

Guyana Co-operative Insurance Service

Report and Accounts 1981

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Guyana Co-operative Insurance Service

Directors and General Management

Chairman	D A Augustin - BSc(Econ) MA (Econ)
Deputy Chairman	G C Bone - MS
Directors	Y Persaud - AA FCCA FRSA
	B B Blair - AA
	C V Albert - MSC (Econ) ACIS
	D A Yankana - AA FBIM
	O Yaw
	E Duncan
	D Alexander BA(Hons) (Econ & Hist)
	up to 31st July, 1981
	S Da Costa up to 31st March, 1981
Managing Director	H E Wilkinson - AA FBIM
Deputy Managers	H A M Brassington
	B S Patoir
Accountant	A Rahaman - ACIS MBIM
Secretary	D D Cole - B SocSc
Assistant Managers	L Rambihar - BMath FIMI
	W O Agard Jnr
	M Shahoud
Consulting Actuaries	Lane, Clark & Peacock
Medical Referee	Dr J Paul - MB BS DipBac
Auditors	Auditor General, Government of Guyana
Attorneys	Clarke & Martin
Bankers	Guyana National Co-operative Bank
Branch Office	
Main and New Streets	
New Amsterdam	
Berbice Guyana.	

Guyana Co-operative Insurance Service

Chairman's Statement

RESULTS

1981 was a fairly successful year for the Service. Gross premium income from non-life business increased from \$12.0 mn. in 1980 to \$14.4 mn. (20%) and that from life insurance business also increased from \$0.6 mn. in 1980 to \$0.7 mn. (16%). However, profit after tax on non-life business reduced from \$2.0 mn. in 1980 to \$1.5 mn. These results enabled the Directors to recommend their usual dividend of 12% free of tax. The payment of this dividend will leave retained earnings at \$2.3 mn. and the Reserve Fund at \$2.1 mn. - increases of \$0.8 mn. and \$0.4 mn. respectively, on 1980. The Statutory Life Fund increased from \$0.6 mn. in 1980 to \$0.9 mn.

NON-LIFE

There were underwriting surpluses in all four branches of insurance business.

FIRE INSURANCE

Because of two large fires and numerous small ones, the underwriting surplus was reduced from \$1.6 mn. in 1980 to \$0.7 mn. However, gross premium income increased from \$7.0 mn. in 1980 to \$8.5 mn. (12%) and premium income for *Net* account from \$0.8 mn. in 1980 to \$0.9 mn.

MOTOR

Gross premium income increased from \$2.8 mn. in 1980 to \$3.4 mn. (21%) and, because claims cost continued to increase, the underwriting surplus was reduced from \$0.5 mn. in 1980 to \$0.2 mn.

MARINE

Gross premium income increased from \$1.2 mn. in 1980 to \$1.5 mn. (25%) and premium income for *Net* account from \$0.2 mn. in 1980 to \$0.3 mn. The underwriting surplus also increased from \$0.1 mn. in 1980 to \$0.2 mn.

OTHER CLASSES

There was an underwriting surplus for the other miscellaneous classes of business of \$0.3 mn. as against \$0.2 mn. in 1980 with gross premium income increasing from \$1.0 mn. to \$1.1 mn. and premium income for *Net* account from \$0.2 mn. to \$0.3 mn.

OTHER INCOME

The interest from investments increased from \$1.6 mn. to \$2.1 mn. which resulted in an overall increase under the head from \$1.9 mn. to \$2.4 mn.

Guyana Co-operative Insurance Service

LIFE

Gross premium income from individual and group life insurance reduced from \$0.4 mn. in 1980 to \$0.3 mn. mainly on account of the fact that no sales force was employed during the year. A new Life Manager will be recruited towards the end of 1982 and at that time the Division will be re-activated.

PROSPECTS

During 1982 it is proposed to increase our retentions on fire, marine cargo and on miscellaneous classes of business as part of our overall strategy of systematically increasing our retentions annually in keeping with our financial capacity and on the basis of generally accepted international standards. However, because of the heavy claims on our fire account, it is proposed to reassess very conservatively our identification of risks which will result in a reduction on premium income for net account. There are still good prospects for increased premium income from marine cargo insurance from existing transactions and from fire insurance because of obvious under-insurance particularly since the need for appropriate insurance was drawn to the attention of our large clients during the course on Effective Risk Management run during December, 1981.

ACKNOWLEDGEMENTS

I should like to express my thanks to Management and Staff for their hard work and dedication during the past year. I have every confidence that they will continue their excellent performance in the future. I also wish to thank most warmly our clients and friends at home and abroad for their continued patronage and support.

A. D. AUGUSTIN

Guyana Co-operative Insurance Service

Report of the Directors

The Directors have pleasure in submitting their Annual Report and the Accounts for the financial year ended 31st December, 1981.

RESULTS

Net income before taxation was G\$3,309,672 and after deducting taxes of G\$1,856,699 the net profit after tax was G\$1,452,973.

DIVIDENDS

The Directors recommend a final dividend of 12% free of tax.

NON-LIFE INSURANCE

The following is a summary of the development of the Service's Non-Life business in 1981.

INSURANCES IN FORCE

During the year 2422 policies were issued insuring a total of G\$552 million and yielding annual premiums of G\$3,059,171.

At the end of the year, there were 4,565 policies in force insuring a total of G\$4,545 million and earning annual premiums of G\$14,406,227.

CLAIMS

Total claims paid and provided for amounted to G\$23,008,225 of which G\$19,350,352 was recoverable from Reinsurers resulting in a net cost to the Service of G\$3,657,873.

INVESTMENTS

At 31st December, 1981, bank deposits and investment in short term Government Securities totalled G\$15,372,036 representing an increase of G\$4,397,542 or 28.6% over the figure at the beginning of the year. Interest on investment increased by G\$540,507 from G\$1,553,361 in 1980 to G\$2,093,868 in 1981.

LIFE INSURANCE

INSURANCES IN FORCE

At 31st December, 1981 there were 824 individual and group policies in force assuring G\$43,781,467 and yielding annual premiums of G\$665,551.

Guyana Co-operative Insurance Service

CLAIMS

Total claims paid and provided for amounted to G\$334,496 of which G\$2,640 was recoverable from Reinsurers, resulting in a net cost to the Service of G\$331,856.

LIFE ASSURANCE FUND

The Life Assurance Fund as at 31st December, 1981 stood at G\$879,315.

GENERAL

STAFF

The average number of persons employed during the year was 96.

DIRECTORS

The names of the persons who served as Directors in 1981 appear on page 2 of the 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, 1981.

By order of the Board.

ASLIM RAHAMAN,
Secretary (Actg.)

Guyana Co-operative Insurance Service

Revenue Account

for the year ended 31st December, 1981

GENERAL AND LIFE

INSURANCE	Notes	General	Life	TOTAL	General	Life	TOTAL
		G\$	G\$	G\$	1980 G\$	1980 G\$	1980 G\$
Life Insurance Fund			616,657	616,657		387,406	387,406
<i>Add:</i>							
REVENUE							
Premiums (Net)	1	6,892,397	631,742	7,524,139	5,856,126	655,711	6,511,837
Income from Investments	2	2,093,868	113,360	2,207,228	1,553,361	96,101	1,649,462
Other Income	3	273,582	190	273,772	382,133	184	382,317
		9,259,847	1,361,949	10,621,796	7,791,620	1,139,402	8,931,022
<i>Deduct</i>							
EXPENDITURE (OUTGO)							
Claims (Net)	4	3,657,873	331,856	3,989,729	2,018,493	339,444	2,357,937
Surrenders			14,199	14,199		5,262	5,262
Commissions		308,635	2,298	310,933	98,189	26,531	124,720
Management Expenses	5	1,576,412	83,883	1,660,295	1,201,592	108,805	1,310,397
Pension Fund Contributions		64,243		64,243	38,635	5,109	43,744
		<u>5,607,163</u>	432,236	6,039,399	3,356,909	485,151	3,842,060
Net Profit for year before Taxation		3,652,684		3,652,684	4,434,711		4,434,711
Life Insurance Fund before Taxation			929,713	929,713		654,251	654,251
		<u>3,652,684</u>	929,713	4,582,397	4,434,711	654,251	5,088,962
Prior Year Adjustments		343,012	5,507	348,519	199,846	535	200,381
		<u>3,309,672</u>	924,206	4,233,878	4,634,557	654,786	5,289,343
Less Taxation	6	1,856,699	44,891	1,901,590	2,616,057	38,129	2,654,186
Net Profit after Taxation		1,452,973		1,452,973	2,018,500		2,018,500
Life Insurance Fund at 31.12.81			879,315	879,315		616,657	616,657
		<u>1,452,973</u>	<u>879,315</u>	<u>2,332,288</u>	<u>2,018,500</u>	<u>616,657</u>	<u>2,635,157</u>

Guyana Co-operative Insurance Service

Profit and Loss Appropriation Account

for the year ended 31st December, 1981

GENERAL INSURANCE

DIVISION

	Notes	G\$	1980 G\$
Net Profit for the year after Taxation		1,452,973	2,018,500
Transferred to Reserve Account	7	<u>363,243</u>	504,625
		1,089,730	1,513,875
Balance Brought Forward		<u>1,485,088</u>	223,504
		2,574,818	1,737,379
Taxation - Prior Years		<u>3,694</u>	19,969
Available for Distribution		2,578,512	1,757,348
PROPOSED DIVIDEND			
Interim			
Final		<u>272,260</u>	272,260
Retained Profit at 31st December, 1981		2,306,252	1,485,088

Guyana Co-operative Insurance Service

Balance Sheet

as at 31st December, 1981

GENERAL AND LIFE

INSURANCE	Notes	General	Life	Total	General	Life	Total
		G\$	G\$	G\$	1980 G\$	1980 G\$	1980 G\$
Fixed Assets (at cost less depreciation)	8	824,454	13,643	838,097	847,845	12,905	860,750
Deposits	9	7,005		7,005	56,915		56,915
INVESTMENTS	10	2,697,418	800,000	3,497,418	2,677,418	800,000	3,477,418
PRELIMINARY EXPENSES			3,620	3,620		10,859	10,859
LOANS		3,000,000		3,000,000	3,000,000		3,000,000
CURRENT ASSETS							
ADVANCES TO LIFE INSURANCE DIVISION		500,000	-	500,000	500,000	-	500,000
DEBTORS & PREPAYMENTS ETC.		6,561,691	298,629	6,860,320	8,218,500	151,220	8,369,720
TREASURY BILLS		8,132,878	-	8,132,878	7,524,384	-	7,524,384
CASH ON HAND AND AT BANK	11	7,239,158	505,434	7,744,592	3,450,111	354,156	3,804,267
		22,433,727	804,063	23,237,790	19,692,995	505,376	20,198,371
<i>Less:</i>							
CURRENT LIABILITIES							
OUTSTANDING CLAIMS		6,951,889	102,039	7,053,928	9,721,072	97,928	9,819,000
CREDITORS, ACCRUALS, ETC.		13,302,770	95,081	13,397,851	8,732,174	76,426	8,808,600
TAXATION		163,100	44,891	207,991	618,630	38,129	656,759
SHAREHOLDERS DIVIDEND		-	-	-	192,240	-	192,240
PROPOSED DIVIDEND		272,260	-	272,260	272,260	-	272,260
		20,690,019	242,011	20,932,030	19,536,376	212,483	19,748,859
NET CURRENT ASSETS		1,743,708	562,052	2,305,760	156,619	292,893	449,512
		8,272,585	1,379,315	9,651,900	6,738,797	1,116,657	7,855,454
<i>Financed By:</i>							
AUTHORISED SHARE CAPITAL							
100,000 Shares @ \$100 each		10,000,000		10,000,000	10,000,000		10,000,000
ISSUED AND FULLY PAID							
20,025 Shares @ \$100 each		2,002,500		2,002,500	2,002,500		2,002,500
RESERVE FUND		2,067,193		2,067,193	1,703,950		1,703,950
RETAINED EARNINGS		2,306,252		2,306,252	1,485,088		1,485,088
SHAREHOLDERS' FUND		6,375,945		6,375,945	5,191,538		5,191,538
LIFE INSURANCE FUND			879,315	879,315		616,657	616,657
ADVANCES FROM GENERAL INSURANCE			500,000	500,000		500,000	500,000
RESERVE FOR UNEXPIRED RISKS		1,896,640		1,896,640	1,547,259		1,547,259
		8,272,585	1,379,315	9,651,900	6,738,797	1,116,657	7,855,454

A. D. AUGUSTIN, Chairman.

DATE: 18th September, 1982.

DONALD. D. COLE, General Manager/Director (actg)

Guyana Co-operative Insurance Service

Statement of Source and Application of Funds

	G\$	G\$	1981 G\$	1980 G\$
SOURCE OF FUNDS				
FUNDS FROM OPERATIONS				
Profit before Taxation			3,309,672	4,634,557
ADJUSTMENT NOT INVOLVING THE MOVEMENT OF FUNDS:				
Depreciation		61,314		64,888
Preliminary Expenses		7,239		7,239
			<u>68,553</u>	<u>72,127</u>
Total Generated from Operations			3,378,225	4,706,68
FUNDS FROM OTHER SOURCES				
Increase (Decrease) in Insurance Funds	General	349,381		228,969
	Life	<u>307,549</u>	656,930	267,380
Investments Cashed			80,000	147,500
Deposit Recovered			50,000	
Advances Recovered				500,000
			786,930	1,143,849
TOTAL FUNDS			4,165,155	5,850,533
APPLICATION OF FUNDS				
Purchase of Fixed Assets			38,661	254,766
Deposits			90	2,780
Tax Paid			3,108,484	3,570,745
Dividends			272,260	435,536
Purchase of Shares			100,000	
Loans				3,000,000
			3,519,495	7,263,827
			645,660	<u>(1,413,294)</u>
INCREASE(DECREASE)IN WORKING CAPITAL				
Debtors & Prepayments			(2,271,220)	3,943,787
Loans				(3,000,000)
Advances				500,000
Outstanding Claims			2,765,072	(4,331,594)
Creditors			(4,589,251)	1,368,927
Dividends			192,240	(272,260)
MOVEMENT IN LIQUID FUNDS				
Cash and Bank Balances, Treasury Bills and Savings Account			4,548,819	377,846
			645,660	<u>(1,413,294)</u>

Guyana Co-operative Insurance Service

Notes to the Revenue Account

	General	Life	TOTAL	General	Life	TOTAL
	1980	1980	1980	1980	1980	1980
	G\$	G\$	G\$	G\$	G\$	G\$
1 PREMIUMS						
Fire, Motor, Marine and Miscellaneous Insurance Written	14,056,846		14,056,846	11,753,031		11,753,031
Life Assurances		319,238	319,238		353,930	353,930
Health Insurance		346,313	346,313		326,001	326,001
	<u>14,056,846</u>	<u>665,551</u>	<u>14,722,397</u>	<u>11,753,031</u>	<u>679,931</u>	<u>12,432,962</u>
Net Cost of Reinsurance and Co-Insurance	7,164,449	33,809	7,198,258	5,896,905	24,220	5,921,125
	<u>6,892,397</u>	<u>631,742</u>	<u>7,524,139</u>	<u>5,896,905</u>	<u>24,220</u>	<u>5,921,125</u>
				<u>5,856,126</u>	<u>655,711</u>	<u>6,511,837</u>
2 INVESTMENT INCOME						
GNCB - Fixed Deposit	292,255	38,490	330,745	446,165	3,787	469,952
BANK OF GUYANA						
Debentures	273,852	74,500	348,352	294,359	72,235	366,594
Defence Bonds	1,750		1,750	1,750		1,750
Treasury Bills	920,476		920,476	494,080		494,080
Other	605,535	370	605,905	317,007	79	317,086
	<u>2,093,868</u>	<u>113,360</u>	<u>2,207,228</u>	<u>1,553,361</u>	<u>96,101</u>	<u>1,649,462</u>
3 OTHER INCOME						
Agencies Commission	246,441		246,441	351,605		351,605
Miscellaneous	27,141	190	27,331	30,528	184	30,712
	<u>273,582</u>	<u>190</u>	<u>273,772</u>	<u>382,133</u>	<u>184</u>	<u>382,317</u>
4 CLAIMS PAID AND PROVIDED FOR						
Fire, Motor, Marine and Miscellaneous	23,008,225		23,008,225	6,273,562		6,273,562
Death		50,672	50,672		63,228	63,228
Health		283,824	283,824		276,216	276,216
	<u>23,008,225</u>	<u>334,496</u>	<u>23,342,721</u>	<u>6,273,562</u>	<u>339,444</u>	<u>6,613,006</u>
<i>Less:</i>						
Reinsurance Recoveries	19,350,352	2,640	19,352,992	4,255,069		4,255,069
	<u>3,657,873</u>	<u>331,856</u>	<u>3,989,729</u>	<u>2,018,493</u>	<u>339,444</u>	<u>2,357,937</u>

Guyana Co-operative Insurance Service

Notes to the Revenue Account

	General	Life	TOTAL	General 1980	Life 1980	TOTAL 1980
	G\$	G\$	G\$	G\$	G\$	G\$
5 MANAGEMENT EXPENSES						
Administrative Expenses	1,480,841	80,623	1,561,464	1,108,930	105,853	1,214,783
Directors Fees	10,500		10,500	9,225		9,225
Audit Fees	25,000	2,000	27,000	20,000	1,500	21,500
Depreciation	60,071	1,260	61,331	63,437	1,452	64,889
	1,576,412	83,883	1,660,295	1,201,592	108,805	1,310,397
6 TAXATION						
Income Tax	653,774	44,891	698,665	930,800	38,129	968,929
Corporation Tax	1,144,105		1,144,105	1,628,900		1,628,900
Property Tax	58,820		58,820	56,357		56,357
	1,856,699	44,891	1,901,590	2,616,057	38,129	2,654,186

Notes to the 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.

Guyana Co-operative Insurance Service

Notes to the Balance Sheet

	Furniture Fixtures Equipment	Motor Vehicles	Printing Machinery	Land & Building	TOTAL	
	G\$	G\$	G\$	G\$	G\$	
8 FIXED ASSETS						
Cost at 1st January, 1981	353,588	59,478	101,634	567,737	1,082,437	
Additions	35,614			3,047	38,661	
Disposals						
	<u>389,202</u>	<u>59,478</u>	101,634	570,784	1,121,098	
Accumulated Depreciation at 1st January, 1981	107,091	59,438	30,502	24,656	221,687	
Provision for Year	35,113		10,163	16,038	61,314	
	<u>142,204</u>	<u>59,438</u>	40,665	40,694	283,001	
Net Book Value at 31st December, 1981	246,998	40	60,969	530,090	838,097	
Net Book Value at 31st December, 1980	246,497	40	71,132	543,081	860,750	
	General	Life	TOTAL	General 1980	Life 1980	TOTAL 1980
9 DEPOSITS	G\$	G\$	G\$	G\$	G\$	G\$
Accountant General				50,000		50,000
Other	7,005		7,005	6,915		6,915
	7,005		7,005	56,915		56,915

Guyana Co-operative Insurance Service

Notes to the Balance Sheet

	Face Value	Ledger Value	TOTAL	Face Value 1980	Ledger Value 1980	TOTAL
	G\$	G\$	G\$	G\$	G\$	G\$
10 INVESTMENTS						
GENERAL INSURANCE						
Defence Bonds	50,000	50,000	50,000	50,000	50,000	50,000
Caribbean Investment Corporation	24,918	24,918	24,918	24,918	24,918	24,918
Debentures	2,522,500	2,522,500	2,522,500	2,602,500	2,602,500	2,602,500
Seals & Packaging Industries Ltd	100,000	100,000	100,000			
Sub-Total	2,697,418	2,697,418	2,697,418	2,677,418	2,677,418	2,677,418
LIFE INSURANCE						
Debentures	800,000	800,000	800,000	800,000	800,000	800,000
	<u>3,497,418</u>	<u>3,497,418</u>	<u>3,497,418</u>	<u>3,477,418</u>	<u>3,477,418</u>	<u>3,477,418</u>
	General	Life	TOTAL	General 1980	Life 1980	TOTAL 1980
	G\$	G\$	G\$	G\$	G\$	G\$
11 CASH ON HAND AND AT BANK						
Fixed Deposits	450,000	473,000	923,000	2,250,000	223,000	2,473,000
Cash and Bank Balances	156,498	32,434	188,932	508,433	131,156	639,589
Bank of Guyana Deposit Account	6,632,660		6,632,660	691,678		691,678
	<u>7,239,158</u>	<u>505,434</u>	<u>7,744,592</u>	<u>3,450,111</u>	<u>354,156</u>	<u>3,804,267</u>

Guyana Co-operative Insurance Service

Accounting Policies

The principal accounting policies followed by the Service in determining profit for the year and in stating its financial position are as set out below:

INVESTMENT INCOME

The income on fixed return securities is recognised as it is earned, whilst income on variable return securities 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. The rates used are as follows:

Office Furniture, fittings, etc. 5 and 10%

Motor vehicles 25%; and

Buildings 3%.

ACCOUNTING FOR INFLATION

These accounts have been prepared on an historical cost basis. No attempt has been made to adopt a replacement cost accounting or current cost procedure which will overcome distorting effects of inflation; and

RESERVE FOR UNEXPIRED RISKS

The computation of the reserve for unexpired risks is on the 60:40 method whereby 60% of the net premium received and shown in the accounts for the financial year is treated as earned and 40% as relating to the following year.

Guyana Co-operative Insurance Service

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE GUYANA CO-OPERATIVE
INSURANCE SERVICE FOR THE YEAR ENDED 31ST DECEMBER, 1981.

I have examined in accordance with Section (48) of the Co-operative Financial Institutions Act, Chapter 75:01 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, 1981 and of the results of its operations and source and application of its funds for the year ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

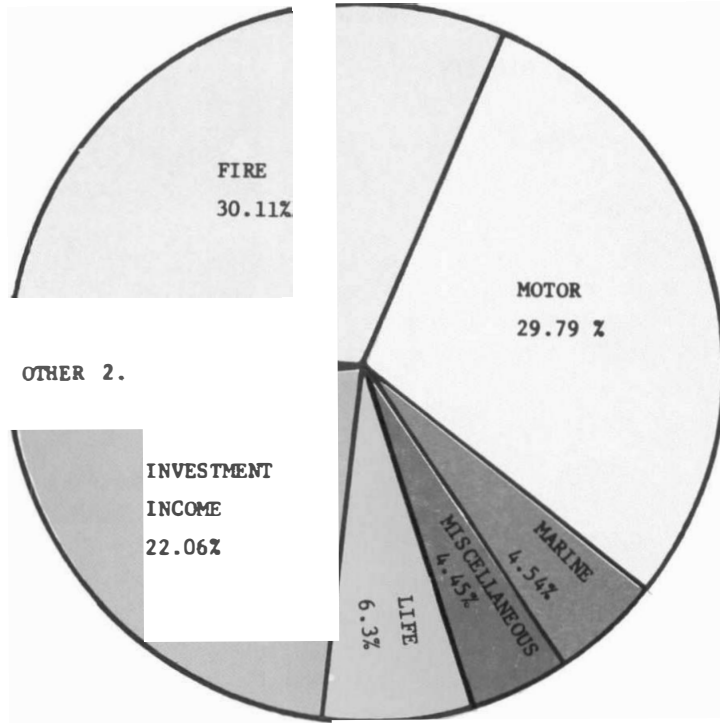
R.P. FARNUM, A.A.
Auditor General.

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

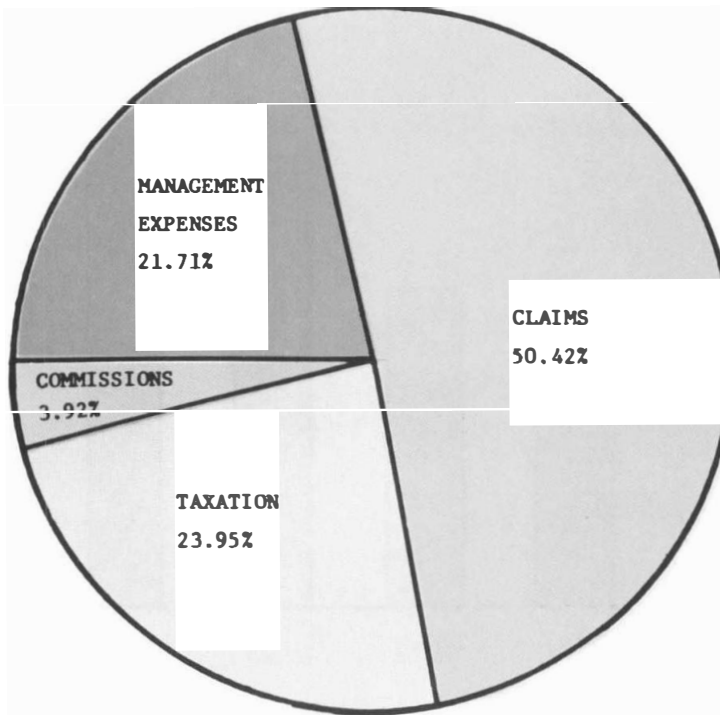
Dated: 1982-10-11.

Guyana Co-operative Insurance Service

SOURCES OF REVENUE FOR THE YEAR 1981



DISTRIBUTION OF REVENUE FOR THE YEAR 1981

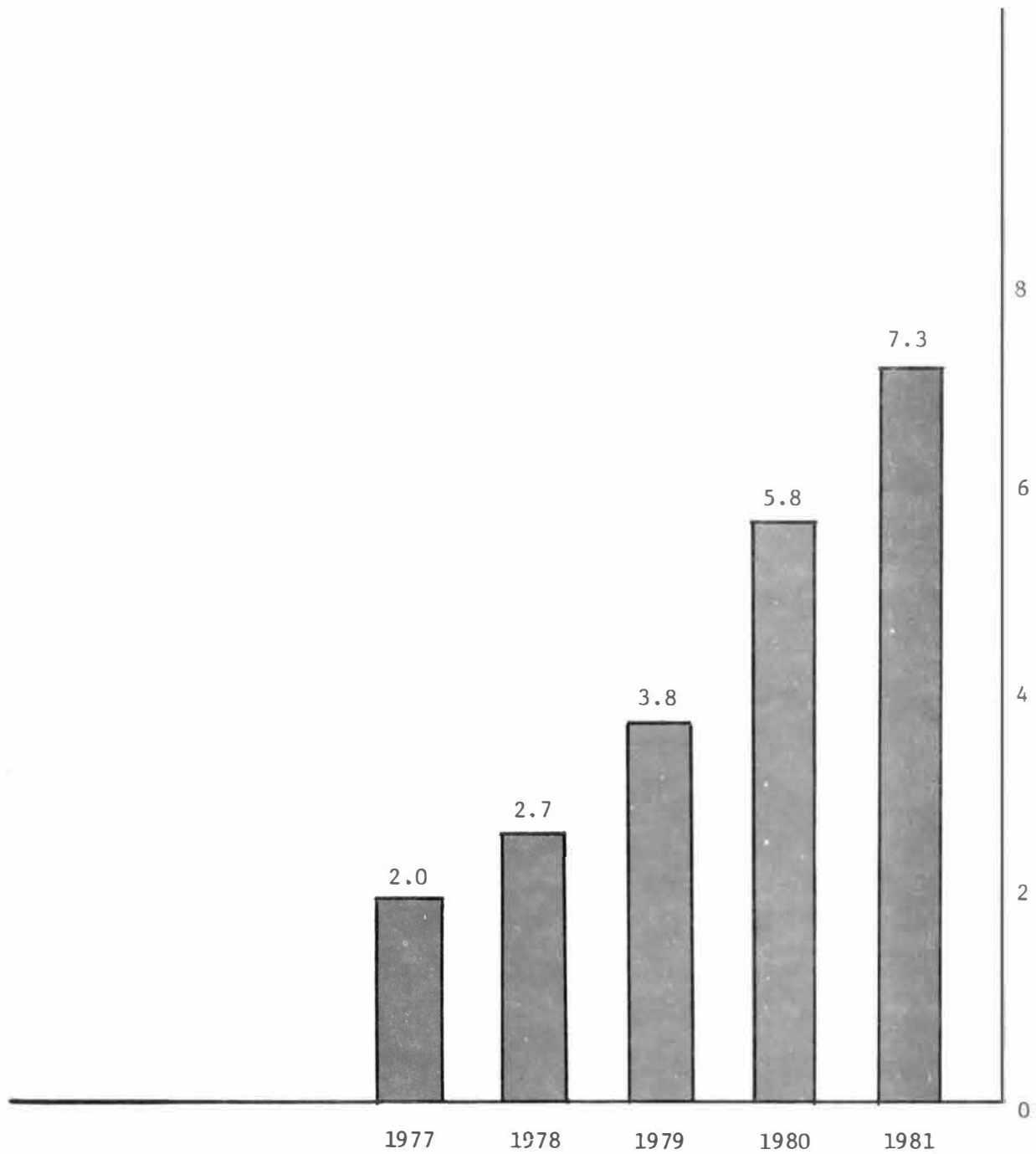


Guyana Co-operative Insurance Service

CAPITAL FUNDS

DEVELOPMENT OF THE CAPITAL FUNDS

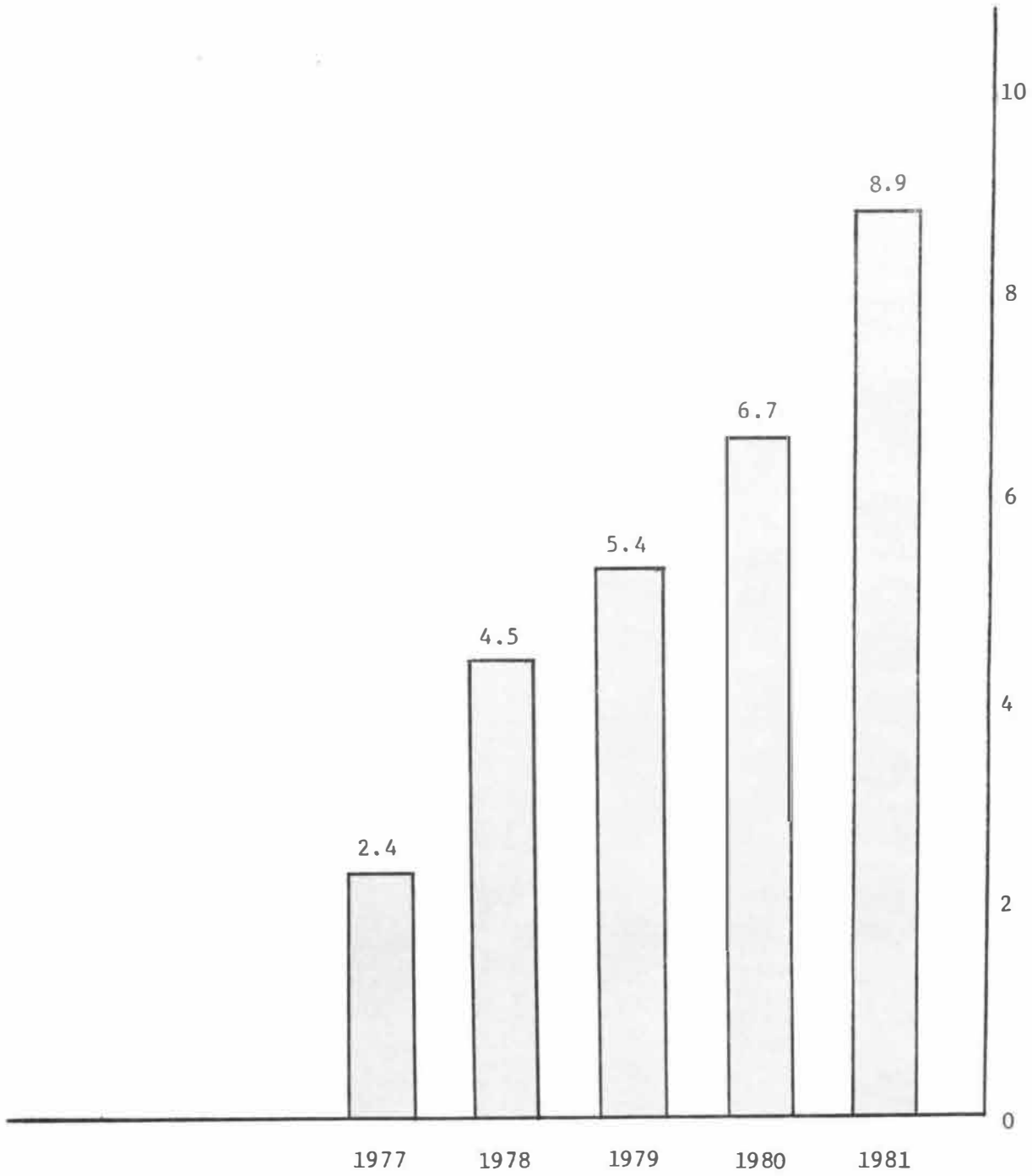
in millions of G\$



Guyana Co-operative Insurance Service

TECHNICAL RESERVES

In Millions of G\$





Participants on the Risk Management Course held during the period November 30th to December, 4th 1981, by the Risk Management Group, London under the auspices of Gibbs Sage Ltd, London, Universal Reinsurers Intermediaries Toronto, brokers and the Guyana Co-operative Insurance Service.

The Course Instructor, Mr. Jim Bannister, is seated third from right, Mr. B. Gater, Gibbs Sage Ltd, third from left and Mr. H.E. Wilkinson, Managing Director, extreme left.