India International Insurance

SINGAPORE

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# ANNUAL REPORT 2023

# CORPORATE DATA

## DIRECTORS

**Mrs. Muni Rajeshwari Singh**

**Mr. A. K. Saxena**

**Mr. G. Srinivasan**

**Mr. N. S. R. C. Prasad**

**Mr. K.V. Rao**

**Mr. Sinnakaruppan**

**Mr. Rashmi Raman Singh**

**Mrs. Nalini Venugopal**

## CHIEF EXECUTIVE
Mrs. Nalini Venugopal

## SECRETARY
Mr. Gerard Seah Jim Hong

## REGISTERED OFFICE
6 Raffles Quay
#22-00
Singapore 048580

## AUDITOR
Deloitte & Touche LLP

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## CHAIRMAN'S STATEMENT

I have great pleasure in presenting the thirty-sixth Annual Report and Accounts of the Company for the financial year ended 31 December 2023.

Singapore's Gross Domestic Product grew by 1.1% in 2023. The general insurance sector in Singapore posted a year-on-year increase of 10.1% in gross written premiums to S$10.2 billion in 2023, led by growth in both the domestic and offshore businesses. Global headwinds, economic slowdown coupled with geopolitical tensions, rising interest rates, and elevated inflationary pressures had impacted overall demand for non-life insurance sector. The pandemic and the intensification of natural catastrophes due to climate change gravely affected people's lives and business activities in 2023.

For the insurance companies registered in Singapore, 2023 marks a significant transition from International Financial Reporting Standards (IFRS) 4 to IFRS 17 in terms of financial reporting. Unlike IFRS 4, which provided insurers with considerable latitude in accounting policies, IFRS 17 introduces a more standardized and transparent approach to insurance contracts. This shift is expected to enhance comparability across companies and geographies. IFRS 17 imposes a uniform measurement model, requiring a more detailed and forward-looking evaluation of insurance liabilities. The new standard also mandates more extensive disclosures, giving stakeholders deeper insights into the financial health and risks associated with insurance portfolios. While the reporting as per IFRS 17 has posed challenges for the company resulting in delayed submission of financial statements, I express deep appreciation for the dedication and hard work of the team to resolve the issues and complete the financial statements.

### PREMIUM INCOME

Singapore's General Insurance market comprising Singapore Insurance Fund (SIF) and Offshore Insurance Fund (OIF) reported a gross premium of S$10.2 billion for the year 2023, compared to S$9.3 billion in the previous year. Though the market continued to be competitive, the industry reported an underwriting profit of S$608.1 million in the year 2023 as against an underwriting profit of S$683.7 million in 2022.

The Gross Written Premium of the Company for the year 2023 was S$ 220.9 million compared to S$ 296.8 million during 2022. Fire premium was lower at S$57.3 million (S$91.0 million in 2022), Marine, Energy & Aviation premium decreased by around 36% from S$149.8 million in 2022 to S$96.4 million and all other classes recorded S$67.2 million compared to S$56.0 million in 2022.

### INVESTMENT INCOME/(LOSS)

There was an increase in the investment income for the year 2023 from -S$19.7 million to S$27 million primarily due to increase in interest rates resulting in higher interest income from Fixed deposits and fair value gain of investments.

### INSURANCE SERVICE RESULT

The year 2023 was still a challenging year for global economies and supply chains due to the war in the Ukraine, the escalating conflict in the Middle East and ongoing inflationary trends. While the political and economic environment remains volatile, our company has not been significantly affected by insurance losses arising from war and credit events or inflationary shocks. By contrast, the company's investment performance benefited from increased interest rates. The company reported an insurance service result of S$5.1 million compared to S$1.3 million in 2022 and a profit before tax of S$26.3 million in 2023 compared to loss before tax of S$35.4 million in 2022.

### DIVIDEND

Considering the increase in profit over the previous year, the Directors have considered it appropriate to recommend a first and final dividend of 10.0% on the paid-up capital of S$50.0 million for the year 2023.

### SHAREHOLDERS' EQUITY

The Shareholders' Equity increased to S$476.5 million as at 31 December 2023 compared to S$451.6 million as at 31 December 2022.

### TECHNICAL RESERVES

The total of Technical Reserves comprising Net insurance contract liabilities and Net reinsurance contract held assets of the Company as at 31 December 2023 was S$244.7 million as against S$229.4 million as at 31 December 2022.

**TOTAL ASSETS**
The total assets of the Company as at 31 December 2023 stood at S$930.1 million inclusive of increase in market value of investment assets, compared to the total assets of S$866.5 million as at 31 December 2022.

**RATING OF THE COMPANY**
I am pleased to inform that **Standard & Poor's** has reaffirmed the rating of the company to **A-,** long term insurer financial strength and counter party credit. This rating reflects the Company's improving market position, underwriting performance, strong capital, and liquidity position.

**LOOKING AHEAD**

To achieve sustainable growth, amid a challenging and competitive external environment, we believe it is necessary to make a company-wide effort to identify inefficiencies in processes and streamline operations. Hence, the management has embarked on a Value Stream Mapping, combined with process improvement and Information Technology system enhancements to drive company's growth by enhancing efficiency, reducing costs, improving quality, and fostering innovation and collaboration across the organization.

With the above change management initiatives, the company's core values of driving growth with profitability and delivering effective customer service will continue to be the cornerstone of the company's strategy, ensuring strong financial performance in the years to come. The true strength of the company lies in its employees, whose resilience and dedication have been instrumental in navigating challenges and seizing opportunities. I am confident that, with their continued commitment, the company is well-positioned to reach even greater heights in the future.

We will continue to ensure compliance with regulatory and statutory requirements at all times.

**CHANGE IN THE BOARD OF DIRECTORS**

Mr Iyengar V. Gopalan retired on 30 June 2023. Mr K. V. Rao was appointed as a Director on 12 July 2023.

Mrs Suchita Gupta resigned on 31 August 2023. Mr R. R. Singh was appointed as a Director on 28 December 2023.

Mr R. Sinnakaruppan was appointed as a Director on 28 December 2023. Mrs Muni Rajeshwari Singh was appointed as a Director on 28 March 2024.

Mrs Neerja Kapur resigned on 30 April 2024.

**VOTE OF THANKS**
I wish to express my sincere appreciation to all my colleagues on the Board for their valuable contributions in conducting the affairs of the Company.

I thank all our business partners for the trust and confidence that they have placed in the Company, and I am confident that the Company will continue to get their support in the coming years as well. In turn, the Company will strive in every way to maintain excellence in the level of service it has been rendering in all areas of its activities.

It is my pleasure to acknowledge the dedication and hard work of the team of officers and members of the staff. I wish to place on record our appreciation of their valuable contribution.

Finally, on behalf of the Board of Directors of the Company, I wish to express my gratitude to the Monetary Authority of Singapore (MAS) for their leadership role and consultative regulatory framework in fostering a free market environment.

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Muni Rajeshwari Singh
Chairman

## CORPORATE GOVERNANCE REPORT

As at 8 April 2024

The Board of Directors ("Board") of India International Insurance Pte Ltd (the "Company") is committed to good corporate governance. The Company has adopted policies pursuant to the Principles, Provisions and Additional Guidelines set out in the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued on 9 November 2021 (the "CG Guidelines") complies with the applicable Regulations in the Insurance (Corporate Governance) Regulations 2013 (the "CG Regulations").

The Board is supported by a number of Board Committees, each constituted by the Board with terms of reference approved by the Board, namely the Audit Committee, Investment Committee, Nomination Committee, Remuneration Committee, Risk Committee and Information Technology Committee. The Board, Audit Committee, Investment Committee and Risk Committee meet at least quarterly, and the other Committees meet as and when required.

### BOARD MATTERS
### THE BOARD'S CONDUCT OF AFFAIRS

**Principle:**

**1 The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

1.1 Board composition is as follows:

| | |
|---|---|
| Mrs Neerja Kapur** | Chairman, non-executive and non-independent |
| Mr R. R. Singh | Non-executive and non-independent |
| Mrs Muni Rajeshwari Singh** | Non-executive and non-independent |
| Mr A. K. Saxena | Non-executive and independent |
| Mr G. Srinivasan | Non-executive and independent |
| Mr N. S. R. Chandra Prasad | Non-executive and independent |
| Mr K. V. Rao | Non-executive and independent |
| Mr R. Sinnakaruppan | Non-executive and independent |
| Mrs Nalini Venugopal | Executive and non-independent |

1.2 The changes in the Board during FY 2023 and up to the date of this Report were as follows:

Mr Anjan Dey resigned on 25 January 2023.
Mrs Neerja Kapur was appointed as a Director on 20 March 2023.
Mrs Suchita Gupta was appointed as Chairman on 20 March 2023.
Mr Iyengar V. Gopalan retired on 30 June 2023.
Mr K. V. Rao was appointed as a Director on 12 July 2023.

Mrs Suchita Gupta resigned on 31 August 2023.
Mrs Neerja Kapur was appointed as Chairman on 7 September 2023.
Mr R. R. Singh was appointed as a Director on 28 December 2023.
Mr R. Sinnakaruppan was appointed as a Director on 28 December 2023.
Mrs Muni Rajeshwari Singh was appointed as a Director on 28 March 2024.

***Changes since the date of this Report, up to 30 July 2024:*
*Mrs Neerja Kapur resigned as Director and Chairman on 30 April 2024.*
*Mrs Muni Rajeshwari Singh was appointed as Chairman on 27 June 2024.*

1.3 The Board's role is to provide leadership, approve and oversee the implementation of the Company's strategic direction and overall business objectives, and ensure that the necessary resources are in place for the Company to meet its objectives, taking into account the need to safeguard customers' interests.

1.4 The Board discusses and approves the organizational structure of the Company. This includes ensuring that adequate corporate governance frameworks and systems are in place across the Company.

1.5 The Board provides oversight of senior management. It is responsible for the appointment and removal of senior management of the Company. The Board sets out clearly the roles, responsibilities, accountability, delegated authority and reporting relationships of senior management and key persons in control job functions (which includes risk management, finance, compliance, internal audit, human resources and risk control related operations), and has these properly documented.

1.6 The Board ensures that the knowledge and expertise of senior management and key persons in control job functions are appropriate given the risk profile and nature of the Company's business.

1.7 The Board ensures that senior management carries out the day-to-day operations of the Company effectively and in accordance with the Company's code of conduct and ethics, business objectives and strategies, and long-term interests and viability.

1.8 The Board oversees the establishment of policies to strengthen the organizational culture of the Company.

1.9 The Board ensures that senior management formulates policies and processes to promote fair practices and high standards of business conduct by staff. Such policies address any misrepresentation, in particular, making of false and misleading statements and misconduct by the staff and also apply to its distribution channels and its claims adjudication.

1.10 The Board ensures that there are clear complaint handling procedures in place to ensure that all complaints are dealt with professionally, fairly, promptly and diligently. These complaint handling procedures are clearly communicated to customers.

1.11 The Board meets regularly with senior management, including key persons in control job functions, to discuss and review critically the decisions made, information provided and any explanations given by senior management and key persons in control job functions, relating to the business and operations of the Company.

1.12 The Board reviews the Company's corporate governance framework, culture and conduct framework, business objectives and strategies on a periodic basis, and where there are material developments, shall ensure that they remain relevant and effective.

1.13 The Board promotes and maintains a high level of professional conduct of the business and emphasizes, among others, integrity, honesty and proper conduct at all times, both with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest, discourages excessive risk-taking activities, promotes open discussions and encourages issues to be raised upwards within the organization where appropriate.

1.14 The Board does not, at present, provide any orientation and training for new and existing Directors. This is because all Directors already have prior experience as managing directors, directors and/or chief executives of their respective companies. Most of them also hold directorships and senior management positions in entities which are subject to regulatory supervision in their respective places of incorporation. However, the Board is considering the provision of orientation and training, as appropriate, for new and existing Directors who do not have any experience in the insurance industry, and to provide regular training, from to time, on relevant new laws, regulations and changing commercial risks.

1.15 All significant matters involving the Company must be approved by the Board. These matters include:

a. major transactions and business decisions;
b. quarterly financial statements;
c. annual report and audited financial statements;
d. annual budget and business plan;
e. declaration of interim dividends and proposal of final dividend;
f. convening of shareholders meetings; and
g. approval of corporate strategy;
h. risk management framework and internal control systems;
i. nomination and appointment of Directors and senior executives; and
j. compensation policies and remuneration framework.

1.16 The names of the Committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Committee's activities are set out below.

**a. Audit Committee ("AC")**

Composition

The AC comprises the following:

Mr G. Srinivasan, Chairman
Mr A. K. Saxena, Member
Mr N. S. R. Chandra Prasad, Member
Mrs Neerja Kapur, Member***
Mr K. V. Rao, Member

******resigned on 30 April 2024 and replaced by Mrs Muni Rajeshwari Singh on 27 June 2024.*

The AC comprises 5 non-executive Directors, the majority of whom, including the AC Chairman, are independent. At least 2 members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. The AC does not comprise any former partners or Directors of the Company's existing auditing firm or auditing corporation.

Terms of Reference

(1) Pursuant to its terms of reference, the AC:

(a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviews at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) reviews the assurance from the Chief Executive and the Chief Financial Officer ("CFO") on the financial records and financial statements;

(d) makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(f) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(g) meets with the external auditor and the internal auditor at least annually;

(h) ensures that the financial statements of the Company are prepared in accordance with accounting policies and practices that are accepted in Singapore;

(i) determines the appropriate criteria for selecting the external auditor and has policies and procedures to regularly monitor and assess the knowledge, competence, independence and effectiveness of the external auditor;

(j) ensures that the external auditor has unrestricted access to information and persons within the Company as necessary to conduct the audit. The AC also understands the external auditor's approach to providing reasonable assurance that the financial statements are free from material misstatements, and reviewing the adequacy of internal controls relevant to the audit;

(k) requires that the external auditor promptly communicates to the AC any information regarding internal control weaknesses, deficiencies, or any other relevant matters. The AC ensures that significant findings and observations regarding weaknesses are promptly rectified and that this is supported by a formal process for reviewing and monitoring the implementation of recommendations by the external auditor;

(l) assesses the independence of external auditor;

(m) ensures that the scope of the internal auditor's responsibility shall be clear and appropriate for the risks which the Company is or could be exposed to, including those risks arising from proposed new lines of business or products; and

(n) ensures that the internal audit function has adequate processes in place for ensuring that recommendations raised in internal audit reports are dealt with in a timely manner, and shall ensure that outstanding exceptions or recommendations are closely monitored by the internal auditor and reported to the AC.

<u>Activities of the AC</u>

(2) During FY 2023, the activities of the AC included the following:

(a) reviewed quarterly unaudited and full-year audited financial statements of the Company, as well as the quarterly business reports of the Company;

(b) reviewed the adequacy and effectiveness of the Company's risk management and internal control systems;

(c) reviewed and approved the annual audit plan of the external auditor;

(d) reviewed the report of the external auditor pursuant to their statutory audit;

(e) reviewed and approved the internal audit plan of the internal auditor;

(f) reviewed the reports of the internal auditor pursuant to the internal audit plan;

(g) reviewed the annual re-appointment of the external auditor and internal auditor and determined their remuneration, and made a recommendation for Board approval; and

(h) met with the external auditor and the internal auditor.

**b. Risk Committee ("RMC")**

<u>Composition</u>

The RMC comprises the following:

Mr R. R. Singh, Chairman
Mrs Neerja Kapur, Member***
Mr Ajit Kumar Saxena, Member
Mr N.S.R. Chandra Prasad, Member
Mr G. Srinivasan, Member
Mr K. V. Rao, Member
Mr R. Sinnakaruppan, Member
Mrs Nalini Venugopal, Member

****resigned on 30 April 2024 and replaced by Mrs Muni Rajeshwari Singh on 27 June 2024.*

The members of the RMC are appropriately qualified to discharge their responsibilities. The members of the RMC have the relevant technical financial sophistication in risk disciplines or business experience, as the Board interprets such qualification in its judgment.

<u>Terms of Reference</u>

(1) Pursuant to its terms of reference, the RMC:

(a) assists the Board in the governance of risk and to ensure that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders;

(b) assists the Board to determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;

(c) assists the Board to have a sound understanding of the business strategy, nature of the business activities of the Company and their associated risks, and to ensure that senior management has established an adequate risk management system to identify, measure, monitor, control and report those risks;

(d) assists the Board to seek advice, where necessary, from within the Company or externally to enable it to discharge its functions properly;

(e) assists the Board to set the tone and inculcating an appropriate risk culture throughout the Company;

(f) assists the Board in overseeing the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risks on an enterprise-wide basis;

(g) assists the Board in approving the risk appetite framework, which is comprehensive and actionable, linked with the Company's business strategy and strategic decision-making and integrated with associated internal processes such as capital planning, funding and liquidity management planning, budgeting, human resource planning, assessing mergers and acquisitions, new products and pricing approval, stress testing, underwriting, claims management, reinsurance, asset-liability matching, investment, recovery and resolution planning and strategic planning;

(h) assists the Board in ensuring that senior management has established adequate risk management practices for the financial and non-financial risks which the Company is or may be exposed to, including but not limited to credit, market, liquidity, operational, technology, conduct, money laundering and terrorism financing, legal, regulatory, reputational, strategic and environmental risks, on a regular basis;

(i) assists the Board in reviewing the current risk profile, risk tolerance level and risk strategy of the Company;

(j) assists the Board in obtaining a periodic independent assessment of the design and effectiveness of the Company's risk governance framework on a regular basis;

(k) ensures that the risk management function has adequate resources and is staffed by an appropriate number of experienced and qualified employees who are sufficiently independent to perform their duties objectively, and that the risk management function has appropriate reporting lines that are independent of business lines; and

(l) obtains from senior management information on all financial and non- financial risks which the Company is or may be exposed to (e.g. credit, market, liquidity, operational, technology, conduct, money laundering and terrorism financing, legal, regulatory, reputational, strategic and environmental risks), and satisfies itself that the information they receive is comprehensive, accurate, complete and timely to enable effective decision-making on the firm's strategy, risk profile and emerging risks.

Activities of the RMC

(2) During FY 2023, the activities of the RMC included the following:

(a) reviewed the Company's Enterprise Risk Management Framework;

(b) reviewed the Company's Own Risk and Solvency Assessment Report ("ORSA");

(c) reviewed the Company's MAS Stress Test Report;

(d) reviewed the Company's MAS Climate Stress Test Report; and

(e) reviewed the quarterly reports of the Company's Chief Risk Officer ("CRO").

**c. Nomination Committee ("NC")**

Composition

The NC comprises the following:

Mr Ajit Kumar Saxena, Chairman
Mr N.S.R. Chandra Prasad, Member
Mr G. Srinivasan, Member
Mrs Neeja Kapur, Member***
Mr K. V. Rao, Member

****resigned on 30 April 2024 and replaced by Mrs Muni Rajeshwari Singh on 27 June 2024.*

The NC comprises 5 non-executive Directors, 4 of whom including the NC Chairman, are independent.

Terms of Reference

(1) Pursuant to its terms of reference, the NC reviews and recommends to the Board on:

   (a) succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the Chief Executive and key management personnel;

   (b) the process and criteria for evaluation of the performance of the Board, Board Committees and Directors;

   (c) training and professional development programs for the Board and Directors;

   (d) the appointment, re-appointment and cessation of Directors (including alternate directors, if any);

   (e) the appointment of key management and their cessation of appointment;

   (f) the independence of Directors and their qualification for office (including conflicts of interest and their ability to discharge their duties); and

   (g) whether any additional engagement accepted by the certifying actuary to carry out any duty or function that is equivalent to any duty or function of an appointed actuary or a certifying actuary for any other insurer, would adversely affect the quality of work of the appointed actuary or certifying actuary, or result in actual or potential conflict of interest.

(2) The NC determines annually, and as and when circumstances require, if a Director is independent having regard to the requirements of the CG Regulations and the CG Guidelines.

(3) The NC ensures that new Directors are aware of their duties and obligations and also reviews if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. Where a Director holds a significant number of listed company directorships and other principal commitments, the NC provides its reasoned assessment of the ability of the Director to diligently discharge his or her duties.

(4) In reviewing nominations, the NC satisfies itself that each nominee is a fit and proper person, and is qualified for the office taking into account the nominee's track record, age, experience, capabilities, skills and such other relevant factors as may be determined by the NC. In addition, the NC reviews, on an annual basis, whether each existing Director remains qualified for the office based on these criteria.

(5) The NC develops a framework to identify the skills that the Board collectively needs in order to discharge the Board's responsibilities effectively, taking into account the complexity of the Company's existing risk profile, business operations and future business strategy.

(6) The NC assesses, at least on an annual basis, if the Board and the respective Board Committees lack any skills to perform their roles effectively and identify steps to improve the effectiveness of the Board and the respective Board Committees.

(7) The NC reviews the nominations, and reasons for resignations, of key appointment holders such as Directors, Chief Executive, CFO and CRO, and certifying actuary and relevant senior management staff. In addition, it ensures that there are adequate policies and procedures relating to the engagement, dismissal and succession of the senior management, and is actively involved in such processes.

<u>Activities of the NC</u>

(8) During FY 2023, the activities of the NC included the following:

(a) reviewed the reasons for the resignation of Directors;

(b) reviewed the additional directorships and appointments of various Directors;

(c) review the independence of the Directors, their qualification for office and ability to discharge their duties and responsibilities;

(d) reviewed the nomination of new Directors and Chairman; and

(e) reviewed the additional engagements of the certifying actuary.

**d. Remuneration Committee ("RC")**

<u>Composition</u>

The RC comprises the following:

Mr N.S.R. Chandra Prasad, Chairman
Mr Ajit Kumar Saxena, Member
Mr G. Srinivasan, Member
Mrs Neerja Kapur, Member***
Mr K. V. Rao, Member

*******resigned on 30 April 2024 and replaced by Mrs Muni Rajeshwari Singh on 27 June 2024.*

The RC comprises 5 non-executive Directors, 4 of whom including the RC Chairman, are independent.

<u>Terms of Reference</u>

(1) Pursuant to it terms of reference, the RC reviews the following:

(a) the framework of remuneration for the Board, key management personnel and executive officers;

(b) the specific remuneration packages for each Director as well as for the key management personnel and executive officers; and

(c) the remuneration practices of the Company to ensure that they are aligned with the recommendations made in accordance with the approved frameworks.

(2) The RC ensures that remuneration polices do not create incentives for excessive risk-taking behavior, relevant control job functions are involved in the design of remuneration policies, and provide inputs on performance evaluation and remuneration outcomes.

(3) The RC also:

(a) considers all aspects of remuneration, including termination terms, to ensure they are fair;

(b) seeks to ensure that the remuneration policies are in line with the strategic objectives, and do not give rise to conflicts between the objectives of the Company and the interests of employees;

(c) if it deems appropriate, seeks inputs from the RMC and ensures that remuneration practices do not create incentives for excessive or inappropriate risk-taking behavior;

(d) oversees the design of remuneration policies and pays sustained attention to the operation of remuneration policies that cover all employees of the Company to ensure that the policies operate as intended, with particular attention to key management personnel and other employees whose actions may have a material impact on the risk exposure of the Company;

(e) ensures that senior management exercise active oversight and monitor the implementation and effectiveness of remuneration policies, reviews remuneration outcomes, risk measurements and risk outcomes regularly for consistency with the intentions of remuneration policies; and

(f) assesses the compliance of the Company's remuneration policies with any relevant regulations and guidelines.

**e. Investment Committee ("IC")**

<u>Composition</u>

The IC comprises the following:

Mr K. V. Rao, Chairman
Mrs Neerja Kapur, Member***
Mr R. R. Singh, Member
Mr Ajit Kumar Saxena, Member
Mr N.S.R. Chandra Prasad, Member
Mr G. Srinivasan, Member
Mr R. Sinnakaruppan, Member
Mrs Nalini Venugopal, Member

****resigned on 30 April 2024 and replaced by Mrs Muni Rajeshwari Singh on 27 June 2024.*

Terms of Reference

(1) Pursuant to its terms of reference, the IC:

(a) provides oversight and guidance to management in the management of the Company's investment portfolio and compliance with applicable regulations;

(b) recommends to the Board for approval of the Company's Investment Policy, Asset Liability Management Policy, and short-term and long-term investment plans;

(c) conducts periodic meetings with management to discuss key investment issues and to review the Company's investment portfolio and performance;

(d) monitors the progress and development of the investment decisions taken by management;

(e) determines the strategic direction and identifies suitable investment opportunities;

(f) to reviews investment activities conducted by management;

(g) ensures judicious management of the investment portfolio in line with the risk appetite of and tolerance limits set by the Board in order that there will always be adequate liquidity to support the underwriting activities;

(h) approves investment proposals submitted by management as required under established procedure; and

(i) reviews the minutes of the Company's internal investment committee.

Activities of the IC

(2) During FY 2023, activities of the IC included the following:

(a) reviewed and approved the Company's Strategic and Tactical Investment Policy;

(b) reviewed and approved the Company's Asset Liability Management Policy;

(c) reviewed and approved the Company's short-term and long- term investment plans and targets;

(d) reviewed the activities of the internal investment committee; and

(e) reviewed the Investment Income Analysis and Investment Activities of the Company.

**f. Information Technology Committee ("ITC")**

Composition

The ITC comprises the following:

Mr R. Sinnakaruppan, Chairman
Mrs Neerja Kapur, Member***

Mr R. R. Singh, Member
Mr Ajit Kumar Saxena, Member
Mr N.S.R. Chandra Prasad, Member
Mr G. Srinivasan, Member
Mr K. V. Rao, Member
Mrs Nalini Venugopal, Member

****resigned on 30 April 2024 and replaced by Mrs Muni Rajeshwari Singh on 27 June 2024.*

Terms of Reference

(1) Pursuant to its terms of reference, the ITC:

(a) approves IT-related projects with cost exceeding S$100,000, and reviews their implementation and progress;

(b) reviews the implementation, maintenance and upgrading of the Company's existing core software system and the Company's on-line insurance portal;

(c) approves budgets for IT purchases and licensing of hardware and software including their maintenance, modifications and upgrading;

(d) reviews the IT security and data security policies and procedures of the Company and their implementation;

(e) reviews the IT arrangements of the Company for business continuity;

(f) ensures that IT risks are identified, assessed and managed in line with the overall risk management policy of the Company; and

(g) reviews the reports of the auditors on IT.

Activities of the ITC

(2) During FY 2023, activities of the ITC included the following:

(a) reviewed the progress of the implementation of the Company’s Core IT system;

(b) reviewed and approved the IT budget of the Company;

(c) reviewed the Company’s digitalization plan and its implementation; and

(d) received a briefing on Technology Risk Management and Cybersecurity Risks.

1.17 Attendance at Board, Committee and General meetings for FY 2023 is set out below:

| | Board | AC | IC | RMC | NC | RC | ITC | AGM^^ | EGM^^^ |
|---|---|---|---|---|---|---|---|---|---|
| No. of meetings held | 6 | 5 | 4 | 4 | 6 | - | 4 | 1 | 1 |
| Members | No. of meetings attended | | | | | | | | |
| Mr Anjan Dey | - | - | - | - | - | - | - | - | - |
| Mrs Suchita Gupta | 4 | 2 | 2 | 1 | 2 | - | 1 | 1 | |
| Mrs Neerja Kapur | 5 | 3 | 4 | 3 | 3 | - | 3 | 1 | |
| Mr R. R. Singh | 1 | 1 | 1 | 1 | 1 | - | 1 | - | |
| Mr A. K. Saxena | 6 | 5 | 4 | 4 | 6 | - | 4 | 1 | |
| Mr G. Srinivasan | 5 | 4 | 3 | 3 | 5 | - | 3 | 1 | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Mr N. S. R. Chandra Prasad | 6 | 5 | 4 | 4 | 6 | - | 4 | 1 | |
| Mr Iyengar V. Gopalan | 2 | - | 1 | - | - | - | - | 1 | 1 |
| Mr K. V. Rao | 3 | 3 | 3 | 3 | 3 | - | 3 | - | |
| Mr R. Sinnakaruppan | 1 | 1 | 1 | 1 | 1 | - | 1 | - | |
| Mrs Nalini Venugopal | 6 | 3 | 4 | 4 | 3 | - | 4 | 1 | 1 |

Note:
^^annual general meeting
^^^extraordinary general meeting

## BOARD COMPOSITION AND GUIDANCE

**Principle:**

**2 The Board has an appropriate balance of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

**Board Composition**

2.1 The composition of the Board is stated in Paragraph 1.1 above. All members of the Board have been approved by the Monetary Authority of Singapore.

**Board Independence and Composition**

2.2 More than one-third of the Board are independent Directors. Non-executive Directors make up a majority of the Board. As at the date of this Report, independent Directors make up more than half of the Board. The Board has an appropriate balance of independence and diversity of thought and background in its composition based on the experience, qualification, background and gender of the existing Directors.

2.3 The Company's independent Directors are Mr A. K. Saxena, Mr G. Srinivasan, Mr N. S. R. Chandra Prasad, Mr K. V. Rao and Mr R. Sinnakaruppan. Mrs Neerja Kapur, Mr R. R. Singh, Mrs Muni Rajeshwari Singh and Mrs Nalini Venugopal are non-independent Directors. All the Directors are non-executive Directors except for Mrs Nalini Venugopal who is the Managing Director and Chief Executive. Mrs Neerja Kapur is the Chairman of the Board.

2.4 The NC and the Board, with the relevant Director abstaining in respect of his or her own review and with any interested Director abstaining in respect of the review of any other Director, have reviewed the declarations, disclosures and information provided by and/or obtained in respect of each Director, to:

a. determine whether such Director is independent from management and business relationship with the Company and independent from any substantial shareholder of the Company and has served on the Board for a continuous period of 9 years or longer; and

b. review and assess whether such Director remains qualified for the office using the criteria applied in reviewing his or her proposed appointment or nomination, in accordance with the requirements under the CG Regulations including:

(1) whether the Director has any conflict of interest or any other concerns that would hamper his/her ability to discharge his/her duties as a Director;

(2) whether the Director is able to devote sufficient time and attention to his/her appointment in view of his/her directorships in listed companies and other principal commitments; and

(3) whether the Director is a fit and proper person to act as a Director.

2.5 Based on their review, the NC and the Board have determined that:

a. Messrs Neerja Kapur, Rashmi Raman Singh and Muni Rajeshwari Singh:

(1) have not served on the Board for a continuous period of 9 years or longer;

(2) are independent from management relationships with the Company;

(3) are not independent of business relationships with the Company as the respective companies in which they are Chairman cum Managing Director ("CMD"), namely The New India Assurance Company Limited ("New India"), The Oriental Insurance Company Limited ("Oriental") and National Insurance Company Limited ("National"), provide or have provided reinsurance to the Company in the current and immediately preceding financial year; and

(4) are not independent from a substantial shareholder of the Company, being the CMD of New India, Oriental and National respectively, which are substantial shareholders of the Company.

b. Mrs Nalini Venugopal is:

(1) not independent from a management relationship with the Company by reason of her appointment as Managing Director and Chief Executive of the Company;

(2) not independent from a business relationship with the Company by reason of her being an executive officer of New India which is a corporation which carries on business for profit to which the Company has made and from which the Company has received payments in the current and immediately preceding financial year under reinsurance arrangements with the Company;

(3) independent from substantial shareholders of the Company because notwithstanding that she remains an executive officer of New India, upon her appointment as Chief Executive and Managing Director of the Company, she is not employed by New India in that she will not have any duties or responsibilities to New India, and will not be entitled to any salary or benefits from New India except that her term of employment with the Company will be counted towards her term of service with New India. Mrs Nalini Venugopal will only have duties and responsibilities to and be entitled to salary and benefits from the Company instead; and

(4) has not served on the Board for a continuous period of 9 years or longer.

c. Mr K. V. Rao, is independent from management and business relationships with the Company and from substantial shareholders of the Company and has not served as a Director for a continuous period of 9 years or longer.

d. Mr R. Sinnakaruppan, is independent from management and business relationships with the Company and from substantial shareholders of the Company and has not served as a Director for a continuous period of 9 years or longer.

e. Mr A. K. Saxena is independent from management and business relationships with the Company and has not served on the Board for a continuous period of 9 years or longer, but is not independent from substantial shareholders of the Company by reason of his being:

(1) an independent director of Health Insurance TPA of India Limited ("HITPA"), where 4 of the substantial shareholders of the Company each holds 23.75% of the shares in HITPA namely: New India, National, United India Insurance Company Limited ("United India") and The Oriental Assurance Company Limited ("Oriental), and the other substantial shareholder, General Insurance Corporation of India ("GIC Re") holds the remaining 5% of the shares; and

(2) an independent director of GIC Housing Finance Limited ("GICHF"), a listed corporation in India in which the substantial shareholders of the Company hold an aggregate shareholding of 42.24%, with each of them holding less than 20% of the shares of GICHF.

f. Notwithstanding the foregoing relationship with the substantial shareholders, it was determined that Mr A. K. Saxena's independent business judgement and ability to act in the interests of the Company will not be impeded for the following reasons:

(1) in relation to HITPA:

(a) Mr A. K. Saxena has been appointed as an independent non-executive director of HITPA in accordance with applicable Indian law;

(b) Mr A. K. Saxena's independence in relation to HITPA allows him to maintain his independence in relation to the Company;

(c) Mr A. K. Saxena has been nominated by the nomination committee of HITPA which was headed by an independent director;

(d) Mr A. K. Saxena has no pecuniary relationship with HITPA (other than for director's fees) and no pecuniary relationship with any of the shareholders of HITPA (which comprised the shareholders of the Company);

(e) HITPA carries on business in India and does not have any business relationship with the Company; and

(f) The Company has not received any payments from or made any payments to HITPA in the current or immediately preceding financial year, or at any other time.

(2) in relation to GICHF:

(a) GICHF is a publicly listed company in India, and Mr A.K. Saxena is an independent director of GICHF, being considered, under applicable Indian laws and regulations, as independent from the promoters of GICHF (which are the substantial shareholders of the Company), namely GIC Re, Oriental, New India, National and United India;

(b) Under applicable Indian laws and regulations, as an independent director of GICHF, Mr A.K. Saxena is not a nominee director, meaning that he has not been nominated by any financial institution pursuant to the provisions of any law, or of any agreement, or appointed by any Government or any other person to represent its interests;

(c) Under applicable Indian laws and regulations, the Company's substantial shareholders, namely GIC Re, Oriental, New India, National and United India, have been since 2000, totally independent of each other and are fully Board-run companies. GIC Re and New India are listed companies which are no longer 100% owned by the Government of India. They are also regulated by the Securities & Exchange Board of India ("SEBI"). GICHF is a listed company and is also subject to

SEBI and is regulated by the National Housing Bank ("NHB"), a subsidiary of India's central bank, the Reserve Bank of India;

(d) The Company's substantial shareholders collectively hold a minority shareholding of about 42.24% in GICHF, with GIC Re holding 15.26%, New India holding 8.53%, National holding 5.58%, Oriental holding 5.52% and United India holding 7.35%., and are totally independent of each other and are fully Board-run companies, where each of them does not control the actions of the others in relation to the management of GICHF or the Company; and

(e) GICHF is in the business of providing housing finance and regulated by NHB. GICHF is not in the business of insurance and reinsurance. Hence the business of GICHF is unrelated to the business of the Company or any of the Company's substantial shareholders.

(f) Mr N.S.R. Chandra Prasad is independent from management and business relationships with the Company, has not served on the Board for a continuous period of 9 years or longer, but is not independent from substantial shareholders of the Company by reason of his being an independent director of Prestige Assurance Plc, Nigeria ("Prestige"), a corporation which is a subsidiary of New India, a substantial shareholder of the Company.

(g) Notwithstanding the foregoing relationship with the substantial shareholder, New India, it was determined that Mr N. S. R. Chandra Prasad's independent business judgement and ability to act in the interests of the Company will not be impeded for the following reasons:

(1) Mr N. S. R. Chandra Prasad has been appointed as an independent non-executive director of Prestige in accordance with applicable Nigerian law and regulations;

(2) Mr N. S. R. Chandra Prasad's independence in relation to Prestige allows him to maintain his independence in relation to the Company;

(3) Prestige is a publicly listed company in Nigeria, which is subject to regulations governing the appointment of independent directors;

(4) Mr N. S. R. Chandra Prasad was nominated by the Administration Committee of Prestige, which is headed by an independent director;

(5) Mr N. S. R. Chandra Prasad has no pecuniary relationship with Prestige (other than for director's fees) and no pecuniary relationship with any of the shareholders of Prestige including The New India Assurance Co Ltd, the 69% shareholder of Prestige; and

(6) the Company has not received payments from or made payments to Prestige in the current or immediately preceding financial year; and

i. Mr G. Srinivasan is independent from management and business relationships with the Company, has not served on the Board for a continuous period of 9 years or longer, but is not independent from substantial shareholders of the Company by reason of his being:

(1) a non-executive director of GICHFL Financial Services Private Limited ("GFinance"), a wholly-owned subsidiary of GICHF, a listed corporation in India in which the substantial shareholders of the Company hold an aggregate shareholding of 42.24%, with each of them holding less than 20% of the shares of GICHF; and

(2) a non-executive independent director of New India Assurance (T and T) Limited ("NIATT"), a subsidiary of New India, a substantial shareholder of the Company.

j. Notwithstanding the foregoing relationship with the substantial shareholder, New India, it was determined that Mr G. Srinivasan's independent business judgement and ability to act in the interests of the Company will not be impeded for the following reasons:

(1) in relation to GFinance:

(a) Mr G. Srinivasan has no pecuniary relationship with GFinance (other than for director's fees) and no pecuniary relationship with GICHF;

(b) GFinance and GICHF carry on business in India which is unrelated to the business of the Company, and do not have any business relationship with the Company;

(c) The Company has not received any payments from or made any payments to GFinance and GICHF Limited in the current or immediately preceding financial year, or at any other time;

(d) GICHF is a publicly listed company in India; and

(e) the Company's substantial shareholders collectively hold a minority shareholding of about 42.24% in GICHF, but with each holding less than 20% of the total shareholding, namely: GIC Re holding 15.26%, New India holding 8.53%, National holding 5.58%, Oriental holding 5.52% and United India holding 7.35%., and being totally independent of each other and fully Board-run companies, where each of them does not control the actions of the others in relation to the management of GICHF or GFinance.

(2) in relation to NIATT:

(a) Mr G. Srinivasan has been appointed as an independent non-executive director of NIATT in accordance with applicable Indian law;

(b) Mr G. Srinivasan's independence in relation to NIATT allows him to maintain his independence in relation to the Company;

(c) Mr G. Srinivasan has no pecuniary relationship with NIATT (other than for director's fees) and no pecuniary relationship with New India or any of the minority shareholders of NIATT;

(d) NIATT carries on business in India does not have any business relationship with the Company; and

(e) The Company has not received any payments from or made any payments to NIATT in the current or immediately preceding financial year, or at any other time.

2.6. The NC and Board, with the relevant Director abstaining from all deliberations and voting in respect of his or her own review and with any interested Director abstaining in respect of the review of any other Director, also considered each Director's length of service on the Board when assessing a Director's independence on the Board. The NC and Board noted that a number of Directors had served on the Board for an aggregate period of close to or more than 9 years, namely:

a. Mr A. K. Saxena, who had served as a non-executive and non-independent Director from 20 September 2012 to 30 June 2016, and as an independent Director from 25 August 2016 to the date of this Report, being an aggregate period of approximately 11 years and 4 months;

b. Mr Gopalan Srinivasan, who had served as a non-executive and non-independent Director from 19 March 2013 to 20 August 2018, and as an independent Director from 19 December 2018 to the date of this Report, being an aggregate period of about 10 years and 8 months; and

c. Mr N. S. R. Chandra Prasad, who had served as a non-executive and non-independent Director from 24 August 2009 to 28 February 2014, and as an independent Director from 19 December 2018 to the date of this Report, being an aggregate period of about 9 years and 9 months

2.7. The NC and Board determined that for each of Messrs A. K. Saxena, G. Srinivasan and N. S. R. Chandra Prasad, despite their aggregate periods of service as Directors being close to or more than 9 years, their independent business judgement and ability to act in the interests of the Company had not been impeded, and that they remained objective, impartial, robust, knowledgeable and perceptive in their oversight of management and the discharge of their duties.

2.8 The NC and the Board, with the relevant Director abstaining from all deliberations and voting in respect of his or her own review and with any interested Director abstaining in respect of the review of any other Director, also determined that no independent Director:

a. was or had been employed by the Company for the current or any of the past three financial years; and

b. had an immediate family member who was or had been employed by the Company as an executive officer or other material risk taker, or whose remuneration was or had been determined by the RC, for the current or any of the past three financial years.

2.9 The NC and Board, with the relevant Director abstaining from all deliberations and voting in respect of his or her own review and with any interested Director abstaining in respect of the review of any other Director, reviewed the declarations, disclosures and information provided by and/or obtained in respect of each Director. It was determined that each of the Directors remained qualified for the office based on the criteria applied in reviewing his or her proposed appointment or nomination, namely:

a. the appointment of each of the Directors would not result in non-compliance with the requirement under the CG Regulations that the Board must comprise at least one-third of Directors who are independent Directors;

b. each of the Directors was a fit and proper person for the office and was qualified for the office, taking into account the Director’s track record, age, experience, capabilities and skills;

c. each of the Directors did not have any conflict of interest or any other concerns that would hamper his/her ability to discharge his/her directorships as a Director; and

d. each of the Directors was able to devote sufficient time and attention to his/her appointments in view of his/her directorships in listed companies and principal commitments.

2.10 The Board and Board Committees are of an appropriate size, and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. There is presently no Board diversity policy as the process and criteria for selection of Directors has been able to achieve Board diversity. However, the Board may consider formally establishing such a policy if the situation requires it in future.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle:**

**3 There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has unfettered powers of decision-making.**

3.1 The Chairman and the Chief Executive are separate persons. There is clear division of responsibilities between the Chairman and the Chief Executive. The overall role of the Board Chairman is to lead and ensure the effectiveness of the Board. This includes:

a. promoting a culture of openness and debate at the Board;

b. facilitating the effective contribution of all Directors; and

c. promoting high standards of corporate governance. The Chief Executive is responsible for the day-to-day management and operations of the Company and for implementing the policies, strategies and directions of the Board.

3.2 The Board has not appointed a lead independent Director as the independent Directors individually and collectively have the experience and stature to act and to lead when the situation requires. The independent Directors are available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management are inappropriate or inadequate. The independent Directors are known to the shareholders and shareholders are free to contact them directly.

3.3 The independent Directors, individually and collectively, provide independent leadership on the Board, and act as a sounding board for the Chairman. The independent Directors do not hesitate to raise relevant queries and ensure that there is a check and balance between the Board and senior management. The independent Directors also meet regularly with each other to assess the performance of the Chairman and senior management.

## BOARD MEMBERSHIP

**Principle:**

**4 The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

4.1 Information on the professional qualifications, dates of appointment / re-election and directorships & other principal commitments for each of Directors is set out below.

| **Name of Director / Professional Qualifications** | **Date of first appointment / Date of last re- appointment** | **Present Directorships or chairmanships in listed companies & other principal commitments** |
|---|---|---|
| Mrs Neerja Kapur / Fellow Member, Insurance Institute of India. | Appointed on 20 March 2023, retired and was re-elected at the annual | <u>Listed Companies (India)</u> |

| | | |
|---|---|---|
| | general meeting on 30 June 2023. | Chairman cum Managing Director, the New India Assurance Company Limited.<br>Director, GIC Housing Finance Corporation Ltd.<br><br><u>Listed Companies (Other countries)</u><br><br>Director, Prestige Assurance Plc, Nigeria.<br><br><u>Other Principal Commitments)</u><br><br>Director, Health Insurance TPA of India Limited.<br>Member of the Governing Board, National Insurance Academy, India.<br>Director, Agriculture Insurance Company of India Limited.<br>Council Member, Insurance Institute of India.<br>Director, The New India Assurance Company.<br>(Trinidad & Tobago) Ltd, Port of Spain, Trinidad & Tobago. |
| Mr R. R. Singh / Associate Member, Insurance Institute of India | First appointed on 28 December 2023, will retire and has been nominated for re-election at the annual general meeting for 2024. | <u>Listed Companies (India)</u><br><br>Director, GIC Housing Finance Ltd.<br><br><u>Other principal commitments)</u><br><br>Chairman cum Managing Director of The Oriental Insurance Company Limited.<br>Director, Health Insurance TPA of India Limited.<br>Director, Agriculture Insurance Company of India Limited.<br>Director, Industrial Credit Company Limited. |
| Mrs Muni Rajeshwari Singh / Associate Member, Insurance Institute of India | First appointed on 28 March 2024, will retire and has been nominated for re-election at the annual general meeting in 2024 | <u>Listed Companies (India)</u><br><br>Director, GIC Housing Finance Ltd.<br><br><u>Other Principal commitments</u><br><br>Chairman cum Managing Director, National Insurance Company Limited.<br>Director, Agriculture Insurance Company of India Limited.<br>Director, Health Insurance TPA of India Limited.<br>Member, Governing Board of the National Insurance Academy, India.<br>Member, Council for Insurance Ombudsmen, India. |
| Mr A. K. Saxena / Associate Member, | First appointed on 20 September 2012, retired and was re-elected at the | <u>Listed Companies (India)</u> |

| | | |
|---|---|---|
| Insurance Institute of India | annual general meeting on 28 June 2013, resigned on 30 June 2016. Re-appointed on 25 August 2016, retired and was re-elected at the annual general meeting on 29 August 2016. Retired and was re-elected at the annual general meeting on 30 June 2023. | Director of GIC Housing Finance Ltd.<br><br><u>Other principal commitments</u><br><br>Director, Health Insurance TPA of India Limited. |
| Mr G. Srinivasan / Associate Member, Institute of Cost Accountants of India; Fellow Member, Insurance Institute of India | First appointed on 19 March 2013, retired and was re-elected at the annual general meeting on 28 June 2013 and resigned on 20 August 2018. Re-appointed on 19 December 2018, retired and was re-elected at the annual general meeting on 21 June 2019. 2023. Retired and was re-elected at the annual general meeting on 30 June 2023. | <u>Listed Companies (India)</u><br><br>Director, P.B. Fintech Limited.<br><u>Other principal commitments</u><br><br>Director, NAVI General Insurance Ltd (formerly known as DHFL General Insurance Limited).<br>Director, Medi Assist Healthcare Services Ltd.<br>Director, Valueattics Reinsurance Co. Ltd.<br>Director, Insuretech Digital Solutions India Pvt. Ltd.<br>Director, New India Assurance (T and T) Ltd.<br>Director, Agamanalytics Pvt Ltd.<br>Director, GICHFL Financial Services Private Limited.<br>Director, Mayfair WeCare Ltd. |
| Mr N. S. R. Chandra Prasad / Fellow Member, Insurance Institute of India; Certified Associate, Indian Institute of Bankers. | First appointed on 28 August 2009, retired and was re-elected at the annual general meeting on 21 June 2010 and resigned on 28 February 2014. Re-appointed on 19 December 2018, retired and was re-elected at the annual general meeting on 21 June 2019. Retired and was re-elected at the annual general meeting on 30 June 2023. | <u>Listed Companies (Other countries)</u><br><br>Director, Prestige Assurance Plc, Nigeria. |
| Mr K. V. Rao | First appointed on 12 July 2023, will retire and has been nominated for re-election at the annual general meeting in 2024. | <u>Principal commitments</u><br><br>Chairman, Tata International Singapore Pte Limited.<br>President Commissioner, PT Tata Motors Indonesia.<br>President Commissioner, PT Tata Motors Distribusi Indonesia.<br>Director, TML Holdings Pte Ltd.<br>Director, Life Insurance Corporation (Singapore) Pte Ltd.<br>Director, SIFAS Productions Limited. |

| | | |
|---|---|---|
| | | Director, Universal MEP Projects Pte Limited.<br>Director, MAS Amity Pte Ltd.<br>Director, Tata Precision Industries Private Limited.<br><u>Societies/Institutions/Statutory Boards</u><br><br>Term Trustee, Singapore Indian Development Association ("SINDA").<br>Chairman, Information Technology Resource Panel, SINDA<br>Member, Indian Business-leaders' Roundtable ("IBR") Management Council, SINDA<br>Member, IBR Community Outreach and Engagement Sub-Committee, SINDA<br>Member, Board of Advisors, Singapore Institute of International Affairs<br>Vice Chairman, South Asia Business Group ("SABG") Executive Committee, Singapore Business Federation ("SBF")<br>Vice Chairman, Andhra Pradesh-Singapore Business Council ("APSBC"), SBF.<br>President – Executive Committee, Singapore Indian Fine Arts Society ("SIFAS").<br>Chairman, Executive Committee, Sri Aurobindo Society.<br>Member, People's Association ("PA") Indian Activity Executive Committee Council-Indian Culture & Language Advisory Panel. |
| Mr R. Sinnakaruppan | First appointed on 28 December 2023, will retire and has been nominated for re-election at the annual general meeting in 2024. | <u>Principal Commitments</u><br><br>Director and Chief Executive Officer, Singapore Education Academy (Asia Pacific) Pte Ltd.<br>Director, Kerb Pte Ltd.<br>Director, First Class Learning Centres (UK) Ltd.<br>Director, First Class Learning Holdings Pte Ltd. |
| Mrs Nalini Venugopal / Fellow Member (Non-Life Insurance), Insurance Institute of India. | Appointed as Director, Managing Director & Chief Executive on 29 November 2022, retired and was re-elected at the annual general meeting on 30 June 2023. Will retire and has been nominated for re-election at the annual general meeting for 2024. | <u>Principal commitment</u><br><br>Managing Director & Chief Executive, India International Insurance Pte Ltd. |

None of the Directors has any relationships including immediate family relationships with any of the other Directors, the Company or its substantial shareholders except as disclosed under Principle 2 of this Report.

4.2 The process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates is set out below:

a. The Managing Director is selected from a list of short-listed candidates by the Governing Board of the General Insurers' (Public Sector) Association of India (GIPSA). These candidates are identified from among the senior management of the 5 substantial shareholders of the Company, namely GIC Re, Oriental, New India, National and United India. Upon selection by GIPSA, the candidate is seconded to and employed by the Company for a term.

b. The CMD for the time being, of each of Oriental, New India and National is, by convention, put forward to the NC to be nominated as a non-executive, non-independent Director of the Company. Each of these Directors is a nominee of their respective corporations on the Board. These Directors serve on the Board for so long as they remain the CMD of their corporations.

c. The other Directors are identified from among the past Directors who have resigned after their retirement as the CMD of their corporations and who have not previously served on the Board for a continuous period of 9 years, retired senior civil servants or government officials, or prominent members of the business or professional community in India or Singapore, with the requisite academic and professional qualifications, experience and business acumen and contacts which could be relevant to the business of the Company. These persons are identified through recommendations given by existing and former Directors and their business and professional contacts in Singapore and India.

4.3 The NC and the Board determine annually, and as and when circumstances require, if a Director is independent, and qualified for the office, having regard to the requirements of the CG Regulations and the CG Guidelines. Directors disclose their relationships with the Company, its substantial shareholders and its officers, if any, which may affect their independence, to the Board. The process for the assessment of the independence and qualification for office of Directors is set out under Principle 2 of this Report.

4.4 The NC and the Board ensure that new Directors are aware of their duties and obligations. A memorandum on Directors' Duties is sent to all Directors on appointment and annually in connection with the annual updating of their disclosures, particulars and interests. The NC and the Board also determine if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The listed company directorships and other principal commitments of each Director are set out in Paragraph 4.1 of this Report. The NC and Board have reviewed the listed company directorships and principal commitments of each Director. Based on the information provided by each Director on the nature of their directorships and principal commitments (namely executive or non-executive) and the annual time commitments (including number of meetings) for each directorship or appointment, and taking into account their management experience and capabilities, the NC and Board have assessed that each of the Directors is able to diligently discharge his or her duties.

4.5 In reviewing nominations for appointment or re-appointment, the NC and the Board satisfy themselves that each nominee is a fit and proper person, and is qualified for the office, taking into account the nominee's track record, age, experience, capabilities, skills and such other relevant factors as may be determined by the NC. The review process is the same as that described under Principle 2 above. The review conducted by the NC and the Board is based on the declarations and disclosures provided by each Director. The Company also conducts a background check on each Director as part of the nomination process.

4.6 The names of the Directors submitted for appointment or re-appointment are accompanied by details and information to enable shareholders and the Board to make informed decisions. In the case of appointments by the Board, the information is tabled in the Board papers and for re-appointment or re-election of directors, the information is set out in the annual report (if such re-appointment is to take place at the annual general meeting) or as an appendix or note to the Notice of General Meeting, which accompanies the relevant resolution

4.7 Under the Company's Constitution, one third of the Directors must retire and be eligible for re-election at each annual general meeting. Accordingly, all Directors submit themselves for re-nomination and re-election at least once every three years.

**BOARD PERFORMANCE**

**Principle:**

**5 The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.**

5.1 The Board collectively reviews and evaluates its performance based on the questions contained in a Board Evaluation Questionnaire circulated to the Directors. The performance criteria and process for evaluation are determined by the Board.

5.2 The Board conducts an annual performance assessment. Each Director responds to the questionnaire and the results and comments received are tabulated and summarized without reference to specific Directors. The results are then reviewed by the Board which may make recommendations or decide on action to be taken.

5.3 There is no separate evaluation of each Board committee or of individual Directors. The Board is of the view that separate evaluation by committee or of individual Directors results in a duplication of effort and does not yield any significant new information or perspectives. This is because there is an overlap between the composition of the Board and various Committees. The RMC, IC and ITC have the same composition as the Board. Directors who are not members of the AC, RC and NC are in attendance and are appraised of the proceedings of these Committees. Furthermore, the Board would rather focus on their collective strengths and shared responsibility for the management of the Company rather than to focus on individual strengths and weaknesses, which might be counterproductive and damage the sense of collegiality of the Board. No external facilitators are engaged for the evaluation exercise.

**REMUNERATION MATTERS**
**PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

**Principle:**

**6 The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The Board has established the RC for developing and recommending for approval by the Board, policy on executive remuneration and for fixing the remuneration packages of individual Directors. In formulating these policies, the RC seeks to ensure that the policies are in line with the strategic objective and corporate values of the Company and do not give rise to conflicts between the objectives of the Company and the interests of individual Directors and senior management. No Director is involved in deciding his own remuneration.

**LEVEL AND MIX OF REMUNERATION**

**Principle:**

**7 The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

7.1 The level and structure of remuneration are aligned with the long-term interest and risk policies of the Company, and are appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company.

7.2 Remuneration of Directors is recommended by the RC Committee to the Board. The RC has recommended and the Board has adopted the practice of uniform remuneration for all non-executive Directors. All Directors' remuneration is approved by the shareholders at the annual general meeting of the Company. The Managing Director is not entitled to separate remuneration, being an executive of the Company.

7.3 Remuneration of the Chief Executive is fixed by the Board based on experience, skill and according to the pay scale fixed by the Board. Other benefits included housing, transport and a performance-based incentive. The performance parameters are based on long term considerations (presently 3-year average) and linked to underwriting results and growth in overall profitability.

7.4 Remuneration of executives and non-union staff is based on the job functions undertaken by them and aligned to the pay scale as approved by the Board. Remuneration is fixed by the Chief Executive in consultation with the Company's Human Resource Department and on KPI-based performance appraisal. Market salary, productivity and performance of the executive, loyalty, and inflation are among the factors considered. Executives are also paid incentives based on the overall performance of the Company, performance of their department and individual performance.

7.5 Remuneration of unionised staff is covered by the Collective Agreement, with remuneration fixed by the union as per the grade and a salary schedule has been also worked out for 3 years. The schedule has been approved by the Industrial Arbitration Court, and is revised every 3 years when a new Collective Agreement is signed.

7.6 The Company does not have any employee share scheme. The Company also does not have any malus, claw-back or deferral arrangements, as these add complexity with limited benefits in the context of the Company's remuneration framework. The Company does not pay any guaranteed bonuses.

7.7 The Remuneration Framework for FY 2023 remained the same as for FY 2022.

**DISCLOSURE ON REMUNERATION**

**Principle:**

**8 The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

8.1 The remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not conflict with the Company's objectives and directions. The remuneration practices do not create incentives for excessive or inappropriate risk-taking behavior.

8.2 The Company believes that it is not in its best interest to disclose the precise remuneration of the Directors and key management personnel due to the highly competitive market for talent. Details of management expenses including compensation of key management personnel, salaries and Directors' fees are set out in the Company's Financial Statements.

8.3 The Company does not employ any person who is a substantial shareholder of the Company, or are immediate family members of any Director, the Chief Executive, or a substantial shareholder of the Company.

**ACCOUNTABILITY AND AUDIT**
**RISK MANAGEMENT AND INTERNAL CONTROLS**

**Principle:**

**9 The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

9.1 The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The RMC has been set up to address this. The composition and terms of reference of the RMC are set out in Paragraph 1.16 of this Report.

9.2 The Company has established an Enterprise Risk Management framework with a view to ensuring that with suitable strengthening in the practices, the Company meets with the regulatory requirement on Enterprise Risk Management for Insurers (MAS Notice 126 issued on 2 April 2013).

9.3 The Company's Enterprise Risk Management framework assists the Board in (a) identifying significant risks, as well as determining the Company's levels of risk tolerance and risk policies; and (b) overseeing the design, implementation and monitoring of the Company's risk management and internal control systems. The RMC oversees the implementation and monitoring of the Enterprise Risk Management framework, to approve risk appetite and tolerance levels and limits, and review the Company's ORSA. The Board has also appointed a CRO to assist the RMC to implement and monitor the Enterprise Risk Management framework.

9.4 The Board has received assurance from:

(a) the Chief Executive and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and

(b) the Chief Executive and other such key management personnel who are responsible, regarding the adequacy and effectiveness of the Company’s risk management and internal control systems.

9.5 The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls, and risk management systems) are adequate and effective. The AC concurs with the Board's view.

**AUDIT COMMITTEE**

**Principle:**

**10 The Board has an Audit Committee which discharges its duties objectively.**

10.1 The terms of reference, composition and activities of the AC are set out in Paragraph 1.16 of this Report.

10.2 The Company has a whistle-blowing policy and employees have been informed of the existence of this whistle-blowing policy and procedures for raising any concerns.

10.3 The Company has an internal audit function that is adequately resourced and independent of the activities it audits. The internal auditor reports to the AC which reviews his internal audit plans and reports, approves his terms of appointment and remuneration, ensures that he is adequately resourced and assisted by management, has unfettered access to all the Company's documents, records, properties and personnel, including the AC and has appropriate standing within the Company. The Company has engaged a third-party consultant to conduct an internal audit of its information technology system and processes.

10.4 The internal auditor plans his audit schedules in consultation with, but independent of management. The internal audit plans are submitted to the AC for approval prior to implementation. The internal auditor presents quarterly reports to the AC and the AC reviews the activities of the internal auditor and meets with the internal auditor to approve his plans and to review his reports.

10.5 The AC meets with the external auditors at least annually, and with the internal auditor once every quarter. The AC may at its discretion, or at the request of the external or internal auditors, meet the external or internal auditors without the presence of management.

10.6 The AC is of the view that the internal audit function is independent, effective and adequately resourced.

**SHAREHOLDER RIGHTS AND ENGAGEMENT**
**SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

**Principle:**

**11 The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

11.1 The Company accords to all shareholders all their rights and entitlements under the Company's Constitution and applicable laws and regulations. Shareholders have the right to attend and vote, whether in person or by proxy, at all general meetings of the Company. The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

11.2 All Directors attend general meetings of shareholders, and if required by the Board or requested by shareholders, the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in Paragraph 1.17 of this Report.

11.3 The Company makes available to shareholders on request minutes of general meetings of shareholders as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders, if any, relating to the agenda of the general meeting, and responses from the Board and management.

11.4 The Company does not have a dividend policy. The Board is of the view that it would be preferable to recommend dividends based on the Company's performance, and capital and cash-flow requirements, on a year-by-year basis.

## ENGAGEMENT WITH SHAREHOLDERS

**Principle:**

**12 The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

The Company actively engages its shareholders and communicates effectively and fairly with shareholders. Shareholders are provided with notices of all general meetings in a timely manner together with any relevant documents which are required to be provided to shareholders, so that they can attend, vote and ask questions at the meeting.

## MANAGING STAKEHOLDERS RELATIONSHIPS
## ENGAGEMENT WITH STAKEHOLDERS

**Principle:**

**13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company strives to maintain clear and open channels of communication with its shareholders, reinsurers, agents, brokers, customers and regulator. Stakeholders can reach out to the Company through its official communication channels, as set out on its corporate website. The Company strives to be attentive and responsive to the enquiries and feedback which it receives. The Company endeavors to communicate with its stakeholders in a clear, timely, ethical and responsible manner, taking consideration of the various and differing needs and concerns of its stakeholders.

## ADDITIONAL GUIDELINES OF THE AUTHORITY RELATED PARTY TRANSACTIONS

14. The Board reviews all material related party transactions to ensure that they are undertaken on an arm's length basis, authorized, monitored, reviewed and, if necessary, written off in accordance with applicable procedures. The terms and conditions of all related party transactions and are not more favourable than transactions conducted with non-related parties under similar circumstances. Material related party transactions are disclosed in the Company's financial statements.

INDIA INTERNATIONAL INSURANCE PTE LTD

**DIRECTORS' STATEMENT**

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended December 31, 2023.

In the opinion of the directors, the accompanying financial statements as set out on pages 38 to 92 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended on that date, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are:

Dr. A. K. Saxena
Mr. G. Srinivasan
Mr. N. S. R. C. Prasad
Mr. Kottamasu Venkateswara Rao
Mr. Sinnakaruppan S/O C Ramasamy (Appointed on December 28, 2023)
Mr. Rashmi Raman Singh (Appointed on December 28, 2023)
Mrs. Muni Rajeshwari Singh (Appointed on March 28, 2024)
Mrs. Nalini Venugopal

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures in, the Company or any other body corporate.

## DIRECTORS INTEREST IN SHARES OR DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act 1967 except as follows:

| | Shareholdings registered in the name of director | | Shareholdings in which director are deemed to have an interest | |
|---|---|---|---|---|
| Name of director and company in which interests are held | At January 1, 2023 | At December 31, 2023 | At January 1, 2023 | At December 31, 2023 |
| Company | | | | |
| (Ordinary shares) | | | | |
| Mrs. Nalini Venugopal | 2 | 2 | - | - |

## OPTION TO TAKE UP UNISSUED SHARES

During the financial year, there were no shares of the Company issues by virtue of the exercise of an option to take up unissued shares.

## OPTION EXERCISED

During the financial year, there were no shares issued by virtue of exercise of an option to take up unissued shares.

## UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company under option.

## AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967. It reviewed the audit plans of the internal and external auditors of the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors.

The AC convened four meetings during the year. The AC has also met with internal and external auditors at least once a year.

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**DIRECTORS' STATEMENT**

**AUDITOR**

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment as auditor.

ON BEHALF OF THE DIRECTORS

..........................................................
Mrs. Muni Rajeshwari Singh
Chairman

..........................................................
Mrs. Nalini Venugopal
Director

Singapore
July 30, 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**INDIA INTERNATIONAL INSURANCE PTE LTD**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of India International Insurance Pte Ltd (the "Company") which comprise the statement of financial position of the Company as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 38 to 92.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at December 31, 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

### Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 32 to 34, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Statement, Financial Highlights, Corporate Governance Statement, which are expected to be made available to us after that date.

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

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

When we read the Chairman's Statement, Financial Highlights, Corporate Governance Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**Responsibility of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The Directors' responsibilities include overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**Auditor's Responsibilities for the Audit of the Financial Statements** (cont'd)

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

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

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

July 30, 2024

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**STATEMENT OF FINANCIAL POSITION**
**December 31, 2023**

| | Note | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|---|
| | | S$ | S$ (Restated) | S$ (Restated) |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and bank balances | 5 | 263,104,665 | 214,988,387 | 191,132,103 |
| Financial assets at FVOCI | 6 | 63,818,987 | 75,610,914 | 70,522,833 |
| Financial assets at FVTPL | 6 | 237,995,695 | 222,666,915 | 245,954,960 |
| Insurance contract asset | 11 | 326,746 | 6,766,800 | 265,930 |
| Reinsurance contract asset | 11 | 184,820,934 | 164,152,095 | 150,811,741 |
| Other assets | 10 | 10,740,781 | 5,393,156 | 9,268,413 |
| Tax receivable | 16 | - | 225,599 | - |
| Right-of-use assets | 9 | - | 502,262 | 1,003,431 |
| | | 760,807,808 | 690,306,128 | 668,959,411 |
| **Non Current Assets** | | | | |
| Financial assets at FVOCI | 6 | 157,325,412 | 163,806,223 | 190,061,096 |
| Deferred Tax Assets | 16 | 1,658,670 | 2,486,073 | 786,359 |
| Plant and equipment | 7 | 10,306,681 | 1,237,511 | 1,761,882 |
| Investment property | 8 | - | 8,649,933 | 8,685,341 |
| | | 169,290,763 | 176,179,740 | 210,294,678 |
| **Total assets** | | **930,098,571** | **866,485,8688** | **870,254,089** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current Liabilities** | | | | |
| Insurance contract liabilities | 11 | 423,775,072 | 397,081,723 | 351,217,485 |
| Reinsurance contract liabilities | 11 | 6,029,474 | 3,271,621 | 601,440 |
| Lease liabilities | 12 | - | 502,262 | 1,003,431 |
| Tax Payable | 16 | 1,644,963 | - | 3,000,585 |
| Other liabilities | 13 | 22,184,950 | 14,078,704 | 10,868,200 |
| **Total liabilities** | | **453,634,459** | **414,934,3104** | **366,691,141** |
| **Equity** | | | | |
| Share Capital | 19 | 50,000,000 | 50,000,000 | 50,000,000 |
| Fair value reserve | 20 | (10,729,840) | (16,187,988) | (5,341,871) |
| Retained Earnings | | 437,193,952 | 417,739,546 | 458,904,819 |
| **Total equity** | | **476,464,112** | **451,551,558** | **503,562,948** |
| **Total liabilities and equity** | | **930,098,571** | **866,485,868** | **870,254,089** |

See accompanying notes to financial statements.

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**Year ended December 31, 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | S$ | S$ (Restated) |
| Insurance revenue | 11 | 211,666,013 | 208,578,271 |
| Insurance service expenses | 11 | (160,670,252) | (142,634,767) |
| **Insurance service result from insurance contracts issued** | 11 | **50,995,761** | **65,943,504** |
| Allocation of reinsurance premiums paid | 11 | (87,623,590) | (117,579,574) |
| Amounts recovered from reinsurance contracts | 11 | 41,697,708 | 52,967,004 |
| **Net expenses from reinsurance contracts held** | 11 | (45,925,882) | (64,612,570) |
| **Insurance service result** | 11 | **5,069,879** | **1,330,934** |
| Other investment gains/(losses) | | 32,804,599 | (16,534,301) |
| Net foreign exchange losses | | (5,843,199) | (3,200,641) |
| **Investment income/(loss)** | 14 | **26,961,400** | **(19,734,942)** |
| Finance expense from insurance contracts held | | (5,246,176) | (1,526,076) |
| Finance income from reinsurance contracts held | | 2,429,588 | 752,256 |
| **Net insurance financial result** | | **(2,816,588)** | **(773,820)** |
| Other income | 15 | 2,317,215 | 274,838 |
| Other expenses | 15 | (5,206,938) | (16,452,434) |
| **Net profit /(loss) before tax** | | **26,324,968** | **(35,355,424)** |
| Income tax | 16 | (1,870,562) | (809,849) |
| **Net profit /(loss) for the financial year** | | **24,454,406** | **(36,165,273)** |
| **Other comprehensive income (loss)** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| - Fair value gain/(loss) on financial assets at FVOCI | | 6,285,550 | (12,545,832) |
| - Income tax (expense)/ benefit relating to fair value change | | (827,402) | 1,699,714 |
| Other comprehensive income (loss) for the financial year, net of tax | | **5,458,148** | **(10,846,118)** |
| **Total comprehensive profit/(loss) for the financial year** | | **29,912,554** | **(47,011,391)** |

See accompanying notes to financial statements.

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**STATEMENT OF CHANGES IN EQUITY**
**Year ended December 31, 2023**

| | Share capital S$ | Fair value reserve S$ | Retained earnings S$ | Total S$ |
|---|---|---|---|---|
| Balance at January 1, 2022 | 50,000,000 | 30,260,367 | 409,345,504 | 489,605,871 |
| Adjustment on initial adoption of FRS 117 | - | - | 5,453,206 | 5,453,206 |
| Adjustment on initial adoption of FRS 109 | - | (35,602,238) | 44,106,109 | 8,503,871 |
| Restated balance as at January 1, 2022 | 50,000,000 | (5,341,871) | 458,904,819 | 503,562,948 |
| Net loss for the financial year | - | - | (36,165,273) | (36,165,273) |
| Other comprehensive loss for the financial year | - | (10,846,117) | - | (10,846,117) |
| Total comprehensive loss for the financial year | - | (10,846,117) | (36,165,273) | (47,011,390) |
| Dividends (Note 18) | | | (5,000,000) | (5,000,000) |
| Restated balance at December 31, 2022 and as at January 1, 2023 | 50,000,000 | (16,187,988) | 417,739,546 | 451,551,558 |
| Net Profit for the financial year | - | - | 24,454,406 | 24,454,406 |
| Other comprehensive gain for the financial year | - | 5,458,148 | - | 5,458,148 |
| Total comprehensive gain for the financial year | - | 5,458,148 | 24,454,406 | 29,912,554 |
| Dividends (Note 18) | | | (5,000,000) | (5,000,000) |
| Balance at December 31, 2023 | 50,000,000 | (10,729,840) | 437,193,952 | 476,464,112 |

See accompanying notes to financial statements.

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**STATEMENT OF CASH FLOWS**
**Year ended December 31, 2023**

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| **Operating activities** | | |
| Loss before taxation | 26,324,968 | (35,355,424) |
| Adjustments for: | | |
| Depreciation of plant and equipment | 267,579 | 211,614 |
| Depreciation of right-of-use assets | 502,262 | 1,003,431 |
| Depreciation on investment property | - | 35,408 |
| Amortization of investments held as financial assets FVOCI | (143,513) | (8,500) |
| Gain on disposal of fixed assets | - | (210) |
| Fair value loss/(gains) from financial assets FVTPL | (5,393,853) | 40,495,465 |
| Interest expense on lease liabilities | 4,408 | 9,909 |
| Net foreign exchange gain/loss | 5,843,199 | 3,200,641 |
| Operating cash flows before changes in working capital | 27,692,076 | 9,609,334 |
| Changes in working capital: | | |
| (Decrease)/Increase in other receivables | (1,747) | 2,671 |
| (Decrease)/Increase in other assets | (5,345,884) | 3,370,328 |
| Decrease in reinsurance contract asset | (20,668,839) | (13,340,354) |
| Increase in insurance contract liabilities | 2,757,853 | 2,670,181 |
| Increase in reinsurance contract liabilities | 26,693,349 | 45,864,239 |
| (Decrease)/Increase in Insurance contract asset | 6,440,054 | (6,500,870) |
| Increase in other liabilities | 6,834,862 | 574,953 |
| Operating cash flows after changes in working capital | 44,401,724 | 42,250,482 |
| Interest paid on lease liabilities | (4,408) | (9,909) |
| Tax paid | - | (4,036,033) |
| Net cash flows from operating activities | 44,397,316 | 38,204,540 |
| **Investing activities** | | |
| Purchase of fixed assets | (688,255) | (146,039) |
| Purchase of marketable securities & other investments | (104,049,676) | (171,958,025) |
| Proceeds on disposal of investments & marketable securities | 116,173,347 | 162,221,001 |
| Proceeds on disposal of fixed assets | 1,436 | 459,006 |
| Net cash flow from (used in) investing activities | 11,436,852 | (9,424,057) |
| **Financing activities** | | |
| Repayment of lease liability | (502,262) | (1,013,340) |
| Dividends paid | (5,000,000) | (5,000,000) |
| Net cash flows used in financing activities | (5,502,262) | (6,013,340) |
| **Net increase in cash and cash equivalents** | 50,044,880 | 22,750,143 |
| Cash and cash equivalents at beginning of the year | 206,749,477 | 186,040,912 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | (3,199,987) | (2,041,578) |
| **Cash and cash equivalents at end of year (Note 5)** | 253,594,370 | 206,749,477 |

**INDIA INTERNATIONAL INSURANCE PTE LTD**

**STATEMENT OF CASH FLOWS (cont'd)**
**Year ended December 31, 2023**

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Cash and bank balances | 13,615,503 | 5,120,991 |
| Cash on deposits | 249,489,162 | 209,867,396 |
| | 263,104,665 | 214,988,387 |
| Less Cash collateral (Note 12) | (9,510,295) | (8,238,910) |
| Cash and cash equivalents | 253,594,370 | 206,749,477 |

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 198703792K) is incorporated in Singapore. It is owned by all the state owned insurance companies of the Government of India, namely General Insurance Corporation of India, National Insurance Co. Ltd, New India Assurance Co. Ltd, Oriental Insurance Co. Ltd and United India Insurance Co. Ltd, which are all incorporated in India. The address of the Company's principal place of business and registered office is at:

India International Insurance Pte Ltd
6 Raffles Quay
#22-00
Singapore 048580

The financial statements are expressed in Singapore dollars.

The principal activities of the Company are to undertake the business of insurance and reinsurance of all classes of the general insurance and to perform investment functions incidental thereto. The financial statements of the Company for the year ended December 31, 2023 were authorised for issue by the Board of Directors on July 30, 2024.

1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Financial Reporting Standards in Singapore ("FRSs").

The preparation of the financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These estimates and assumptions affect the reported amounts of assets and liabilities at the measurement date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's best knowledge and judgement of current facts as at the measurement date, the actual outcome may differ from the estimates, possibly significantly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

All assets and liabilities are presented in the statement of financial position of the Company in order of liquidity as this presentation is more relevant for the insurance industry. The Company regards its fixed assets, investment property and right-of-use asset as non-current assets as these are held for the longer-term use of the Company.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies disclosed below.

1.2 ADOPTION OF NEW AND REVISED STANDARDS

*New Standards and Amendments*

In the current year, the Company has applied all the new and revised FRSs that are mandatorily effective for an accounting period that begins on or after January 1, 2023. The Company adopted FRS 117 – *Insurance Contracts* and FRS 109 – *Financial Instruments* on January 1, 2023, which replace FRS 104 – *Insurance Contracts* ("FRS 104") and FRS 39 – *Financial Instruments: recognition and measurement* ("FRS 39").

***FRS 117 Insurance Contracts***

FRS 117 *Insurance Contract* has been applied using a full retrospective approach as at January 1, 2022 and have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. The Company has restated comparative information for 2022 applying the transitional provisions. The nature and effects of the changes in the Company's accounting policies are summarised below:

*Changes to classification, recognition and measurement*

The adoption of FRS 117 did not change the classification of the Company's insurance contract. FRS 117 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

FRS 117 introduces three models for recognition and measurement of insurance contracts: the General Measurement Model ("GMM"), the Premium Allocation Approach ("PAA") and the Variable Fee Approach ("VFA"). Under GMM, entities require to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Entities also have the option to use the PAA as a simplified measurement model for contracts with short duration

Under FRS 117 , the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in FRS 117. The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under FRS 104 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

- For product lines where insurance acquisition cash flows are not immediately expensed, the Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.

*Changes to Presentation and Disclosure*

FRS 117 introduces changes to the presentation of insurance contracts on the financial statements including:

- Premiums receivable, deferred acquisition costs, claims liabilities, unearned premiums and other related assets and liabilities will be presented together on a single line called insurance contract liabilities or assets. Similarly, reinsurance assets, reinsurance receivables, and other related assets and liabilities will be presented together on a single line called reinsurance contract assets or liabilities on Statement of Financial Position.

- Direct business results will be presented separately from reinsurance results in the Statement of Operations.

- Underwriting performance will be presented in the Statement of Profit or Loss under insurance service result, composed of insurance revenue, insurance service expenses and net expenses (income) from reinsurance contracts held.

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are assets;
- Portolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with FRS 117 requirements.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following items:  premiums income, incurred claims, change in insurance contract liabilities instead of FRS 117 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Income or expenses from reinsurance contracts held.

The Company provides disaggregated qualitative and quantitative information about amounts recognized in its financial statements from insurance contracts, significant judgements and changes in those judgements when applying the standards.

Transition impacts

Due to the adoption of FRS 117, the following shows the key financial impacts on our statement of financial position on total assets and total liabilities excluding investments balance and its corresponding deferred tax impact:

| | As at January 1, 2022 | Impacts of transition | As at January 1, 2022 subsequent to transition |
|---|---|---|---|
| | S$ | S$ | S$ |
| Total assets | 461,814,703 | (98,885,861) | 362,928,841 |
| Total liabilities | 471,030,208 | (104,339,067) | 366,691,141 |
| Net assets | (9,215,505) | 5,453,206 | (3,762,300) |

Impacts on total assets is primarily due to impacts from FRS 117 on reinsurance assets as well as including reinsurance deposits, reinsurance receivables and reinsurance payables in the measurement of reinsurance contract held under FRS 117.

Impacts on total liabilities is primarily due to impact of discount rate changes and measurement assumptions under FRS 117 on insurance contract liabilities, offset by the release of reserves held under the RBC framework applied under FRS 104 .

The Company's accounting policies on FRS 117 is in Note 2.2.

**FRS 109 *Financial Instruments***

FRS 109 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity investments ("HTM"), loans and receivables, and available-for-sale financial assets ("AFS").

FRS 109 also introduces an impairment model for financial assets not measured at FVTPL. The model requires the recognition of an allowance for 12-month expected losses at the initial recognition of a financial asset, and the recognition of an allowance for lifetime expected losses if certain criteria are met. In addition, FRS 109 introduces a new model for hedge accounting to better align with risk management activities.

FRS 109 has no significant effect on the Company's financial liabilities.

Changes in accounting policies resulting from the initial adoption of FRS 109 have been applied restrospectively, and the comparative period has been restated. FRS 117 allows for a transition option that permits insurers to present comparative information on financial assets as if FRS 109 were applicable during the comparative period. The Company has elected to apply the classification overlay transition option to the financial assets and their comparative period results as if FRS 109 had been effective since January 1, 2022. The Company's accounting policies on FRS 109 is in Section 2.3.

The following shows the details of the changes and implications resulting from the adoption of FRS 109 on the Company's financial assets and financial liabilities as at January 1, 2022:

| | Original classification under FRS 39 | New classification under FRS 109 | Original carrying amount under FRS 39 | New carrying amount under FRS 109 |
|---|---|---|---|---|
| | | | S$ | S$ |
| **Financial assets** | | | | |
| Debt securities | AFS | FVTPL | 103,247,140 | 103,247,140 |
| Equity & Preference shares | AFS | FVTPL | 142,707,820 | 142,707,820 |
| Debt securities | HTM | FVOCI | 258,217,560 | 260,583,929 |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 191,132,103 | 191,132,103 |
| Other assets | Loans and receivables | Amortised cost | 9,268,413 | 9,268,413 |
| | | | 704,573,036 | 706,939,405 |

Certain debt securities that are held to meet operations liquidity needs were classified as AFS financial assets under FRS 39. The Company considers that under FRS 109 , these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling the financial assets. The contractual terms of these financial assets give rise to cash flows that are solely payments of principal and interest ("SPPI"), and therefore classified as financial assets at FVOCI under FRS 109 .

Certain debt securities were classified as HTM financial assets under FRS 39 and was measured at amortised cost. The Company elects to classify these securities along with other fixed income assets supporting insurance contracts as FVTPL under FRS 109 to avoid accounting mismatch.

**Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies***

The Company has also adopted the amendments to FRS 1 Presentation of Financial Statements for the first time in the current year.

The amendments change the requirements in FRS 1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in FRS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Company has applied materiality guidance in FRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

At the date of authorisation of the financial statements, the following FRSs and amendments to the FRS that are relevant to the Company were issued but not yet effective.

**Standards Issued but Not Yet Effective**

At the date of authorisation of the financial statements, the following standards that are relevant to the Company were issued but not yet effective.

| **Description** | **Effective for annual periods beginning on or after** |
|---|---|
| Amendments to FRS 1 *Classfication of Liabilities as Current or Non-current* | January 1, 2024 |
| Amendments to FRS 21 *Lack of Exchangeability* | January 1, 2025 |

Management anticipates that the adoption of the above standards will not have a material impact on the financial statements in the period of initial application.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 FAIR VALUE MEASUREMENT

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 – Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### 2.2 INSURANCE AND REINSURANCE CONTRACTS

#### 2.2.1 Definition and Classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

During the financial year, the Company issued general insurance to individuals and businesses. The major classes of general insurance written by the Company include motor, fire, workmen compensation, personal accident, travel,

Reinsurance contracts are those contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts.

2.2.2 Separating components from insurance and reinsurance contracts

At inception, the Company assess whether the contract contains the following components that should be separated and to be accounted for separately:

- cash flows relating to embedded derivatives whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument;

- cash flows relating to dinstinct investment components which are not highly inter-related with the insurance components and for which contracts with similar terms are sold or could be sold separately in the same market.

Components which are not distinct are accounted for together with the insurance component if the cash flows and risks associated with the non-distinct components are highly inter-reated with that of the insurance component. The Company does not have any contracts that require further separation of insurance contracts.

2.2.3 Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of the portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to period after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

For reinsurance contracts held, identifying the contract boundary requires consideration of the terms of the contract and the rights and obligations of both parties.The boundary of a reinsurance contract held extends as long as the Company has a right to receive services from the reinsurer or the Company has an obligation to pay amounts to the reinsurer or cede underlying contracts to the reinsurer. The Company’s right to receive services from the reinsurer ends if the reinsurer has the right to terminate, or the practical ability to reassess risks and adjust premiums.

Contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company’s substantive rights and obligations and therefore, may change over time.

2.2.4 Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts and then into three groups based on their profitability at initial recognition:

- contracts that are onerous;
- contracts that have no significant possibility of becoming onerous subsequently; and
- any remaining contracts.

The Company manages insurance contract issued by business line, where each business line includes contracts that are subject to similar risks. Each business line also groups insurance contracts for the purpose of profitability and mananagement reporting. All insurance contracts within a line of business represent a portfolio of contracts.

The Company determines the profitability of contracts within portfolios and likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming more onerous at the level of pricing groups, with no information available at a more granular level. This level of granularity determines sets of contracts. The Company determines the appropriate level at which reasobable and supportable information is available to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

An insurance contract issued by the Company is recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not reassessed in subsequent periods.

Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Portfolios of reinsurance contracts held comprise contracts subject to similar risks and managed together.

The Company's reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

Reinsurance treaties providing proportionate and non-proportionate coverage are managed individually at a treaty contract level. Each treaty forms a reinsurance contract portfolio.

Facultative reinsurance contracts with proportionate coverage that cover the same underlying risk class will be grouped together, while the facultative contracts with non-proportonate coverage that cover the same underlying risk class will be gruoed together in a similar manner. The Company manages the facultative reinsurance contracts held in accordance to the underlying insurane contract. Facultative reinsurance contracts portfolios ae defined at the line of business level.

The Company recognises a group of reinsurance contracts held on the following date.

a) Quota share reinsurance contracts initiated by the Company that provide proportionate coverage, the date on which any underlying insurance contract is initially recognised.

b) The beginning of the coverage period of other group of reinsurance contract initiated by the Company. However, the Company recognises an onerous group of underlying insurance contract if the Company entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date. This applies to the Company's excess of loss reinsurance contract.

Onerous contracts

The Company issues some contracts before the coverage period starts and the first premium becomes due. The Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date and when the first payment from a policyholder in the group is due. The Company looks at the facts and circumstances to identify if a group of contracts are onerous based on pricing information and results of similar contracts it has recognised.

2.2.5 Insurance acquisition cash flows

The Company defines acquisition cash flows as cash flows that arise from cost of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisiton cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allcoated to that group; and to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired then the Company:

a) Recognisese an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

b) If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance aquistition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under a).

2.2.6 Measurement

Insurance contract – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds as:

The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.

For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered the qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contract that is not onerous at initial recognition, the Company measures the liability for remaining coverage (LRC) at the amount of premiums received, less any acquisition cash flows paid and any other pre-recognition cash flows.

Where facts and circumstances indicate that contracts are onerous at initial recognition the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows.

Reinsurance contract held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracrs that it holds on the same basis as insurance contract that it is issues.

Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when futher onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the company expects to recover from the group of reinsurance contract held. The Company uses a systematic and rational method to determine the portion of losses recognized on the group to insurance contracs covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contract – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period.

The Company estimates the liabilitity for incurred claims (LIC) as the fulfilment cash flows (FCF) related to incurred claims. The FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk(the risk adjustment). The Company does not adjust future cash flows for the time value of money and the effect of financial risk for the measurement of LIC that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF, a loss component is established by the Group for the LRC for such onerous group depicting the losses recognised.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principes as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsuance contracts held.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when it is extinguished – that is when the specified obligations in the contract expire or are discharged or cancelled.

If a contract modificafion does not result in derecognition, then the Company treates the change in cash flows caused by the modification as changes in estimates of FCF.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estiates of FCF.

2.2.7 Presentation

Portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities are presented separately in the statement of financial position.

Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insuance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts. The Company disaggregates amounts recognised in the statement of profit or loss and other comprehensive income (OCI) into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Company disaggregates the total amount recognised in the statement of proft or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance servce result and insurance finance income or expense. All changes in the risk adjustment for non-financial risk are included in the insurance service result

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Compan allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if any time during the coverage period, the facts and circumstances indicate that that a group of insurance contract is onerous. The Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group determined. By the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insuance contracs that the Company expects to recover from the group of reinsuance contracts held.

Insurance finance income and expense

Insurance finance income or expense comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

- Interest accreted on the FCF
- The effect of changes in interest rates and othe financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Amounts presented in OCI are accumulated in the insurance finance reserve. The Company presents insurance finance income or expenses in profit or loss.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

2.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2.3.1 Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of the investment within timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

The Company classifies its financial assets in the following categories: amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"). The classification is based on the business model used to manage the financial asset and the contractual cash flow characteristics of the asset. Management determines the classification of its financial assets at initial recognition and the financial assets are not reclassified subsequent to initial recognition unless the business model has changed.

Financial assets at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met and the asset is not designated as FVTPL:

- the asset is held within a business model that is held to collect, in which the collection of contractual cash flows from the financial asset is the primary objective and sales are expected to be insignificant or infrequent; and

- the contractual terms of the asset give rise to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding.

Insurance and other receivables and deposits are measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Financial assets at FVOCI

A financial asset is measured at FVOCI if both of the following conditions are met and the asset is not designated at FVTPL:

- the asset is held within a business model that is held to collect and sell, in which both the collection of contractual cash flows and the same of financial assets are integral to achieving the objective of the business model; and

- the contractual terms of the asset give rise, on specified dates, to cash flows that are SPPI.

Financial assets at FVTPL

Financial assets that are managed on a fair value basis and do not meet the objectives of a held to collect or held to collect and sell business model are measured at FVTPL and fall within the scope of other business models. All financial assets not classified as amortised cost or FVOCI are measured at FVTPL. Financial assets at FVTPL include financial assets that are held-for-trading, if it is acquired principally for the purpose of selling in the near term. A financial asset may be designated as FVTPL upon initial recognition if such recognition eliminates or significantly reduces the accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on different basis.

The Company has designated certain debt instruments as at FVTPL on initial recognition, because the instruments support insurance contract liabilities which are measured at fair value, as doing so significantly reduces measurement inconsistency with the related insurance contract liabilities. These assets would otherwise be measured at amortised cost. Equity securities are measured at FVTPL.

*Business model assessment*

The Company assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way the business is managed and information is provided to managements. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

*Assessment of whether contractual cash flows are SPPI*

Financial assets held within held to collect or held to collect and sell business model are assessed to evaluate if their contractual cash flows are comprised of SPPI. SPPI payments are those which would typically be expected from basic lending arrangements, such as interest and basic lending returns, compensation for credit risk and the time value of money, costs associated with holding the financial asset for a period of time, and a profit margin. In making the SPPI assessment, the Company considers the contractual terms of the instrument, including assessment of whether the timing or amount of the contractual cash flows could change by a contractual term of the financial asset. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Where the contractual terms introduce exposure to risk or variability of the cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified as and measured at FVTPL.

Subsequent measurement

For financial assets classified as amortised cost, they are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses, and impairment are recognised in the profit or loss. Any gains or loss on derecognition is also recognised in the profit or loss.

For debt instruments measured at FVOCI, interest income, foreign exchange gains and losses, and impairment are recognised in the profit or loss. Other gains or losses are recognised in the OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For debt instruments and equity securities measured at FVTPL, gains and losses, including interest or dividend income and foreign exchange gains and losses, are recognised in the profit or loss.

2.3.2 Impairment

The Company recognises loss allowances for expected credit loss ("ECL") for financial assets not classified or designated at FVTPL. At the end of each reporting period, the Company apply a three-stage impairment approach to measure the ECL on financial assets measured at amortised cost or FVOCI:

- Stage 1: For financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, a loss allowance equal to the credit losses expected to result from default events occurring over the 12 months following the reporting date is recognised.

- Stage 2: For financial assets that have experienced a significant increase in credit risk since the date of initial recognition, a loss allowance equal to the credit losses expected to result from default events occurring over the remaining lifetime of the financial asset is recognised.

- Stage 3: When a financial asset is considered to be credit-impaired, a loss allowance equal to the ECL over the remaining lifetime of the financial asset is recognised. Interest income is calculated based on the carrying amount of the asset, net of the loss allowance.

*Modified financial assets*

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies in this note.

If the modification does not result in derecognition, the financial asset continues to be subject to the assessment for significant increase in credit risk relative to initial recognition. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset.

*Definition of default*

The definition of default used in the measurement of ECL is consistent with the definition of default used for the Company's internal credit risk management purposes. A financial asset is considered to be in default when the issuer is unlikely to meet its credit obligations in full, without recourse action on our part, or when the financial asset is 90 days past due. The Company's definition of default may differ across financial assets and consider qualitative factors, such as the terms of financial covenants, breaches of such covenants, and other indicators of financial distress, as well as quantitative factors, such as overdue status and non-payment of other obligations under the same issuer. Internally developed data and those obtained from external sources are used when assessing default.

*Credit-impaired financial assets*

At each reporting date, the Company assess whether financial assets measured at amortised cost and FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganisation, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. If a financial asset is credit-impaired, interest income is calculated based on the carrying amount of the asset, which is net of the allowance for ECL, rather than on the gross carrying amount.

*Write-off of financial assets*

The gross carrying amount of a financial asset, and the related allowance for ECL, is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with procedures for recovery of amounts due.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.3.3 Financial liabilities

The Company classifies and measures its financial liabilities at amortised cost except for derivative liabilities, which are measured at FVTPL.

Financial liabilities at amortised cost are measured at fair value less transaction costs at initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expenses and foreign exchange gains and losses are recgonised in the profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire.

## 2.4 LEASES

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, comprising the initial amount of the leased liability and subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase opetion, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised payments using the initial discount rate.

The Company presents the right-of-use assets and lease liabilities as a separate line in the statement of financial position.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises these lease payments associated with these leases as expense on a straight-line basis over the lease term.

## 2.5 PLANT AND EQUIPMENT

Fixed assets are stated at cost less accumulated depreciation and impairment. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions and improvements are capitalised and expenditure for repairs and maintenance are recognised in profit or loss. When assets are sold or retired, their cost and accumulated depreciation and impairment are removed from the financial statements and any gain or loss resulting from their disposal is included in profit or loss.

Where an indication of impairment exists, the carrying amounts is assessed and written down to their recoverable amounts. If, in subsequent periods, circumstances and events that led to the provision for impairment in value cease to exist, a write-back up to the full provision may be made, net of depreciation which would have been charged had the provision not been made.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

An item of fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss on the year the asset is de-recognised.

Depreciation of all fixed assets is calculated to write off the cost on reducing balance method over their expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|---|---|
| Motor vehicles | 20% |
| Computers, office equipment | 15% |
| Furniture and fittings | 10% |
| Building,renovation and property | 10% |

## 2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of the non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

## 2.7 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2.8 OFFSETING ARRANGEMENTS

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.9 Employee benefits

As required by the law, the Company makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

2.10 INCOME TAX

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) *Deferred income tax*

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

2.11 FOREIGN CURRENCY TRANSACTIONS

The financial statements are presented in Singapore dollars, which is also the Company's functional currency.

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at end of each reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transactions in foreign currencies are recorded at rates prevailing on transaction dates. Exchange differences arising on the settlement of monetary item or on translating monetary item at end of each reporting period are recognised in profit or loss.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's material accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*(i) Critical judgements in applying the entity's material accounting policies*

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Company's material accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Functional currency of the Company

The determination of the Company's functional currency often requires significant judgement where the primary economic environment in which the Company operates and the currency that mainly influence the underlying transactions, events and conditions that are relevant to the Company may not be clear. Accordingly, management determines that the most appropriate functional currency is the Singapore dollars.

*(ii) Key sources of estimation uncertainty*

Significant judgment is required when measuring assets or liabilities for insurance contracts, including the assumptions that are used for their measurement. Application of different assumptions may result in different measurement of the insurance contracts. Actual experience may differ from assumptions, and estimates may change from period to period based on future events or revisions of assumptions. Such assumptions are determined as appropriate and prudent at the date of valuation. At the end of each reporting date, the assets and liabilities for insurance contract are reassessed for adequacy and adjusted in the light of the latest current estimates.

Key assumptions used and the sensitivity of the measurement of insurance contracts to changes in risk variables are disclosed in Note 4(b).

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

*(a) Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| **Financial assets** | | |
| Financial assets at amortised cost: | | |
| - Cash and cash equivalents | 263,104,665 | 214,988,387 |
| - Other assets | 10,739,034 | 5,393,156 |
| Financial assets at FVTPL: | | |
| - Debt securities | 69,239,683 | 63,035,730 |
| - Equity & Preference shares | 168,756,012 | 159,631,185 |
| Financial assets at FVOCI: | | |
| - Debt securities | 221,144,399 | 239,417,137 |
| | 732,983,793 | 682,465,595 |
| **Financial liabilities** | | |
| Financial liabilities at amortised cost: | | |
| - Other liabilities | 17,386,970 | 10,599,274 |
| - Lease liabilities | - | 502,262 |
| | 17,386,970 | 11,101,536 |

(b) *Financial risk management policies and objectives*

i) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Company's business. This safeguards not only the interest of its shareholders but also that of its customers. The Company has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The principal uncertainty in the Company's financial statements primarily arises in the insurance contracts liabilities; and reinsurance contracts assets and liabilities. The insurance contract liabilities; and reinsurance contract assets and liabilities comprise estimates of present value of future cash flows, risk adjustment for non-financial risk.

Estimates of future cash flows to fulfil insurance contracts

Fulfilment cash flows comprise:

a) Estimates of future cash flows;

b) An adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and

c) A risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

a) Claims handling, maintenance and administration costs; and

b) Recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Discount rate

The cash flows of the Company's insurance contracts do not vary with returns of the underlying items. Bottom-up approach was applied in the determination of the discount rates for the company's insurance contracts. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free was derived using Singapore Government Securities ("SGS"). Management uses judgement to assess liquidity characteristics of the liability cash flows.

The yield curves that were used to discount the estimates of future cash flows do not vary based on the returns of the underlying items are as follows:

| | 2023 | | | | |
|---|---|---|---|---|---|
| Currency | 1 year | 2 year | 5 years | 10 years | 20 years |
| SGD | 3.75% | 3.26% | 2.68% | 2.71% | 2.76% |

| | 2022 | | | | |
|---|---|---|---|---|---|
| Currency | 1 year | 2 year | 5 years | 10 years | 20 years |
| SGD | 4.24% | 3.12% | 2.83% | 3.09% | 2.60% |

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies the technique above both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Concentration risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to monitor and manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company's exposures are within the concentration limits set by regulators.

Credit risk

Credit risk is the risk of loss arising from the failure of an obligor (such as policyholder, counterparty, reinsurer) to perform according to the terms and conditions of his agreement with the Company, as well as a loss in value of company's assets due to deterioration in credit quality of the obligor.

Market risk

Market Risk is the risk associated with the Company's balance sheet positions where the value or cash flow depends on financial market.

Lapse and surrender rates

Lapse and surrender rates are used to determine that expected persistency of the business. These rates are set based on actuarial judgement with reference to the characteristics of the policies and experience from similar business. These would be differentiated by duration in-force and premium payment mode.

Expenses

Expense assumptions represent the expected amount that will be spent on the business. Assumptions on future expenses are at best estimate after taking into consideration long term expense level and the expected expense inflation. These assumptions are subject to limitations on expense improvements in accordance with MAS Notice 133 Appendix 3A.

Sensitivities

The analyses below are performed for samples of movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, show the impact on Claim liabilities & premium liabilities.

**2023 sensitivity analysis**

| | +2% Claims Handling Expense (CHE) | -2% Claims Handling Expense (CHE) | +2% Discounting | -2% Discounting | +2% Provision for Adverse Deviation | -2% Provision for Adverse Deviation | +2% Net Loss Ratio | -2% Net Loss Ratio |
|---|---|---|---|---|---|---|---|---|
| Impact to (Profit) or Loss | 8,563,961 | -8,250,030 | -8,668,421 | 9,499,260 | 2,780,088 | -2,778,729 | 3,397,430 | -2,317,640 |
| Tax impact on the above | 1,455,873 | -1,402,505 | -1,473,632 | 1,614,874 | 472,615 | -472,384 | 577,563 | -393,999 |
| Impact to Equity | 7,108,088 | -6,847,525 | -7,194,789 | 7,884,386 | 2,307,473 | -2,306,345 | 2,819,867 | -1,923,641 |

**2022 sensitivity analysis**

| | +2% Claims Handling Expense (CHE) | -2% Claims Handling Expense (CHE) | +2% Discounting | -2% Discounting | +2% Provision for Adverse Deviation | -2% Provision for Adverse Deviation | +2% Net Loss Ratio | -2% Net Loss Ratio |
|---|---|---|---|---|---|---|---|---|
| Impact to (Profit) or Loss | 8,320,970 | -8,066,224 | -7,810,916 | 8,497,874 | 2,696,289 | -2,700,142 | -1,091,176 | -2,019,529 |
| Tax impact on the above | 1,414,565 | -1,371,258 | -1,327,856 | 1,444,639 | 458,369 | -459,024 | -185,500 | -343,320 |
| Impact to Equity | 6,906,405 | -6,694,966 | -6,483,060 | 7,053,235 | 2,237,920 | -2,241,118 | -905,676 | -1,676,209 |

ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

To manage counterparty risks associated with the placement of cash and investments, counterparty limits are established to ensure that there are no significant credit exposures to a single party and/or group of related parties. At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial positions.

The Company's exposure to credit risk relating to its cash and cash equivalents, debt securities at FVTPL, debt securities at FVOCI, financial assets and other assets is summarised below:

| **2023** | **AAA** | **AA+ to AA-** | **A+ to A-** | **BB+ to BB-** | **BBB+ to BBB-** | **Not rated** | **Total** |
|---|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| Cash and cash equivalents | | 181,326,989 | - | 396,418 | 81,364,094 | 17,164 | 263,104,665 |
| Financial assets at FVTPL: | | | | | | | |
| - Debt securities | 1,714,860 | 2,695,020 | - | 13,248,016 | 19,007,047 | 32,574,740 | 69,239,683 |
| - Equity | - | - | - | - | - | 167,780,012 | 167,780,012 |
| - Preference | - | - | - | - | - | 976,000 | 976,000 |
| Financial assets at FVOCI: | | | | | | | |
| - Debt securities | 18,960,553 | 16,691,212 | 49,479,906 | 2,399,830 | 91,862,585 | 41,750,313 | 221,144,399 |
| Other assets | - | - | - | - | - | 10,739,034 | 10,739,034 |
| | 20,675,413 | 200,713,221 | 49,479,906 | 16,044,264 | 192,233,726 | 253,837,263 | 732,983,793 |

| **2022 (Restated)** | **AAA** | **AA+ to AA-** | **A+ to A-** | **BB+ to BB** | **BBB+ to BBB-** | **Not rated** | **Total** |
|---|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| Cash and cash equivalents | - | 133,525,568 | - | 369,068 | 81,059,132 | 34,619 | 214,988,387 |
| Financial assets at FVTPL: | | | | | | | |
| - Debt securities | 1,572,180 | - | 2,498,010 | 3,735,070 | 25,786,599 | 29,443,871 | 63,035,730 |
| - Equity | - | - | - | - | - | 158,661,185 | 158,661,185 |
| - Preference | - | - | - | - | - | 970,000 | 970,000 |
| Financial assets at FVOCI: | | | | | | | |
| - Debt securities | 20,424,239 | 8,899,305 | 61,284,779 | 3,251,586 | 98,910,579 | 46,646,650 | 239,417,138 |
| Derivative assets | | | | | | | |
| Other assets | - | - | - | - | - | 5,393,156 | 5,393,156 |
| | 21,996,419 | 142,424,873 | 63,782,789 | 7,355,724 | 205,756,310 | 241,149,481 | 682,465,596 |

Credit ratings are based on public ratings assigned by external rating agencies including S&P, Moody's and Fitch.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations. The Company has performed an assessment for the loss allowance on the financial assets held at the end of the year and determined the ECL to be immaterial.

iii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the market interest rates.

The Company has proper investment guidelines in place to ensure that its exposure to the interest rate risk is minimal. The Company also invested in financial institutions and companies with sound financial track records. The Company has investment managers to monitor actively the performance of the Company's investment portfolios on an ongoing basis.

The following sets out the carrying value and the weighted average effective interest rate at the reporting date of the Company's financial instruments that are exposed to interest rate risk.

| | Effective interest rate | Carrying amount |
|---|---|---|
| | % | S$ |
| **At December 31, 2023** | | |
| Financial assets at FVTPL:<br>- Debt securities | 5.18 | 69,239,683 |
| Financial assets at FVOCI:<br>- Debt securities | 3.75 | 221,144,399 |
| **At December 31, 2022** | | |
| Financial assets at FVTPL:<br>- Debt securities | 5.55 | 63,035,730 |
| Financial assets at FVOCI:<br>- Debt securities | 3.83 | 239,417,138 |

*Sensitivity analysis*

At the reporting date, if interest rates had been 50 basis points higher or lower with all other variables held constant, the impact to the Company's loss before tax and other comprehensive income/ (loss) due to the changes in fair value of debt securities classified as financial assets at FVTPL and financial assets at FVOCI would have been as follows:

| Changes in variables | Impact on loss before tax (increase)/ decrease | Impact on equity increase/ (decrease) |
|---|---|---|
| | S$ | S$ |
| **At December 31, 2023** | | |
| + 50 basis points | 1,451,920 | 1,451,920 |
| - 50 basis points | (1,451,920) | (1,451,920) |
| **At December 31, 2022 (restated)** | | |
| + 50 basis points | 1,512,264 | 1,512,264 |
| - 50 basis points | (1,512,264) | (1,512,264) |

iv) Foreign currency risk

The net unhedged financial assets and liabilities of the Company as at the reporting date that are not denomicated in the functional currency are as follows,:

| **2023** | USD | THB | EUR |
|---|---|---|---|
| Financial assets at FVOCI | 124,180,249 | - | - |
| Financial assets at FVTPL | 61,552,565 | 3,754,157 | - |
| Cash and cash equivalents | 165,265,190 | - | - |
| Insurance contract asset | 181,716 | 4,122 | 11,648 |
| Reinsurance contract asset | 102,785,819 | 2,331,678 | 6,588,853 |
| Other Assets | 6,913,111 | (9,503) | 76,281 |
| Insurance Contract liabilities | (187,020,353) | (180,430) | (4,391,820) |
| Reinsurance Contract liabilities | (2,660,943) | (2,567) | (62,487) |
| Other liabilities | (4,239,397) | (36,711) | (177,680) |
| Net currency risk exposure | 266,957,957 | 5,860,746 | 2,044,795 |

| **2022** | USD | THB | EUR |
|---|---|---|---|
| Financial assets at FVOCI | 130,375,525 | - | - |
| Financial assets at FVTPL | 57,741,511 | 5,631,898 | - |
| Cash and cash equivalents | 130,044,985 | - | - |
| Insurance contract asset | 3,059,803 | 25,643 | 419,133 |
| Reinsurance contract asset | 74,226,091 | 622,062 | 10,167,518 |
| Other Assets | 2,883,894 | 107 | - |
| Insurance Contract liabilities | (149,384,800) | (748,211) | (12,991,930) |
| Reinsurance Contract liabilities | (1,230,806) | (6,165) | (107,043) |
| Other liabilities | (925,492) | (18,024) | (52,327) |
| Net currency risk exposure | 246,790,711 | 5,507,311 | (2,564,649) |

The following table analyses the sensitivity of the loss before tax to a reasonably possible change in foreign currency rates against the functional currency of the Company, with all other variables held constant.

| | Loss before tax (increase)/decrease | |
|---|---|---|
| | 2023 | 2022 |
| | S$ | S$ |
| USD | | |
| - strengthened 5% | 13,281,840 | 12,339,535 |
| - weakened 5% | (13,281,840) | (12,339,535) |
| THB | | |
| - strengthened 5% | 293,037 | 275,366 |
| - weakened 5% | (293,037) | (275,366) |
| EUR | | |
| strengthened 5% | 102,240 | (128,232) |
| weakened 5% | (102,240) | 128,232 |

v) Liquidity risk

Liquidity risk is the risk of the Company being unable to generate sufficient cash resources or raise finance to meet financial obligations as they fall due in business as usual and stress scenarios.

In the management of liquidity risk, the Company monitors and maintains sufficient cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarise the maturity profile of the Company's financial assets and liabilities based on the undiscounted contractual obligations from the reporting date to the contractual maturities or expected repayment dates.

| **2023** | **Less than 1 year** | **1 to 3 years** | **3 to 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 263,104,665 | - | - | - | 263,104,665 |
| Financial assets at FVTPL: | | - | - | - | 237,995,695 |
| - Debt securities | 69,239,683 | | | | |
| - Equity & Preference shares | 168,756,012 | | | | |
| Financial assets at FVOCI: | 63,818,987 | 89,064,970 | 40,196,827 | 28,063,615 | 221,144,399 |
| - Debt securities | | | | | |
| Other assets | 10,739,034 | - | - | - | 10,739,034 |
| Total financial assets | 575,658,381 | 89,064,970 | 40,196,827 | 28,063,615 | 732,983,793 |
| **Financial liabilities** | | | | | |
| Other liabilities | 17,386,970 | - | - | - | 17,386,970 |
| Total financial liabilities | 17,386,970 | - | - | - | 17,386,970 |

| **2022 (Restated)** | **Less than 1 year** | **1 to 3 years** | **3 to 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 214,988,387 | - | - | - | 214,988,387 |
| Financial assets at FVTPL: | | - | - | - | 222,666,915 |
| - Debt securities | 63,035,730 | | | | |
| - Equity & Preference shares | 159,631,185 | | | | |
| Financial assets at FVOCI: | | | | | |
| - Debt securities | 75,610,915 | 82,549,612 | 54,694,249 | 26,562,361 | 239,417,137 |
| Other assets | 5,393,156 | | | | 5,393,156 |
| Total financial assets | 518,659,373 | 82,549,612 | 54,694,249 | 26,562,361 | 682,465,595 |
| | | | | | |
| **Financial liabilities** | | | | | |
| Lease liabilities | 502,262 | - | - | - | 502,262 |
| Other liabilities | 10,599,274 | - | - | - | 10,599,274 |
| Total financial liabilities | 11,101,536 | - | - | - | 11,101,536 |

vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, other receivables, other payables and other liabilities that are stated at amortised cost approximate their respective fair values due to their short term nature.

The fair value of the Company's financial assets that are measured at fair value on recurring basis is as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | S$ | S$ | S$ | S$ |
| **2023** | | | | |
| **Financial assets at FVTPL (Note 6)** | | | | |
| Debt securities: | | | | |
| Corporate bonds | 61,611,011 | 7,628,672 | - | 69,239,683 |
| Equity and Preference shares | 134,871,844 | 33,884,168 | - | 168,756,012 |
| | 196,482,855 | 41,512,840 | - | 237,995,695 |
| **Financial assets at FVOCI (Note 6)** | | | | |
| Debt securities: | | | | |
| Corporate bonds | 194,706,706 | 8,538,254 | - | 203,244,960 |
| Government securities | 646,987 | 4,965,870 | - | 5,612,857 |
| Other bonds | - | 12,286,582 | - | 12,286,582 |
| | 195,353,693 | 25,790,706 | - | 221,144,399 |
| As at December 31, 2023 | 391,836,548 | 67,303,546 | - | 459,140,094 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | S$ | S$ | S$ | S$ |
| **2022 (Restated)** | | | | |
| **Financial assets at FVTPL (Note 6)** | | | | |
| Debt securities: | | | | |
| Corporate bonds | 63,035,730 | - | - | 63,035,730 |
| Equity and Preference shares | 147,608,344 | 12,022,841 | | 159,631,185 |
| | 210,644,074 | 12,022,841 | - | 222,666,915 |
| **Financial assets at FVOCI (Note 6)** | | | | |
| Debt securities: | | | | |
| Corporate bonds | 187,739,499 | 16,872,237 | - | 204,611,736 |
| Government securities | 20,640,271 | - | - | 20,640,271 |
| Other bonds | - | 14,165,130 | - | 14,165,130 |
| | 208,379,770 | 31,037,367 | - | 239,417,137 |
| As at December 31, 2022 | 419,023,844 | 43,060,208 | - | 462,084,052 |

Level 1 fair value is based on the unadjusted quoted prices for identical assets in an active market. Level 2 fair value is based on quoted prices for similar assets traded in active markets.

(a) *Capital management policies and objectives*

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements stipulated by the MAS;
- to safeguard the Company's ability to continue as a going concern so that it can continue to protect policyholders; and
- to provide adequate returns to its parent company by pricing insurance contracts commensurately with the level of risk.

The Company is required to meet the fund solvency requirement and capital adequacy requirement under the Insurance Act. The Company is in compliance with these capital requirements. The Company's overall strategy remains unchanged from the last financial year.

## 5 CASH AND BANK BALANCES

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Cash at bank | 13,615,503 | 5,120,991 |
| Fixed deposits | 249,489,162 | 209,867,396 |

The Company holds fixed deposits with financial institutions in Singapore dollar, United States dollar, Malaysian Ringgit and British Pound. The deposit tenors ranges from 1 week to 12 months (2022: 1 week to 12 months) and interest rate per annum ranges from 2% to 6.19% in FY2023 and 0.4% - 5.86% in FY2022.

## 6 INVESTMENTS

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Total | FVTPL | FVOCI | Total |
| | S$ | S$ | S$ | S$ | S$ | S$ |
| | | | | (Restated) | | |
| Debt securities: | | | | | | |
| Corporate bonds | 69,239,683 | 203,244,960 | 272,484,643 | 63,035,730 | 204,611,736 | 267,647,466 |
| Government securities | - | 5,612,857 | 5,612,857 | - | 20,640,271 | 20,640,271 |
| Other bonds | - | 12,286,582 | 12,286,582 | - | 14,165,130 | 14,165,130 |
| Equity & Preference shares | 168,756,012 | - | 168,756,012 | 159,631,185 | - | 159,631,185 |
| | 237,995,695 | 221,144,399 | 459,140,094 | 222,666,915 | 239,417,137 | 462,084,052 |

The weighted average effective interest rate of debt securities is 5.1% (2022: 5.2%) and contractual maturity is disclosed in Note 4.

Movement during the financial year:

| | FVTPL | FVOCI | Total |
|---|---|---|---|
| | S$ | S$ | S$ |
| At January 1, 2022 (restated) | 245,954,960 | 260,583,929 | 506,538,889 |
| Purchases | 54,512,336 | 117,445,689 | 171,958,025 |
| Disposals | (36,867,992) | (125,353,009) | (162,221,001) |
| Fair value loss recorded in profit or loss | (40,495,465) | - | (40,495,465) |
| Fair value loss recorded in other comprehensive loss | - | (12,545,832) | (12,545,832) |
| Amortisation | - | 8,500 | 8,500 |
| Exchange adjustments | (436,924) | (722,140) | (1,159,064) |
| At December 31, 2022 (Restated) and at January 1, 2023 | 222,666,915 | 239,417,137 | 462,084,052 |
| Purchases | 39,627,835 | 64,421,841 | 104,049,676 |
| Disposals | (28,713,904) | (87,459,443) | (116,173,347) |
| Fair value gain recorded in profit or loss | 5,393,853 | - | 5,393,853 |
| Fair value gain recorded in other comprehensive loss | - | 6,285,551 | 6,285,551 |
| Amortisation | - | 143,513 | 143,513 |
| Exchange adjustments | (979,004) | (1,664,200) | (2,643,204) |
| At December 31, 2023 | 237,995,695 | 221,144,399 | 459,140,094 |

7 PLANT AND EQUIPMENT

| | Motor vehicle | Office equipment | Furnitures and fittings | Computer equipment | Building Renovation | Property | Total |
|---|---|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| **Cost** | | | | | | | |
| At January 1, 2022 | 259,888 | 246,949 | 535,731 | 3,307,990 | - | - | 4,350,558 |
| Additions | - | 1,107 | - | 144,932 | - | - | 146,039 |
| Disposals | - | (243,622) | (535,731) | (1,403,516) | - | - | (2,182,869) |
| At December 31, 2022 | 259,888 | 4,434 | - | 2,049,406 | - | - | 2,313,728 |
| Additions | - | 61,304 | 277,419 | 119,314 | 230,218 | - | 688,255 |
| Transfer (Note 9) | - | - | - | - | - | 8,649,933 | 8,649,933 |
| Disposals | - | (1,609) | - | (15,504) | - | - | (17,113) |
| At December 31, 2023 | 259,888 | 64,129 | 277,419 | 2,153,216 | 230,218 | 8,649,933 | 11,634,803 |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| At January 1, 2022 | 191,760 | 189,443 | 420,502 | 1,786,971 | - | - | 2,588,676 |
| Additions | 13,626 | 465 | - | 197,523 | - | - | 211,614 |
| Disposals | - | (188,951) | (420,502) | (1,114,620) | - | - | (1,724,073) |
| At December 31, 2022 | 205,386 | 957 | - | 869,874 | - | - | 1,076,217 |
| Additions | 10,900 | 5,709 | 16,183 | 186,835 | 13,428 | 34,524 | 267,579 |
| Disposals | - | (427) | - | (15,247) | - | - | (15,674) |
| At December 31, 2023 | 216,286 | 6,239 | 16,183 | 1,041,462 | 13,428 | 34,524 | 1,328,122 |
| | | | | | | | |
| **Carrying amount** | | | | | | | |
| At December 31, 2022 | 54,502 | 3,477 | - | 1,179,532 | - | - | 1,237,511 |
| | | | | | | | |
| At December 31, 2023 | 43,602 | 57,890 | 261,236 | 1,111,754 | 216,790 | 8,615,409 | 10,306,681 |

8 INVESTMENT PROPERTY

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| *Location* | | |
| 6 Raffles Quay, #22-01 to 07, Singapore | | |
| At cost | - | 9,619,025 |
| Provision for depreciation | - | (969,092) |
| | - | 8,649,933 |

*Level 3 fair value measurement:*

The fair value of the said property is estimated at 2022: S$30,000,000 based on comparable sales method, by an independent firm of professional valuers. However, the investment is stated at cost price after providing for the depreciation in accordance with the cost model of FRS 40 *Investment Property* with effect from January 1, 2007.

During the year 2023, Investment property had been transferred to Plant & equipment since the Company has started using the property for its own occupation.

9 RIGHT-OF-USE ASSETS

Included in right-of-use assets are office spaces which are renewed on a yearly basis.

| | S$ |
|---|---|
| **Cost** | |
| At January 1, 2022 | 3,990,150 |
| Additions | 502,262 |
| At December 31, 2022 | 4,492,412 |
| Derecognise of right of use assets | (4,492,412) |
| At December 31, 2023 | - |
| **Accumulated depreciation** | |
| At January 1, 2022 | (2,986,719) |
| Depreciation for the financial year | (1,003,431) |
| At December 31, 2022 | (3,990,150) |
| Reversal of Depreciation for the financial year | 3,990,150 |
| At December 31, 2023 | - |
| **Carrying amount** | |
| At December 31, 2023 | - |
| At December 31, 2022 | 502,262 |

As at December 31, 2023, the lease for rental of premises expired and was not renewed.

## 10 OTHER ASSETS

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Amount retained by ceding companies | 261,777 | 261,777 |
| Prepayments | 1,747 | - |
| Accrued interest on fixed deposits | 4,419,102 | 1,530,718 |
| Accrued interest on debt securities classified as FVTPL | 763,479 | 696,972 |
| Accrued interest on debt securities classified as FVOCI | 1,893,765 | 1,804,424 |
| Receivables towards investment sales | 80,240 | 110,520 |
| Others | 3,320,671 | 988,745 |
| | 10,740,781 | 5,393,156 |

Amount due from related companies is non-trade in nature, unsecured, interest free and repayable on demand or within 30 days. There is no loss allowance arising from these receivables.

## 11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$<br>(Restated) |
| Insurance contracts | | |
| Insurance contract assets | (326,746) | (6,766,800) |
| Insurance contract liabilities | 423,775,072 | 397,081,723 |
| Net insurance contract liabilities | 423,448,326 | 390,314,923 |
| Reinsurance contract held assets | 184,820,934 | 164,152,094 |
| Reinsurance contract held liabilties | (6,029,474) | (3,271,620) |
| Net reinsurance contract held assets | 178,791,460 | 160,880,474 |

Movements in insurance contract balances – Analysis by remaining coverage and incurred claims:

| | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|
| | Liability for remaining coverage | | Liability for incurred claims (Contracts using PAA) | Total |
| | Excluding loss component | Loss component | | |
| | S$ | S$ | S$ | S$ |
| Opening assets as at January 1, 2023 | (24,378,101) | 2,974,868 | 14,636,433 | (6,766,800) |
| Opening liabilities as at January 1, 2023 | 6,397,649 | 32,009,073 | 358,675,001 | 397,081,723 |
| Insurance Contracts measured under the PAA | (211,666,013) | - | - | (211,666,013) |
| Total insurance revenue | (211,666,013) | - | - | (211,666,013) |
| Insurance service expenses: | | | | |
| Incurred claims and other incurred insurance service expenses | - | (8,500,911) | 136,272,775 | 127,771,864 |
| Amortisation of insurance acquisition cash flows | 32,898,388 | - | - | 32,898,388 |
| Total insurance service expenses | 32,898,388 | (8,500,911) | 136,272,775 | 160,670,252 |
| Insurance service result | (178,767,625) | (8,500,911) | 136,272,775 | (50,995,761) |
| Insurance finance (income) expenses from insurance contracts issued | - | - | 5,246,176 | 5,246,176 |
| Total changes recognised in statement of comprehensive income | (178,767,625) | (8,500,911) | 141,518,951 | (45,749,585) |
| Cash flows: | | | | |
| Premiums received | 234,147,643 | - | - | 234,147,643 |
| Amounts paid to policyholders and other insurance service expenses paid | - | - | (121,266,244) | (121,266,244) |
| Insurance acquisition cash flows | (33,998,411) | - | - | (33,998,411) |
| Total cash flows | 200,149,232 | - | (121,266,244) | 78,882,988 |
| Closing assets as at December 31, 2023 | 392,316 | 43,289 | (762,351) | (326,746) |
| Closing liabilities as at December 31, 2023 | 3,008,839 | 26,439,741 | 394,326,492 | 423,775,072 |

| | For the year ended December 31, 2022 | | | |
|---|---|---|---|---|
| | Liability for remaining coverage | | Liability for incurred claims (Contracts using PAA) | Total |
| | Excluding loss component | Loss component | | |
| | S$ | S$ | S$ | S$ |
| Opening assets as at January 1, 2022 | (305,107) | 1,675 | 37,502 | (265,930) |
| Opening liabilities as at January 1, 2022 | (43,678,418) | 68,288,078 | 326,607,825 | 351,217,485 |
| Insurance Contracts measured under the PAA | (208,578,271) | - | - | (208,578,271) |
| Total insurance revenue | (208,578,271) | - | - | (208,578,271) |
| Insurance service expenses: | | | | |
| Incurred claims and other incurred insurance service expenses | - | (33,305,812) | 144,488,829 | 111,183,017 |
| Amortisation of insurance acquisition cash flows | 31,451,750 | - | - | 31,451,750 |
| Total insurance service expenses | 31,451,750 | (33,305,812) | 144,488,829 | 142,634,767 |
| Insurance service result | (177,126,521) | (33,305,812) | 144,488,829 | (65,943,504) |
| Insurance finance (income) expenses from insurance contracts issued | - | - | 1,526,076 | 1,526,076 |
| Total changes recognised in statement of comprehensive income | (177,126,521) | (33,305,812) | 146,014,905 | (64,417,428) |
| Cash flows: | | | | |
| Premiums received | 245,416,063 | - | - | 245,416,063 |
| Amounts paid to policyholders and other insurance service expenses paid | - | - | (99,348,798) | (99,348,798) |
| Insurance acquisition cash flows | (42,286,469) | - | - | (42,286,469) |
| Total cash flows | 203,129,594 | - | (99,348,798) | 103,780,796 |
| Closing assets as at December 31, 2022 | (24,378,101) | 2,974,868 | 14,636,433 | (6,766,800) |
| Closing liabilities as at December 31, 2022 | 6,397,649 | 32,009,073 | 358,675,001 | 397,081,723 |

Movements in reinsurance contract balances – Analysis by remaining coverage and incurred claims:

| | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|
| | Asset for remaining coverage | | Asset for incurred claims | |
| | Excluding loss recovery component | Loss recovery component | (Contracts using PAA) | Total |
| | S$ | S$ | S$ | S$ |
| Opening assets as at January 1, 2023 | (32,455,684) | 15,735,189 | 180,872,590 | 164,152,095 |
| Opening liabilities as at January 1, 2023 | 2,485,763 | 275,860 | (6,033,244) | (3,271,621) |
| Reinsurance contract held net income/ (expenses) excluding changes in risk of non-performance by reinsurer | (87,623,590) | (7,022,924) | 48,720,632 | (45,925,882) |
| Changes in risk of non-performance by reinsurer | - | - | - | - |
| Reinsurance contract held net income/ (expense) | (87,623,590) | (7,022,924) | 48,720,632 | (45,925,882) |
| Insurance finance (income) expenses from reinsurance contracts held | - | - | 2,429,588 | 2,429,588 |
| Total changes recognised in statement of comprehensive income | - | - | 2,429,588 | 2,429,588 |
| Cash flows: | | | | |
| Premiums paid | 92,085,856 | - | - | 92,085,856 |
| Amounts recovered from reinsurers | - | - | (30,678,576) | (30,678,576) |
| Total cash flows | 92,085,856 | - | (30,678,576) | 61,407,280 |
| Closing assets as at December 31, 2023 | (21,703,239) | 8,988,087 | 197,536,086 | 184,820,934 |
| Closing liabilities as at December 31, 2023 | (3,804,416) | 38 | (2,225,096) | (6,029,474) |

| | For the year ended December 31, 2022 | | | |
|---|---|---|---|---|
| | Asset for remaining coverage | | Asset for incurred claims | |
| | Excluding loss recovery component | Loss recovery component | (Contracts using PAA) | Total |
| | S$ | S$ | S$ | S$ |
| Opening assets as at January 1, 2022 | (46,910,313) | 30,630,837 | 167,091,217 | 150,811,741 |
| Opening liabilities as at January 1, 2022 | (671,986) | 71 | 70,475 | (601,440) |
| Reinsurance contract held net income/ (expenses) excluding changes in risk of non-performance by reinsurer | (117,579,574) | (14,619,859) | 67,586,863 | (64,612,570) |
| Changes in risk of non-performance by reinsurer | - | - | - | - |
| Reinsurance contract held net income/ (expense) | (117,579,574) | (14,619,859) | 67,586,863 | (64,612,570) |
| Insurance finance (income) expenses from reinsurance contracts held | - | - | 752,256 | 752,256 |
| Total changes recognised in statement of comprehensive income | - | - | 752,256 | 752,256 |
| Cash flows: | | | | |
| Premiums paid | 135,191,952 | - | - | 135,191,952 |
| Amounts recovered from reinsurers | - | - | (60,661,465) | (60,661,465) |
| Total cash flows | 135,191,952 | - | (60,661,465) | 74,530,487 |
| Closing assets as at December 31, 2022 | (32,455,684) | 15,735,189 | 180,872,590 | 164,152,095 |
| Closing liabilities as at December 31, 2022 | 2,485,763 | 275,860 | (6,033,244) | (3,271,621) |

*Loss development triangle*

Reproduced below is an exhibit that shows the development of claims over a period of time on a gross and net of reinsurance basis.

The tables show the cumulative incurred claims, including both notified and IBNR claims, for each successive accident and underwriting year at each reporting date, together with cumulative claims as at the current reporting date.

## Development of gross of reinsurance cumulative claims - (in S$)

### All Direct & Facultative Lines
### As of December 31, 2023

| **Accident Year** | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Estimate of cumulative claims** | | | | | | | | | |
| At the end of accident year/underwriting year | 195,722,955 | 97,613,965 | 99,658,570 | 134,378,353 | 110,854,729 | 132,519,014 | 155,264,575 | 180,955,300 | |
| - one year later | 130,389,352 | 134,946,822 | 140,946,225 | 141,634,413 | 130,768,379 | 132,790,792 | 135,329,370 | | |
| - two years later | 141,966,159 | 149,090,933 | 113,783,497 | 144,603,568 | 122,603,419 | 125,622,386 | | | |
| - three years later | 149,045,463 | 124,654,978 | 113,894,235 | 144,837,607 | 123,474,074 | | | | |
| - four years later | 133,862,671 | 118,976,368 | 112,446,122 | 144,858,556 | | | | | |
| - five years later | 133,495,508 | 118,895,908 | 104,158,418 | | | | | | |
| - six years later | 132,086,529 | 115,721,753 | | | | | | | |
| - seven years later | 129,696,011 | | | | | | | | |
| Current estimate of ultimate claims | 129,696,011 | 115,721,753 | 104,158,418 | 144,858,556 | 123,474,074 | 125,622,386 | 135,329,370 | 180,955,300 | 1,059,815,868 |
| Cumulative payments | 127,607,145 | 111,594,786 | 97,068,967 | 118,931,524 | 92,471,648 | 75,410,003 | 53,457,889 | 27,499,690 | 704,041,651 |
| Gross outstanding claims liabilities | 2,088,866 | 4,126,967 | 7,089,451 | 25,927,032 | 31,002,426 | 50,212,383 | 81,871,481 | 153,455,610 | 355,774,216 |
| Attributable Expense % | 1% | 1% | 2% | 7% | 9% | 14% | 23% | 42% | |
| Claims handling expenses | 73,329 | 144,717 | 248,600 | 909,164 | 1,087,139 | 1,760,760 | 2,870,925 | 5,381,112 | 12,475,666 |
| Best estimate of claims liabilities including claims handling expenses | 2,162,194 | 4,271,685 | 7,338,051 | 26,836,196 | 32,089,565 | 51,973,143 | 84,742,406 | 158,836,722 | 368,249,882 |

| | |
|---|---|
| Best estimate of claims liabilities including expenses | 368,249,882 |
| Best estimate of claims liabilities in respect of prior years | 9,891,206 |
| Claims Debtors | (794,658) |
| Total best estimate of claims liabilities | 377,346,430 |
| Discounting effect on best estimate of claims liabilities | (16,299,952) |
| Risk Adjustment | 32,517,662 |
| Total outstanding claims liabilities as per actuarial report | 393,564,140 |

## Development of net of reinsurance cumulative claims - (in S$)

**Total All Direct & Facultative Lines**
**As of December 31, 2023**

| Accident Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Estimate of cumulative claims** | | | | | | | | | |
| At the end of accident year/underwriting year | 91,794,054 | 78,862,775 | 80,600,173 | 81,748,545 | 69,411,773 | 67,049,147 | 81,290,390 | 97,716,845 | |
| - one year later | 86,502,961 | 91,940,757 | 83,456,594 | 83,597,372 | 71,046,058 | 65,410,381 | 76,082,957 | | |
| - two years later | 93,935,262 | 93,288,728 | 83,333,031 | 84,307,780 | 70,115,658 | 61,243,165 | | | |
| - three years later | 95,206,495 | 92,306,246 | 84,026,823 | 84,397,256 | 71,251,915 | | | | |
| - four years later | 92,884,045 | 86,868,739 | 82,736,861 | 84,198,899 | | | | | |
| - five years later | 94,075,123 | 85,363,112 | 81,211,788 | | | | | | |
| - six years later | 92,318,933 | 84,398,389 | | | | | | | |
| - seven years later | 91,249,498 | | | | | | | | |
| Current estimate of ultimate claims | 91,249,498 | 84,398,389 | 81,211,788 | 84,198,899 | 71,251,915 | 61,243,165 | 76,082,957 | 97,716,845 | 647,353,456 |
| Cumulative payments | 89,718,430 | 81,377,588 | 76,504,486 | 74,189,585 | 53,595,365 | 41,702,539 | 36,827,720 | 18,416,297 | 472,332,010 |
| Net outstanding claims liabilities | 1,531,068 | 3,020,801 | 4,707,302 | 10,009,314 | 17,656,550 | 19,540,626 | 39,255,237 | 79,300,548 | 175,021,446 |
| Attributable Expenses | 73,329 | 144,717 | 248,600 | 909,164 | 1,087,139 | 1,760,760 | 2,870,925 | 5,381,112 | 12,475,746 |
| Best estimate of claims liabilities including expenses | 1,604,317 | 3,165,518 | 4,955,902 | 10,918,478 | 18,743,689 | 21,301,386 | 42,126,162 | 84,681,660 | 187,497,112 |
| Best estimate of claims liabilities including expenses | | | | | | | | | 187,497,112 |
| Best estimate of claims liabilities in respect of prior years | | | | | | | | | 6,305,975 |
| Claims Debtors | | | | | | | | | (1,804,925) |
| Total best estimate of claims liabilities | | | | | | | | | 191,998,162 |
| Discounting effect on best estimate of claims liabilities | | | | | | | | | (9,089,727) |
| Risk Adjustment | | | | | | | | | 15,344,715 |
| Total outstanding claims liabilities as per actuarial report | | | | | | | | | 198,253,150 |

## 12 LEASE LIABILITIES

***Reconciliation of liabilities arising from financing activities***

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Maturity analysis: | | |
| Year 1 | - | 506,670 |
| Year 2 | - | - |
| | - | 506,670 |
| Less: Unearned interest | - | (4,408) |
| | - | 502,262 |
| Analysed as: | | |
| Current | - | 502,262 |
| Non-Current | - | - |
| | - | 502,262 |

Repayments of lease liabilities arising from financing activities are amounting to S$Nil (2022: S$502,262). Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's finance function. As at December 31, 2023, the lease for rental of premises expired and was not renewed. The Company have derecognised the lease liabilities as at 31 December 2023.

## 13 OTHER LIABILITIES

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Cash collaterals from customers | 9,510,295 | 8,238,910 |
| GST Payable | 4,797,980 | 3,479,430 |
| Other creditors | 7,441,948 | 1,977,476 |
| Accrued expenses | 434,727 | 382,888 |
| | 22,184,950 | 14,078,704 |

Cash collaterals amounting to S$9,510,295 relates to customers to whom performance bonds were issued.

## 14 NET INVESTMENT RESULT

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| Interest revenue on financial assets measured at FVOCI | 8,283,082 | 9,180,066 |
| Other interest and similar income | | |
| Interest income from financial assets at FVTPL (Debt Securities) | 3,589,901 | 3,501,066 |
| Interest income from fixed deposits | 11,020,991 | 2,956,386 |
| Dividend income from financial assets at FVTPL | 8,028,780 | 6,286,277 |
| Others | 53,258 | 639,095 |
| | 22,692,930 | 13,382,824 |
| Net fair value gains/(losses) on financial assets at FVTPL | | |
| Net realised gains/(losses) on FVTPL investments | (3,614,921) | 1,544,776 |
| Fair value gains/(losses) on FVTPL investments | 5,393,854 | (40,495,466) |
| | 1,778,933 | (38,950,690) |
| Net fair value gains/(losses) on financial assets at FVOCI | | |
| Net realised gains/(losses) on FVOCI investments | 232,687 | 73,876 |
| | 232,687 | 73,876 |
| Other investment expenses | (183,033) | (220,377) |
| Other investment gains/(losses) | 32,804,599 | (16,534,301) |
| Net foreign exchange gains/(losses) | (5,843,199) | (3,200,641) |
| Net investment income/(losses) | 26,961,400 | (19,734,942) |
| Fair value gains/(losses) on FVOCI investments recognized in Other comprehensive income (loss) | 6,285,550 | (12,545,831) |
| Net investment result | 33,246,950 | (32,280,773) |

15 OTHER INCOME/EXPENSES

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| OTHER INCOME | | |
| Reversal for provision for bad and doubtful debts | 1,089,731 | - |
| Gain on Foreign exchange | 985,934 | - |
| Miscellaneous Income | 240,799 | 270,524 |
| Brokerages | 751 | 4,314 |
| | 2,317,215 | 274,838 |
| OTHER EXPENSE | | |
| Provision for bad and doubtful debts | - | (2,076,714) |
| Loss on foreign exchange | - | (8,472,555) |
| Non-attributable Expenses includes: | | |
| - Salaries, CPF, bonus and allowances | (2,360,743) | (2,286,244) |
| - Computer Maintenance Expense | (634,037) | (457,730) |
| - Professional fees | (551,837) | (913,180) |
| - Audit Fee | (206,000) | (210,000) |
| - Other expenses | (1,019,201) | (955,977) |
| Miscellaneous Expense | (123,632) | (583,651) |
| Sundry balances written-off | (311,490) | (496,383) |
| | (5,206,940) | (16,452,434) |

The non-audit fees paid or payable to the auditors of the Company and Deloitte network firms include fees for non-audit services of $38,896 (2022: $22,612)

16 INCOME TAX EXPENSE

With the adoption of FRS 117, insurers in Singapore will no longer be able to prepare their tax computations using the financial statement prepared in accordance with FRS 117, as the financial statement do not provide information such as premiums, expenses and claims paid nor provide the information by types of insurance funds or lines of business that is necessary for applying the tax treatment under section 26 of the ITA. It was announced in the 2022 Budget Statement that MAS statutory returns instead of the financial statement will be used as the basis for preparing tax computation with effect from YA2024.

The major components of income tax expense for the years ended December 31, are:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Current tax expense | 1,870,562 | - |
| Deferred tax expense | - | - |
| Under provision in respect of previous years | - | 809,849 |
| | 1,870,562 | 809,849 |

The reconciliation between income tax expense and the product of the accounting loss multiplied by the applicable corporate tax rate for the financial year ended December 31, 2023 is as follows:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| Profit/(Loss) before taxation | 26,324,968 | (35,355,424) |
| Income tax at the statutory rate of 17% (2022: 17%) | 4,475,244 | (6,010,422) |
| Adjustments: | | |
| Items that are not deductible for tax purposes | 241,656 | 225,114 |
| Exempt Dividends | (1,296,177) | (1,024,217) |
| Under provision in respect of previous year | - | 809,849 |
| Effect of deferred tax asset not recognized | - | 2,125,472 |
| Effect of unutilized tax loss previously not recognized | (2,030,475) | - |
| Difference arising from Singapore tax treatment based on MAS Statutory Returns | 723,895 | 4,684,053 |
| Difference in tax due to lower tax rate applicable on certain income | 49,360 | - |
| Others | (292,941) | - |
| | 1,870,562 | 809,849 |

The deferred tax asset is as a result of:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| Deferred tax asset | | |
| Difference in depreciation | 250,000 | 250,000 |
| *Deferred income tax related to other comprehensive income* | | |
| Net change in fair value adjustment reserve for financial assets in FVOCI | (1,908,670) | (2,736,073) |
| | (1,658,670) | (2,486,073) |

The movements in tax payables and deferred tax asset are as follows:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ (Restated) |
| *Current tax payables* | | |
| Tax (receivable)/ payable as at January 1 | (225,599) | 3,000,585 |
| Amounts charged to profit or loss during the year | 1,870,562 | 809,849 |
| Tax paid during the year | - | (4,036,033) |
| Tax payable/(receivable) as at December 31 | 1,644,963 | (225,599) |
| | | |
| *Deferred tax Asset* | | |
| Deferred tax Asset as at January 1 | (2,486,073) | (786,359) |
| Net change in fair value adjustment for FVOCI | 827,402 | (1,699,714) |
| Provision for deferred taxation as at December 31 | (1,658,670) | (2,486,073) |

17 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, during the financial year, the significant transaction between the Company and its shareholders reflected in the financial statements are as follows:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Premiums received | 9,683,784 | 2,194,813 |
| Commission paid | (1,153,924) | (168,817) |
| Claims settled | (3,725,908) | - |
| Reinsurance premiums ceded | (72,964,526) | (91,390,339) |
| Reinsurance commission income | 13,992,844 | 16,981,285 |
| Premium reserve retained | 2,683,748 | 6,520,585 |
| Claims recoveries | 4,272,953 | 5,719,483 |

***Key management personnel***

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The salaries, other emoluments and pension cost for key management personnel are as follows:

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Short-term employee benefits | 1,696,541 | 1,531,258 |
| Contribution to CPF | 105,588 | 91,782 |
| Directors' fees | 110,246 | 118,740 |
| Other long-term benefits | 10,709 | 6,430 |
| Total compensation of Key Management Personnel | 1,923,084 | 1,748,210 |

## 18 DIVIDENDS

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| First and final dividend of 10 cents per share based on 2022 results (2022: 10 cents per share based on 2021 results) | 5,000,000 | 5,000,000 |

## 19 SHARE CAPITAL

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| | Number of ordinary shares | | S$ | S$ |
| Issued and fully paid up: | | | | |
| At beginning and end of the financial year | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |

In accordance with the Companies (Amendment) Act 2005, January 30, 2006, the shares of the Company ceased to have a par value. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company.

***Capital Management***

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support the business and maximise shareholder value. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserves. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend pay-outs to shareholders. No changes were made in the objectives, policies or processes during the year ended December 31, 2023.

The Company is subject to minimum capital requirements under the Insurance Act. To determine its capital for regulatory purposes, the Company makes certain adjustments to the carrying values of its assets and liabilities. The regulatory capital requirement is determined by the application of statutory formulae to the Company's business information. Throughout the financial years 2022 and 2023, the Company complied fully with these capital requirements.

## 20 FAIR VALUE RESERVE

Fair value reserve consists of cumulative fair value changes of financial investments, net of deferred income tax, until they are derecognised or impaired.

| | 2023 | 2022 |
|---|---|---|
| | S$ | S$ |
| Balance before adopting FRS109 as at January 1 | - | 30,260,367 |
| Effect on adopting FRS109 | - | (35,602,238) |
| | (16,187,988) | (5,341,871) |
| Net change in the reserve, net of tax | 5,458,148 | (10,846,117) |
| Balance as at December 31 | (10,729,840) | (16,187,988) |

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