

# **GCS**

**GUYANA CO-OPERATIVE INSURANCE SERVICE**



**4<sup>th</sup> ANNUAL REPORT AND ACCOUNTS FOR 1979**  
**THE YEAR ENDED 31<sup>st</sup> DECEMBER,**



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4<sup>th</sup>  
Annual Report  
and Accounts  
of the  
**GUYANA  
CO-OPERATIVE  
INSURANCE  
SERVICE**  
for the  
year  
ended  
31st December  
1979



## DIRECTORS AND GENERAL MANAGEMENT

Chairman	HAROLD E. WILKINSON - A.A., F.B.I.M. up to 30th April, 1979. CHARLES B. HINDS - D.P.A. from 1st May, to 11th November, 1979
Deputy Chairman	CLAUDE BONE M.S.,
Directors	YESU PERSAUD - A.A., F.C.C.A., F.R.S.A. BASIL BLAIR - A.A. DONNA ALEXANDER - B.A. (Econ. and Hist.) CARMEL ALBERT - M.Sc. (Econ.) A.C.I.S. from 1st August, 1979
General Manager/Director	RUDYARD D. FIELD-RIDLEY - B.Sc. (Econ.), A.I.B. up to 7th November, 1979. HAROLD E. WILKINSON - A.A., F.B.I.M. from 8th November, 1979
Life Insurance Adviser	S. YOGARAJAH - B.Sc. (Hons), A.I.A.
Deputy Manager Fire	HAROLD BRASSINGTON
Deputy Manager Motor	BRIAN PATOIR
Deputy Manager Life	TERENCE EDWARDS, - B. Math. (Hon.) M.A.Sc. up to 30th November, 1979
Accountant	ASLIM RAHAMAN - A.C.I.S., M.B.I.M.
Secretary	DONALD D. COLE - B. Soc. Sc.
Consulting Actuaries	LANE, CLARK & PEACOCK with BURTON & CO.
Medical Referee	DR. J. PAUL - M.B., B.S., Dip. Bac.
Auditors	AUDITOR GENERAL, Government of Guyana.
Solicitors	CLARKE & MARTIN
Bankers	GUYANA NATIONAL CO-OPERATIVE BANK
Branch Office	
Main and New Streets New Amsterdam, Berbice, Guyana.	

## CHAIRMAN'S STATEMENT

### RESULTS

The year 1979 was another year of progress for the Service. Gross premium income increased from \$8.9 mn. in 1978 to \$10.3 mn. in 1979 while profit after tax increased from \$0.8 mn. to \$1.6 million.

The good results achieved enabled the Directors to recommend a dividend of 12 per cent. Payment of this dividend will leave retained profits of \$1.0 mn. as compared with \$0.4 mn. in 1978.

Except for our motor insurance business, which showed a small profit of \$15,510 - in fact, a turn around of \$0.2 mn. from the loss of that amount in the previous year - substantial underwriting profits were recorded in all the other classes of business engaged in by the Service.

### FIRE INSURANCE

Our portfolio of Fire business has maintained its growth rate with premium income increasing from \$5.8 mn. in 1978 to \$5.9 mn. in 1979.

### MOTOR INSURANCE

Our Motor business had a substantial turn around - from a loss of \$0.2 mn. to a surplus of \$15,510 - due to corrective underwriting measures taken in an attempt to overcome the effect of rising claims cost and a sustained increase in the frequency of accidents. The average cost of both own damage and liability claims rose substantially.

### MARINE

The Service is still the first and only local Insurance Company to write marine cargo business directly. The business for the first full year produced premiums of \$0.9 mn. and we expect this to improve substantially in the years ahead.

### OTHER CLASSES

The Miscellaneous account covers Contractors' All Risks, Householders' Comprehensive, Cash-in-Transit, Personal Accident, Public and Employers' Liability and Fidelity insurance. The individual classes again showed very diverse results, but the combined results were substantially better than in the previous year - over 80% in underwriting surplus.

### LIFE

New life sums assured written and new group health schemes in 1979 increased substantially. As a result of the increased new business, gross premium income rose from \$0.3 mn. in 1978 to \$0.6 mn. in 1979.

## **PROSPECTS**

Our prospects for the future years looks best in marine cargo insurance but at this stage the Service is only gradually making its inroads in this area which in the past was transacted solely on the basis of an agency for a foreign company.

Secondly, although there are quite a few fire insurance companies, it does seem that there is gross under-insurance in Guyana and, if properties are correctly valued for insurance, prospects in this area look bright as well.

Thirdly, our Group Health aspect of Life Insurance business has a bright future but, here again, we have to move cautiously while acquiring the necessary expertise for the large scale business avenues open.

## **ACKNOWLEDGEMENTS**

I should like to take this opportunity to thank Management and staff for their efforts during the past year. It is due to their hard work and dedication that we have been able to achieve the substantial improvement we have shown in profitability and I have every confidence that they will continue in their endeavours in the years ahead.

I also wish to thank most warmly our clients and friends at home and abroad for their continued patronage and support.

**C. BONE.**

## THE REPORT OF THE DIRECTORS

THE Directors have pleasure in submitting their Annual Report and the Accounts for the financial year ended 31st December, 1979.

### RESULTS

Net income before taxation was G\$3,645,172 and after deducting taxes of G\$2,073,305 the net profit after tax was G\$1,571,867.

### DIVIDENDS

The Directors recommend a final dividend of 12% free of Company Tax, the same rate of dividend paid in 1977 and 1978.

### NON-LIFE INSURANCE

The following is a summary of the development of Service's non-life business in 1979:

#### *INSURANCES IN FORCE*

During the year, 2334 policies were issued insuring a total of G\$117 million and yielding annual premiums of G\$929,463.

At the end of the year, there were 4,623 policies in force insuring a total of \$2,683 million and earning annual premiums of G\$10,256,467.

#### *CLAIMS*

Total claims paid and provided for amounted to G\$3,641,829 of which G\$1,370,111 was recoverable from Reinsurers resulting in a net cost to the Service of G\$2,271,718

#### *INVESTMENTS*

At 31st December, 1979, bank deposits and investment in short term Government securities totalled G\$10,836,939 representing an increase of G\$1,807,674 or 20% over the figure at the beginning of the year.

Interest on investment increased by G\$765,903 from G\$503,787, in 1978 to G\$1,269,690 in 1979.

**LIFE INSURANCE***INSURANCES IN FORCE*

At 31st December, 1979 there were 751 individual and group policies in force assuring G\$24,405,338 and yielding annual premiums of G\$559,599.

*CLAIMS*

Total claims paid and provided for amounted to G\$146,356. No sums were recoverable from Reinsurers.

*LIFE ASSURANCE FUND*

The Life Assurance Fund as at 31st December, 1979 stood at G\$387,406.

**GENERAL***STAFF*

The average number of persons employed during the year was 89.

*DIRECTORS*

The names of the persons who served as Directors in 1979 appear on page 2 of this report.

*AUDITORS*

In keeping with the provisions of Section 48 (2) of the Co-operative Financial Institutions Act, the Co-operative Financial Administration appointed the Auditor General auditor of the Service for the financial year ended 31st December, 1979.

By Order of the Board

DONALD D. COLE,  
Company Secretary.

**GENERAL AND LIFE INSURANCE**  
**REVENUE ACCOUNTS**  
for the year ended 31st December, 1979

	Notes	General	Life	TOTAL	General 1978	Life 1978	TOTAL 1978
		G\$	G\$	G\$	G\$	G\$	G\$
<b>Life Insurance Fund</b>			161,214	161,214		14,422	14,422
<i>Add</i>							
<b>REVENUE</b>							
<b>Premiums (Net)</b>	1	5,443,454	539,558	5,983,012	3,921,573	309,836	4,231,409
<b>Income From Investments</b>	2	1,269,690	77,103	1,346,793	503,787	36,455	540,242
<b>Other Income</b>	3	467,733	1,141	468,874	385,044		385,044
		7,180,877	779,016	7,959,893	4,810,404	360,713	5,171,117
<i>Deduct</i>							
<b>EXPENDITURE AND OUTGO</b>							
<b>Claims (Net)</b>	4	2,271,718	146,356	2,418,074	1,916,631	74,934	1,991,565
<b>Surrenders</b>			1,189	1,189		300	300
<b>Commissions</b>		70,726	66,384	137,110	56,693	20,628	77,321
<b>Management Expenses</b>	5	1,157,429	140,433	1,297,862	958,265	84,228	1,042,493
<b>Pension Fund Contributions</b>		35,832	6,263	42,095	32,825	4,973	37,798
		3,535,705	360,625	3,896,330	2,964,414	185,063	3,149,477
<b>Net Profit before Taxation</b>		3,645,172		3,645,172	1,845,990		1,845,990
<b>Life Insurance Before Taxation</b>			418,391	418,391		175,650	175,650
<i>Less: Taxation</i>	6	2,073,305	30,985	2,104,290	1,078,648	14,436	1,093,084
<b>Net Profit After Taxation</b>		1,571,867		1,571,867	767,342		767,342
<b>Life Insurance Fund at 31.12.79</b>			387,406	387,406		161,214	161,214
		1,571,867	387,406	1,959,273	767,342	161,214	928,556





GENERAL INSURANCE DIVISION

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the Year Ended 31st December, 1979

	Notes	G\$	1978 G\$
Net Profit for the Year After Taxation		1,571,867	767,342
<i>Less:</i>			
Transferred to Reserve Fund	(7)	392,967	191,836
		1,178,900	575,506
Balance Brought Forward		404,320	46,622
<i>Less:</i>		1,583,220	622,128
Taxation - Prior Years		341,408	
Available for distribution		1,241,812	622,128
PROPOSED DIVIDEND			
Interim			80,100
Final		217,808	137,708
Retained Profit at 31st December 1979		1,024,004	404,320

**GENERAL AND LIFE INSURANCE**  
**BALANCE SHEET**  
as at 31st December, 1979

	Notes	General	Life	TOTAL
		G\$	G\$	G\$
<b>FIXED ASSETS</b> (at cost less depreciation)	8	659,994	10,878	670,872
<b>Deposits</b>	9	54,135		54,135
<b>INVESTMENT</b>	10	2,824,918	800,000	3,624,918
<b>PRELIMINARY EXPENSES</b>			18,098	18,098
<b>ADVANCES TO LIFE INSURANCE</b>		500,000		500,000
<b>CURRENT ASSETS</b>				
		3,000,000		3,000,000
<b>DEBTORS AND PREPAYMENTS, ETC.</b>		4,359,469	66,464	4,425,933
<b>TREASURY BILLS</b>		7,529,212		7,529,212
<b>CASH ON HAND AND AT BANK</b>	11	3,307,727	113,866	3,421,593
		18,196,408	180,330	18,376,738
<i>Less:</i>				
<b>CURRENT LIABILITIES</b>				
<b>OUTSTANDING CLAIMS</b>		5,451,199	36,207	5,487,406
<b>CREDITORS, ACCRUALS, ETC.</b>		10,122,819	54,708	10,177,527
<b>TAXATION</b>		1,562,302	30,985	1,593,287
<b>SHAREHOLDERS' DIVIDEND</b>		137,708		137,708
<b>PROPOSED DIVIDEND</b>		217,808		217,808
<b>PENSION FUND</b>	12			
		17,491,836	121,900	17,613,736
<b>NET CURRENT ASSETS</b>		704,572	58,430	763,002
		<u>4,743,619</u>	<u>887,406</u>	<u>5,631,025</u>
		<u>10,000,000</u>		<u>10,000,000</u>
<b>ISSUED AND FULLY PAID</b> 16,300 Shares at \$100 each		1,602,000		1,602,000
<b>RESERVE FUND</b>		799,325		799,325
<b>RETAINED EARNINGS</b>		1,024,004		1,024,004
<b>SHAREHOLDERS FUNDS</b>		3,425,329		3,425,329
<b>LIFE INSURANCE FUND</b>			387,406	387,406
<b>ADVANCES FROM GENERAL INSURANCE</b>			500,000	500,000
<b>RESERVE FOR UNEXPIRED RISKS</b>		1,318,290		1,318,290
		<u>4,743,619</u>	<u>887,406</u>	<u>5,631,025</u>

Date: 3rd November, 1980.

C. BONE, Deputy Chairman      H.E. WILKINSON, General Manager/Director

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

	G\$	G\$	1979 G\$	1978 G\$
<b>SOURCE OF FUNDS</b>				
<b>FUNDS FROM OPERATIONS</b>				
Profit before Taxation			3,643,257	1,845,990
<b>ADJUSTMENT NOT INVOLVING THE MOVEMENT OF FUNDS:</b>				
Depreciation		60,214		56,222
Preliminary Expenses written off		<u>25,301</u>		43,359
			<u>85,515</u>	<u>99,581</u>
Total Generated from Operations			3,728,772	1,945,571
<b>FUNDS FROM OTHER SOURCES</b>				
Shares Issued		—		1,800
<b>Increase (Decrease) in Insurance Funds:</b>				
General	(703,599)			899,374
Life	<u>257,177</u>	(446,422)		175,650
Sale of Asset		7,540		—
Deposits Recovered		<u>500,000</u>		—
			<u>61,118</u>	<u>1,076,824</u>
			3,789,890	3,022,395
<b>APPLICATION OF FUNDS</b>				
Purchase of Fixed Assets		221,628		240,897
Deposits		2,450		375
Investments		3,199,918		70,000
Tax paid		1,699,777		413,157
Preliminary Expenses		—		2,771
Dividends Paid		<u>272,124</u>		—
			<u>5,395,897</u>	<u>727,200</u>
			<u>(1,606,007)</u>	<u>2,295,195</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>				
Loans			2,000,000	(312,000)
Debtors and Prepayments			1,609,655	93,172
Outstanding Claims			(2,965,171)	(1,211,433)
Creditors			(3,864,971)	(2,448,768)
Pension Fund			92,117	(56,818)
<b>MOVEMENT IN LIQUID FUNDS</b>				
Cash and Bank Balances, Treasury Bills				
Savings Account			<u>1,522,363</u>	<u>6,231,042</u>
			<u>(1,606,007)</u>	<u>2,295,195</u>

## NOTES TO THE REVENUE ACCOUNT

	General	Life	TOTAL	General 1978 G\$	Life 1978 G\$	TOTAL 1978 G\$
<b>PREMIUMS</b>	G\$	G\$	G\$			
Fire, Motor, Marine and Miscellaneous Insurance Written	9,624,714	—	9,624,714	7,587,858	—	7,587,858
Life Assurance	—	374,961	374,961	—	191,964	191,964
Health Insurance	—	184,638	184,638	—	130,707	130,707
	9,624,714	559,599	10,184,313	7,587,858	322,671	7,910,529
Net Cost of Reinsurance	4,181,260	20,041	4,201,301	3,666,285	12,835	3,679,120
	<u>5,443,454</u>	<u>539,558</u>	<u>5,983,012</u>	<u>3,921,573</u>	<u>309,836</u>	<u>4,231,409</u>
<b>2 INVESTMENT INCOME</b>						
GNCB - Fixed Deposit BANK OF GUYANA	240,219	5,746	245,965	163,823	17,913	181,736
Debentures	3,767	39,074	42,841	—	17,686	17,686
Defence Bonds	1,750	—	1,750	1,750	—	1,750
Treasury Bills	808,396	32,240	840,636	331,968	856	332,824
Other	215,558	43	215,601	6,246	—	6,246
	<u>1,269,690</u>	<u>77,103</u>	<u>1,346,793</u>	<u>503,787</u>	<u>36,455</u>	<u>540,242</u>
<b>3 OTHER INCOME</b>						
Agencies Commissions	457,253	—	457,253	266,160	—	266,160
Miscellaneous	10,480	1,141	11,621	118,884	—	118,884
	<u>467,733</u>	<u>1,141</u>	<u>468,874</u>	<u>385,044</u>	<u>—</u>	<u>385,044</u>
<b>4 CLAIMS PAID AND PROVIDED FOR</b>						
Fire, Motor, Marine and Miscellaneous	3,641,829	—	3,641,829	3,086,406	—	3,086,406
Death Claim	—	25,370	25,370	—	12,000	12,000
Health Claims	—	116,986	116,986	—	62,934	62,934
Group Personal Accident Claims	—	4,000	4,000	—	—	—
	<u>3,641,829</u>	<u>146,356</u>	<u>3,788,185</u>	<u>3,086,406</u>	<u>74,934</u>	<u>3,161,340</u>
Less:						
Reinsurance Recoveries	1,370,111	—	1,370,111	1,169,775	—	1,169,775
	<u>2,271,718</u>	<u>146,356</u>	<u>2,418,074</u>	<u>1,916,631</u>	<u>74,934</u>	<u>1,991,565</u>



## NOTES TO THE REVENUE ACCOUNT

	General	Life	TOTAL	General	Life	TOTAL
	G\$	G\$	G\$	1978	1978	1978
5 MANAGEMENT EXPENSES				G\$	G\$	G\$
Administration Expenses	1,075,739	117,372	1,193,111	888,121	75,010	963,131
Directors Fees	7,700		7,700	7,400		7,400
Audit Fees	15,000	1,000	16,000	7,500	1,000	8,500
Actuarial Fees		20,838	20,838		7,240	7,240
Depreciation	58,990	1,223	60,213	55,244	978	56,222
	1,157,429	140,433	1,297,862	958,265	84,228	1,042,493
TAXATION						
Income Tax	736,503	30,985	767,488	377,515	14,436	391,951
Corporation Tax	1,288,879		1,288,879	660,651		660,651
Property Tax	47,923		47,923	40,482		40,482
Current Year Taxation	2,073,305	30,985	2,104,290	1,078,648	14,436	1,093,084

## NOTES TO PROFIT AND LOSS APPROPRIATION ACCOUNT

### 7 RESERVE FUND

In accordance with section 50 (1) of the Co-operative Financial Institutions Act 1976 an amount of 25% of net surplus was transferred to Reserve Fund before any declaration of Dividend.



## NOTES TO THE BALANCE SHEET

	<b>Furniture Fixtures Equipment G\$</b>	<b>Motor Vehicles G\$</b>	<b>Printing Machinery G\$</b>	<b>Land Building G\$</b>	<b>TOTAL G\$</b>
<b>FIXED ASSETS</b>					
<b>Cost at 1st January, 1979</b>	253,317	68,478	101,634	191,614	615,043
<b>Additions</b>	58,702			162,926	221,628
<b>Disposals</b>		(9,000)			(9,000)
	312,019	59,478	101,634	354,540	827,671
<b>Accumulated Depreciation at 1st January, 1979</b>	48,605	35,431	10,175	5,749	99,960
<b>Provision for Year</b>	27,661	12,995	10,164	6,019	56,839
	76,266	48,426	20,339	11,768	156,799
<b>Net Book Values at 31st December, 1979</b>	235,753	11,052	81,295	342,772	670,872
<b>Net Book Values at 31st December, 1978</b>	204,712	33,047	91,459	185,865	515,083

	<b>General G\$</b>	<b>Life G\$</b>	<b>TOTAL G\$</b>	<b>General 1978 G\$</b>	<b>Life 1978 G\$</b>	<b>TOTAL 1978 G\$</b>
<b>DEPOSITS</b>						
<b>Deposit with Insurance Authorities</b>				250,000	250,000	500,000
<b>Accountant General</b>	50,000		50,000	50,000		50,000
<b>Other</b>	4,135		4,135	1,685		1,685
	54,135		54,135	301,685	250,000	551,685

NOTES TO THE BALANCE SHEET

	GENERAL		LIFE		TOTAL	GENERAL		LIFE		TOTAL
	Face Value G\$	Ledger Value G\$	Face Value G\$	Ledger Value G\$		Face Value G\$	Ledger Value G\$	Face Value G\$	Ledger Value G\$	
10 INVESTMENTS										
Defence Bonds	50,000	50,000	—	—	50,000	50,000	50,000	—	—	50,000
Caribbean Investment Corporation	24,918	24,918	—	—	24,918	25,000	25,000	—	—	25,000
Debentures	2,750,000	2,750,000	800,000	800,000	3,550,000	—	—	350,000	350,000	350,000
	<u>2,824,918</u>	<u>2,824,918</u>	<u>800,000</u>	<u>800,000</u>	<u>3,624,918</u>	<u>75,000</u>	<u>75,000</u>	<u>350,000</u>	<u>350,000</u>	<u>425,000</u>

	General	Life	TOTAL	General 1978	Life 1978	TOTAL 1978
	G\$	G\$	G\$	G\$	G\$	G\$
11 CASH ON HAND AND AT BANK						
Fixed Deposits	300,000	80,000	380,000	100,000	90,000	190,000
Pension Fund Savings Account	—	—	—	81,400	10,717	92,117
Cash and Bank Balances	551,166	33,866	585,032	136,948	19,545	156,493
Bank of Guyana Deposit Account	2,456,561	—	2,456,561	942,943	—	942,943
	<u>3,307,727</u>	<u>113,866</u>	<u>3,421,593</u>	<u>1,261,291</u>	<u>120,262</u>	<u>1,381,553</u>

12 PENSION FUND

Pension Scheme is now being administrated by the G.N.C.B. Trust Corporation.

## ACCOUNTING POLICIES

### INVESTMENT INCOME

Income on fixed return securities is recognised as it is earned, whilst income on variable return security is dealt with on a cash basis.

### DEPRECIATION

Depreciation of fixed assets is on the straight line method calculated to write down the cost of the assets to their residual values over their expected useful lives.

### PRELIMINARY EXPENSES

Preliminary expenses incurred in the formation of the Life Insurance Division are being written off over a period of five years.

### ACCOUNTING FOR INFLATION

These accounts have been prepared on a historical cost basis. No attempt has been made to adopt replacement Cost Accounting or Current Cost Accounting procedures which will overcome the distorting effects of inflation.

### UNEXPIRED RISKS

The computation of unexpired risks has been changed from 1/24 constant to the 60:40 method whereby sixty per cent of the net premiums is treated as earned and forty per cent as unearned for the financial year.

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE GUYANA CO-OPERATIVE INSURANCE  
SERVICE FOR THE YEAR ENDED 31ST DECEMBER, 1979.

I have examined the Accounts set out on pages 7 to 15 which are in agreement with the books of the Service and have obtained all the information and explanations which I have required.

In my opinion, these accounts which have been prepared on the historical cost basis of accounting give on this basis, a true and fair view of the state of affairs of the Service at 31st December, 1979 and of the net income and source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

R.P. FARNUM, A.A.  
Auditor General,

Office of the Auditor General  
121, Parade Street,  
Kingston, Georgetown,  
Guyana.

Dated: 14th November, 1980.