071	51,889	165,390	**5,206,161**
Long-term Insurance Fund	1,050,586	10,804,874	4,542,228		65,484		692,870		50,857	1,212,230	241,383	2,287,685	89,475	3,949,998	284,724		61,097	1,685,042		**27,018,533**
General Insurance Fund	51,660			19,778	3,766	15,638			44,909	73,179	65,137	157,809	29,367	47,013	34,435	181,584	33,340		68,488	**826,103**
Other funds		123,470												10,658,082	3,604			3,172	3,000	**10,791,328**
Profit and loss account	116,031		314,037	1,402	25,069	14,924	1,758	-21,359	-6,726	103,063	161,608	169,004	-47,964	1,268,412	27,340	393,816	-78,379			**2,442,036**
Paid up share capital	26,400	25,000	81,434	25,000	25,000	25,000	25,000	30,000	30,091	25,000	26,667	200,400	25,000	25,000	53,143	35,857	73,612			**757,604**
TOTAL	**1,558,798**	**14,601,051**	**5,268,367**	**90,137**	**203,521**	**149,614**	**754,001**	**60,876**	**172,888**	**1,843,790**	**765,692**	**3,739,509**	**264,593**	**17,114,156**	**549,591**	**1,205,787**	**199,889**	**1,811,215**	**352,718**	**50,706,193**

Source : audited returns and accounts

LONG-TERM INSURANCE BUSINESS
COMPANY-WISE SUMMARY OF REVENUE ACCOUNTS FOR THE YEAR 2006

ANNEX 4
(Amount Rs 000)

	ALBATROSS	ANGLO MTIUS	BAI	CEYLINCO STELLA	IOGA	ISLAND LIFE	LAMCO	LA PRUDENCE	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	SUN	LIC	TOTAL
1. PREMIUM:															
Gross	203,708	1,531,506	1,944,325	16,292	8,880	75,977	8,347	190,464	103,860	287,668	20,341	2,138,096	42,517	303,483	**6,875,464**
Reinsurance	30,223	51,147	14,071	1,092	448	3,024	1,201	10,580	10,899	20,054	2,238	70,350	2,568	0	**217,895**
Net	**173,485**	**1,480,359**	**1,930,254**	**15,200**	**8,432**	**72,953**	**7,146**	**179,884**	**92,961**	**267,614**	**18,103**	**2,067,746**	**39,949**	**303,483**	**6,657,569**
Investment Income	29,621	738,390	896,341	3,476	6,420	40,809	35	59,212	18,035	91,011	5,950	758,590	28,103	146,872	**2,822,865**
Other Income	50,858	428,008	0	129	0	70,338	4,569	262,234	12,331	17,167	-3,433	837	0	854	**843,892**
2. CLAIMS:															
Gross	102,826	990,516	1,366,051	5,072	7,321	57,280	4,568	106,533	38,178	183,918	15,994	975,731	31,785	182,028	**4,067,801**
Reinsurance	3,987	28,056	7,107	0	0	6,107	0	3,317	0	6,881	211	12,489	288	0	**68,443**
Net	**98,839**	**962,460**	**1,358,944**	**5,072**	**7,321**	**51,173**	**4,568**	**103,216**	**38,178**	**177,037**	**15,783**	**963,242**	**31,497**	**182,028**	**3,999,358**
3. COMMISSION:															
Received and receivable	11,256	9,989	0	0	43	2,739	445	3,635	0	3,498	0	10,995	651	0	**43,251**
Paid and payable	7,182	50,163	60,892	2,632	411	4,768	569	8,775	7,999	20,629	1,475	44,705	3,044	31,512	**244,756**
Net	**4,074**	**-40,174**	**-60,892**	**-2,632**	**-368**	**-2,029**	**-124**	**-5,140**	**-7,999**	**-17,131**	**-1,475**	**-33,710**	**-2,393**	**-31,512**	**-201,505**
Administration Cost	40,879	150,646	244,073	7,566	2,472	21,904	1,965	31,727	14,568	58,523	12,735	147,196	12,221	24,835	**771,310**
Taxation	0	17,294	13,471	0	866	270	0	0	0	0	0	3,348	0	20,073	**55,322**
Fund at Beginning of Year	889,400	11,464,825	3,689,431	52,655	62,659	583,606	45,763	870,702	179,802	1,628,412	98,848	12,469,101	265,282	1,500,793	**33,801,279**
FUND AT END OF YEAR	1,050,586	14,376,113	4,542,228	61,097	66,484	692,870	50,857	1,212,230	241,383	2,287,685	89,475	14,608,080	284,724	1,685,042	41,248,854

Source : audited returns and accounts

LONG-TERM INSURANCE BUSINESS
COMPANY-WISE NET CLAIMS FOR THE YEAR 2006

ANNEX 5
(Amount Rs 000)

	ALBATROSS	ANGLO MTIUS	BAI	CEYLINCO STELLA	IOGA	ISLAND LIFE	LAMCO	LA PRUDENCE	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	SUN	LIC	TOTAL
ORDINARY LIFE:															
On Death	2,508	38,828	36,413	0	0	3,862	0	5,696	3,564	3,663	1,310	23,130	1,860	13,725	**134,559**
On Maturity	27,804	305,590	601,900	4,731	6,198	27,708	3,839	1,167	24,071	125,440	12,767	305,984	29,292	162,807	**1,639,298**
On Surrender	24,351	58,439	354,274	341	1,123	6,208	729	92,671	9,647	13,270	1,706	44,957	345	5,403	**613,464**
Bonus Cashed	0	0	363,203	0	0	9,903	0	0	0	0	0	81,788	0	0	**454,894**
ANNUITY BUSINESS:															
On Death	0		168	0	0	0	0	0	0	0	0	278	0	0	**446**
By Way of Lump Sum	0	0	750	0	0	0	0	0	0	0	0	328	0	0	**1,078**
By Way of Periodical Payments	0	0	862	0	0	0	0	0	896	487	0	224	0	93	**2,562**
On Surrender	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
PENSION BUSINESS :															
On Death	0	13,312	0	0	0	0	0	0	0	0	0	7,717	0	0	**21,029**
By Way of Lump Sum	21,852	260,782	0	0	0	325	0	0	0	0	0	169,141	0	0	**452,100**
By Way of Periodical Payments	7,518	137,175	1,374	0	0	2,656	0	1,589	0	34,177	0	320,448	0	0	**504,937**
On Surrender	14,806	148,334	0	0	0	511	0	2,093	0	0	0	0	0	0	**165,744**
Others	0	0	0	0	0	0	0	0	0	0	0	9,220	0	0	**9,220**
PERMANENT HEALTH INSURANCE :															
By Way of Periodical Payments	0	0	0	0	0	0	0	0	0	0	0	27	0	0	**27**
TOTAL CLAIMS :															
On Death	2,508	52,140	36,581	0	0	3,862	0	5,696	3,564	3,663	1,310	31,125	1,860	13,725	**156,034**
On Maturity	27,804	305,590	601,900	4,731	6,198	27,708	3,839	1,167	24,071	125,440	12,767	305,984	29,292	162,807	**1,639,298**
By Way of Lump Sum	21,852	260,782	750	0	0	325	0	0	0	0	0	169,469	0	0	**453,178**
By Way of Periodical Payments	7,518	137,175	2,236	0	0	2,656	0	1,589	896	34,664	0	320,699	0	93	**507,526**
On Surrender	39,157	206,773	354,274	341	1,123	6,719	729	94,764	9,647	13,270	1,706	44,957	345	5,403	**779,208**
Bonus Cashed	0	0	363,203	0	0	9,903	0	0	0	0	0	81,788	0	0	**454,894**
Others	0	0	0	0	0	0	0	0	0	0	0	9,220	0	0	**9,220**
TOTAL	98,839	962,460	1,358,944	5,072	7,321	51,173	4,568	103,216	38,178	177,037	15,783	963,242	31,497	182,028	3,999,358

Source : audited returns and accounts

LONG-TERM INSURANCE BUSINESS
NEW BUSINESS FOR THE YEAR 2006

ANNEX 6

	ALBATROSS	ANGLO MTIUS	BAI	CEYLINCO STELLA	IOGA	ISLAND LIFE	LA PRUDENCE	LIC	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	SUN	TOTAL
ASSURANCES (Rs):														
NO. OF POLICIES:														
Individual	686	4,242	13,214	2,484	79	903	3,155	4,461	946	1,777	558	6,646	633	39,784
Group	3	69	9				1		0	0	0	17	0	99
SUM ASSURED														
Individual	205,231,298	1,874,305,483	3,081,044,211	167,967,000	10,725,000	141,495	532,074,508	4,657,961	360,367,460	558,934,589	55,971,986	1,765,405,850	114,522,080	8,731,348,921
Group	19,668,432	5,532,246,102	998,245,644				182,470		0	52,287,425	0	66,816,072	0	6,669,446,145
ANNUAL PREMIUM:														
Individual	9,757,326	68,216,812	83,416,819	0	693,444	9,058,514	54,160,958	25,820,778	6,190,620	21,650,981	2,809,064	72,528,207	4,385,408	358,688,931
Group	1,723,954	24,331,050	3,555,987				4,638		0	341,150	0	233,530	0	30,190,309
SINGLE PREMIUM:														
Individual	23,687,135	74,823,587	1,143,449,085	0	0	410,000	31,393,655		26,037,812	1,755,496	0	103,074,705	0	1,404,631,475
Group		24,201,228	0				0		0	0	0	256,758	0	24,457,986
ANNUITIES (Rs):														
NO. OF POLICIES:														
Individual	4		9	0	0	4	706		90	662	81	161	2	1,719
Group	23	209	0				2		0	0	0		0	234
PREMIUM:														
Individual	1,605,488		2,250,312	0	0	20,202	13,871,739		1,089,900	20,843,019	169,174	2,836,152	2,400	42,688,386
Group	8,880,634	193,958,030	0				36,724		0	40,899	0		0	202,916,287
ANNUITIES:														
Individual	148,224		195,400	0	0	400,000	8,465,197		8,169,107	2,588,461	85,050	10,317,984	9,252	30,378,675
Group	971,544	13,659,232	0				0		0		0		0	14,630,776

Source : audited returns and accounts

LONG-TERM INSURANCE BUSINESS
BUSINESS IN FORCE FOR THE YEAR 2006

ANNEX 7

	ALBATROSS	ANGLO MTIUS	BAI	CEYLINCO STELLA	IOGA	ISLAND LIFE	LA PRUDENCE	LIC	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	SUN	TOTAL
ASSURANCES (Rs):														
NO. OF POLICIES														
Individual	7,750	42,763	92,697	2,199	1,556	8,869	11,308	52,659	5,654	18,837	6,025	60,873	8,713	319,903
Group	103	580	21			21	25		12	3	3	244	1	1,013
SUM ASSURED														
Individual	6,064,073,813	9,259,339,739	16,093,596,932	181,389,000	122,261,000	946,042,780	2,231,974,013	4,632,336,839	1,523,595,418	3,519,033,798	517,442,263	11,869,132,674	717,183,034	57,677,401,303
Group	1,039,895,278	10,855,307,326	3,239,141,043			357,824,856	2,859,723,294		1,580,927,109	1,193,587,696	20,704,872	6,908,322,650	34,133,336	28,089,567,459
ANNUAL PREMIUM														
Individual	80,074,048	492,796,664	616,677,900	16,292,337	8,192,374	60,354,070	132,788,739	315,215,115	53,456,726	20,320,614	33,105,926	637,128,102	44,447,222	2,510,849,838
Group	15,384,049	925,527,815	19,283,563			2,707,371	16,566,273		7,721,997	3,829,211	162,844	74,290,876	0	1,065,473,999
SINGLE PREMIUM														
Individual	94,341,185	38,069,253	2,372,454,014	0	0	1,309,902	31,393,655		26,037,812	2,041,655	0	117,175,021	0	2,682,822,497
Group		23,965,683	0				0		0	8,481,009	0	23,504,205	166,645	56,117,542
ANNUITIES (Rs):														
NO. OF POLICIES														
Individual	25		38	0	0	148	1,707	164	619	5,488	196	750	728	9,863
Group	241	2,177	2			20	19		1	1	4	7	0	2,472
PREMIUM														
Individual	5,724,746		7,146,695	0	0	58,674	27,708,279	1,427,186	7,956,883	46,077,697	1,901,074	11,155,310	1,814,400	110,970,944
Group	59,971,869		543,994			14,158,240	12,860,522		518,033	1,005	1,703,144	1,917,216	0	91,674,023
ANNUITIES														
Individual	528,552		703,748	0	0	14,310,000	8,465,197	8,206,200	8,169,107	15,178,709	381,507	46,315,980	23,112	102,282,112
Group	7,536,192	137,174,811	51,953				0		0		488,743	5,065,669	0	150,317,368

Source : audited returns and accounts

GENERAL INSURANCE BUSINESS
COMPANY-WISE AND CLASS-WISE SUMMARY OF REVENUE ACCOUNTS FOR THE YEAR 2006

ANNEX 8
(Amount Rs 000)

	ALBATROSS	BAI	GFA	IOGA	ISLAND GEN	JUBILEE	LA PRUDENCE	LAMCO	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	CEYLINCO STELLA	SUN	SWAN	NEW INDIA	TOTAL
1. PREMIUM:																	
GROSS																	
Fire	118,094	0	1,411	596	29 498	0	73,085	6,501	192,637	42,495	4,656	76,972	2,163	16,030	179,078	54,535	**797,751**
Motor	76,849	0	50,017	10,281	26 709	0	87,100	115,740	94,223	277,507	80,984	108,176	86,389	71,270	178,165	112,632	**1,376,042**
Pers. Acc.	41,960	0	508	0	12 262	0	18,142	1,238	111,402	18,712	2,378	14,637	-129	2,383	49,253	942	**273,688**
Transport	154,699	0	379	50	14377	0	11,494	2,783	61,591	8,260	3,632	108,498	42	3,648	82,359	3,496	**455,308**
Miscellaneous	155,854	0	2,176	550	66 214	0	111,124	3,417	34,520	50,372	6,497	4,384	2,941	9,564	268,309	14,999	**730,921**
TOTAL	**547,456**	**0**	**54,491**	**11,477**	**149 060**	**0**	**300,945**	**129,679**	**494,373**	**397,346**	**98,147**	**312,667**	**91,406**	**102,895**	**757,164**	**186,604**	**3,633,710**
NET																	
Fire	7,420	0	248	144	1 035	0	13,915	324	26,963	9,767	1,011	5,432	1,033	875	34,057	17,828	**120,052**
Motor	63,041	0	47,525	9,255	24 330	0	81,875	110,003	84,040	265,052	77,477	95,795	80,498	65,026	160,068	101,140	**1,265,125**
Pers. Acc.	7,540	0	508	0	1 156	0	7,056	169	41,473	17,563	497	1,084	58	442	23,451	895	**101,892**
Transport	21,713	0	66	16	1 635	0	3,581	401	30,836	3,256	391	11,203	7	318	34,582	2,783	**110,788**
Miscellaneous	29,410	0	999	1	21 139	0	85,296	775	3,365	22,983	2,881	583	2,016	2,208	94,977	11,548	**278,181**
TOTAL	**129,124**	**0**	**49,346**	**9,416**	**49 295**	**0**	**191,723**	**111,672**	**186,677**	**318,621**	**82,257**	**114,097**	**83,612**	**68 869**	**347,135**	**134,194**	**1,876,038**
2. CLAIMS																	
GROSS																	
Fire	12,444	0	0	0	10 303	1,213	3,841	944	26,368	8,662	867	6,579	695	589	33,354	1,965	**107,824**
Motor	62,418	0	23,990	6,709	18 415	3,668	67,259	74,121	108,269	215,926	63,291	105,004	102,280	64,141	118,146	67,984	**1,101,621**
Pers. Acc.	26,181	0	2	0	3 244	0	3,485	581	41,859	9,122	1,568	6,465	0	2,432	11,040	0	**105,979**
Transport	30,433	0	21	0	6 008	0	2,162	317	12,203	2,339	41	14,331	0	188	16,337	27	**84,407**
Miscellaneous	40,671	0	22	0	49 396	99	67,444	4,594	9,419	24,863	5,825	1,140	352	6,274	157,989	3,879	**371,967**
TOTAL	**172,147**	**0**	**24,035**	**6,709**	**87 366**	**4,980**	**144,191**	**80,557**	**198,118**	**260,912**	**71,592**	**133,519**	**103,327**	**73,624**	**336,866**	**73,855**	**1,771,798**
NET																	
Fire	2,630	0	0	0	348	0	1,617	78	6,067	4,944	165	2,488	-85	-97	12,552	1,756	**32,463**
Motor	57,122	0	17,997	4,811	18 087	1,631	64,919	70,218	90,379	215,187	57,731	88,865	84,486	62,584	113,120	61,641	**1,008,778**
Pers. Acc.	7,665	0	2	0	585	0	1,316	3	14,654	7,352	360	519	0	125	4,545	0	**37,126**
Transport	3,405	0	21	0	999	0	901	21	7,981	1,404	16	3,824	0	8	8,634	21	**27,235**
Miscellaneous	15,953	0	22	0	13 803	25	54,241	152	1,351	10,362	2,183	235	1,132	595	70,690	864	**171,608**
TOTAL	**86,775**	**0**	**18,042**	**4,811**	**33 822**	**1,656**	**122,994**	**70,472**	**120,432**	**239,249**	**60,455**	**95,931**	**85,533**	**63,215**	**209,541**	**64,282**	**1,277,210**
3. COMMISSION																	
RECEIVED																	
Fire	14,707	0	313	145	6 731	0	13,283	1,875	22,365	8,861	633	10,894	438	3,828	55,900	8,298	**148,271**
Motor	643	0	0	0	1	0	216	0	0	29	0	138	0	542	376	1,656	**3,601**
Pers. Acc.	4,707	0	0	0	2 564	0	2,839	506	10,598	256	417	4,938	21	625	8,669	16	**36,156**
Transport	17,821	0	101	10	2 928	0	1,894	824	2,321	993	731	10,628	9	845	8,026	185	**47,316**
Miscellaneous	17,316	0	308	142	6 592	0	7,643	1,072	4,757	6,568	968	1,860	243	1,930	32,960	340	**82,699**
TOTAL	**55,194**	**0**	**722**	**297**	**18 816**	**0**	**25,875**	**4,277**	**40,041**	**16,707**	**2,749**	**28,458**	**711**	**7,770**	**105,931**	**10,495**	**318,043**
PAID																	
Fire	5,548	0	206	4	2 362	0	8,338	1,099	16,587	4,789	123	4,963	328	1,229	31,383	7,718	**84,677**
Motor	3,610	0	3,879	248	1 744	0	10,787	13,413	6,042	24,582	8,445	3,598	13,647	6,249	18,732	19,908	**134,884**
Pers. Acc.	1,971	0	7	0	701	0	1,856	195	4,664	1,561	54	681	-17	241	5,270	76	**17,260**
Transport	7,268	0	16	0	1 515	0	1,332	214	4,506	1,120	23	3,178	5	108	7,337	136	**26,758**
Miscellaneous	7,321	0	141	2	10 720	0	4,707	524	3,320	6,151	195	210	315	560	21,357	1,323	**56,846**
TOTAL	**25,718**	**0**	**4,249**	**254**	**17,042**	**0**	**27,020**	**15,445**	**35,119**	**38,203**	**8,840**	**12,630**	**14,278**	**8,387**	**84,079**	**29,161**	**320,425**

Source : audited returns and accounts

GENERAL INSURANCE BUSINESS
INCOME AND EXPENDITURE FOR YEAR 2006 (BY INDIVIDUAL INSURER)

ANNEX 9
(Amount Rs 000)

	ALBATROSS	BAI	CEYLINCO STELLA	GFA	IOGA	ISLAND GEN	JUBILEE	LA PRUDENCE	LAMCO	MTIAN EAGLE	MTIUS UNION	NEW INDIA	RAINBOW	SICOM	SUN	SWAN	GRAND TOTAL
1. PREMIUMS																	
Net premiums received																	
and receivable	129,124	0	83,612	49,346	9,416	49,295	0	191,723	111,672	186,677	318 621	134 194	82,257	114,097	68,869	347,135	1,876,038
Increase / Decrease in Unearned																	
Premium Reserve	5,043	0	14,567	-4,282	-964	7,392	0	-7,797	-11,496	-8,384	-8 116	-9 687	-3,771	-7,140	2,209	-40,505	-72,931
Net earned premiums	134,167	0	98,179	45,064	8,452	56,687	0	183,926	100,176	178,293	310 505	124 507	78,486	106,957	71,078	306,630	1,803,107
2. CLAIMS																	
Net claims paid	86,775	0	85,533	18,042	4,811	33,822	1,656	122,994	70,472	120,432	239 249	64 282	60,455	95,931	63,215	209,541	1,277,210
Net increase / (decrease)																	
in outstanding claims reserve	5,322	0	-6,440	15,586	1,801	7,813	708	13,287	-448	-2,088	10 969	14 606	19,672	-10,875	-7,255	28,769	91,427
Net claims incurred	92,097	0	79,093	33,628	6,612	41,635	2,364	136,281	70,024	118,344	250 218	78 888	80,127	85,056	55,960	238,310	1,368,637
3. COMMISSIONS																	
Commissions received																	
and receivable	55,194	0	711	722	297	18,816	0	25,875	4,277	40,041	16,707	10,495	2,749	28,458	7,770	105,931	318,043
Commissions paid and payable	25,718	0	14,278	4,249	254	17,042	0	27,020	15,445	35,119	38,203	29,161	8,840	12,630	8,387	84,079	320,425
Net Commissions	29,476	0	-13,567	-3,527	43	1,774	0	-1,145	-11,168	4,922	-21,496	-18,666	-6,091	15,828	-617	21,852	-2,382
4. ADMINISTRATION COSTS																	
Staff salaries and Other Benefits	37,447	0	12,792	3,316	1,969	9,413	971	27,486	9,318	23,495	30,782	5,314	12,644	111,162	13,965	93,609	393,683
Directors' Fees, etc.	0	0	0	3,569	70	644	0		2,512	272	773	0	2,574	876	2,588	1,136	15,014
General Management Expenses	0	0	9,846	3,697	955	2,725	1,261	17,840	9,408	15,006		10,359	5,990	21,038	2,262	22,263	122,650
Professional Fees:																	
Auditors	218	0	444	83	72	305	50	530	84	129	262	92	291	584	241	917	4,302
Legal	0	0	197	15	17	0		870	128	45	39	16	355	600	87	53	2 422
Survey	0	0			0	58		137	8		0	0		9	0	400	612
Other	0	0		20	123	779	49	1,316	449	1,812	70,586	14	671	2,066	842	2,767	81,494
Maintenance and Repairs	1,388	0	311	22	130	396	78	1,194	296	2,326	3,014	0	147	6,577	243	1,200	17,322
Motor Vehicles Expenses	1,487	0	940	348	90	635		2,194	1,469	2,560	1,619	347	842	316	684	4,213	17,744
Other	16,677	0						5,144			22,212			0	0	0	44,033
Total administration costs	57,217	0	24,530	11,070	3,426	14,955	2,409	56,711	23,672	45,645	129,287	16,142	23,514	143,228	20,912	126,558	699,276
5. UNDERWRITING PROFIT/(LOSS)	14,329	0	-19,011	-3,161	-1,543	1,871	-4,773	-10,211	-4,688	19,226	-90,496	10,811	-31,246	-105,499	-6,411	-36,386	-267,188
6. INTEREST AND INVESTMENT																	
INCOME	9,460	0	1,465	4,797	6,121	7,412	3,132	29,218	3,601	10,330	143,155	17,584	903	137,807	16,172	59,370	450,527
7. OPERATING PROFIT/LOSS																	
CARRIED FORWARD TO PROFIT																	
AND LOSS ACCOUNT	**23,789**	**0**	**-17,546**	**1,636**	**4,578**	**9,283**	**-1,641**	**19,007**	**-1,087**	**29,556**	**52,659**	**28,395**	**-30,343**	**32,308**	**9,761**	**22,984**	**183,339**

Source : audited returns and accounts

GENERAL INSURANCE BUSINESS
POLICIES IN FORCE FOR THE YEAR 2006

ANNEX 10

	ALBATROSS	BAI	GFA	IOGA	ISLAND GEN	JUBILEE	LA PRUDENCE	LAMCO	MTIAN EAGLE	MTIUS UNION	RAINBOW	SICOM	CEYLINCO STELLA	SUN	SWAN	NEW INDIA	TOTAL
Fire	2,359	0	241	162	840	-	20,642	803	2,202	5,295	787	1,523	660	625	7,248	1,464	44,851
Motor	7,347	0	19,814	4,070	2,176	-	21,297	39,925	13,394	22,971	14,681	10,155	38,672	12,536	11,780	20,993	239,811
Pers. Acc.	3,161	0	1,453	20	1,239	-	9,177	771	3,108	413	493	863	201	98	2,884	275	24,156
Transport	3,594	0	250	34	304	-	3,989	389	3,894	640	874	2,090	18	571	605	812	18,064
Miscellaneous	2,922	0	399	59	1,331	-	10,494	569	313	4,647	2,063	295	5,082	433	6,732	854	36,193
TOTAL	**19,383**	**0**	**22,157**	**4,345**	**5,890**	**0**	**65,599**	**42,457**	**22,911**	**33,966**	**18,898**	**14,926**	**44,633**	**14,263**	**29,249**	**24,398**	**363,075**

Photos: FSC, Fisheye, Ile aux Images.
Concept: FSC - Design & Printing: Précigraph Ltée

Abbreviations and Acronyms

AMERC	Africa and Middle East Regional Committee
AMF	Autorité des Marchés Financiers
AML/CFT	Anti-Money Laundering and Combatting the Financing of Terrorism
ATS	Automated Trading System
CDS	Central Depository and Settlement Co Ltd
CIS	Collective Investment Schemes
CISNA	Committee for Insurance, Securities and Non-Bank Financial Authorities
CPIS	Coordinated Portfolio Investment Survey
DEM	Development and Enterprise Market
DTAA	Double Taxation Avoidance Agreement
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
FSC	Financial Services Commission
FSCC	Financial Services Consultative Council
FSD ACT 2001	Financial Services Development Act 2001
FSI	Financial Stability Institute
GBCs	Global Business Companies
GBC 1	Category 1 Global Business Company
GBC 2	Category 2 Global Business Company
GDP	Gross Domestic Product
IAIS	International Association of Insurance Supervisors
IFC	International Financial Centre
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation of Securities Commissions
MMOU	Multilateral Memorandum of Understanding
MOU	Memorandum of Understanding
MVIAC	Motor Vehicle Insurance Arbitration Committee
MRA	Mauritius Revenue Authority
NAV	Net Value of Assets
NBFIs	Non-Banking Financial Institutions
OECD	Organisation of Economic Cooperation and Development
OTC	Over-the-Counter
ROC	Registrar of Companies
QSS	Quarterly Statistical Surveys
SADC	Southern African Development Community
SEM	Stock Exchange of Mauritius
SRO	Self-Regulatory Organisations
TRC	Tax Residence Certificate

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