

# 2019

## **ANNUAL REPORT**

Business Mauritius Provident Association



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## Our vision

To provide

**lifetime care** to our members and contribute towards their peace of mind through flexible

**health care covers**

# President's Report



Dear Members,  
First of all, I wish to seize this opportunity to thank all our members for being associated with us. We feel really proud to serve more than **22,000** beneficiaries across all sectors.

On behalf of the Management Committee of Business Mauritius Provident Association (B.M.P.A), I am pleased to present to you the Annual Report for the year 2018/2019 together with the Audited Financial Statements for the year ended 30 June 2019.

2018/19 has been a busy and challenging year in devising new strategies to redress the financial situation of the Association, set strategies to achieve growth and devise creative approach to offer superior quality of services to our members.

B.M.P.A operates in a competitive and constantly evolving environment that is becoming more complex every year. The market conditions during the financial year continued to be tough, characterised by persistently stiff competition leading to undercutting of premium rates on one hand, and the rising trend in claims and health care costs on the other.

As you might be aware, in an endeavour to maintain financial stability, B.M.P.A has embarked in a series of significant changes to allow us to better control the currently unmanageable increases in healthcare costs and administrative expenses.

Despite competitive pressures, B.M.P.A registered an increase in the number of beneficiaries from 20,937 in 2018 to 22,853 in 2019. This is again the testimony of trust employers have on us. The gross subscriptions have increased by 29%, from Rs251M in 2018 to 323M in 2019. This positive variance is mainly attributed to the increase in the number of beneficiaries and the upward revision of the rates of our medical plans. The Association has reviewed the contribution rates of the different plans ranging from 5% to 15%, effective 1st October 2018. The gross claims experienced a hike of 23% during the year and there was an upturn in the number of claims paid from 62,518 in 2018 to 66,425 in 2019 which heavily impacted the financials. During the year under review, B.M.P.A posted a net deficit of Rs8M compared to a deficit of Rs27M for the preceding financial year.

In view of the challenges to operations, such as the undercutting of rates in a persistently fierce competitive business environment, escalating administrative and healthcare costs, it was imperative that a holistic approach be taken by B.M.P.A about the way it carries out its activities. In this perspective, B.M.P.A has commissioned the firm Appavoo Corporate Services Ltd to devise a three-year strategic plan for the Association. The strategic plan was presented to the Managing Committee in May 2019 with heightened focus on operational efficiency, governance and product structure. An implementation plan which spans over three years has been established.

On the human capital aspect, there will be a review of the organisational structure, taking into consideration the need to have in place proper internal structures to better manage business development, public relations & communication and the financials of the Association. In 2019/20, more emphasis will be put on the implementation of the recommendations laid down in the strategic plan.

Furthermore, B.M.P.A will pursue its plan of general containment of costs at all levels as well as a close monitoring of the key indicators at service delivery levels. We have also identified means to enhance customer service, including new recruitments to consolidate our membership base and tapping into new markets. Besides looking at new expansion opportunities, several projects are being initiated; launching of a family cover, sensitisation and awareness campaigns. We can only improve the health and well being of our beneficiaries through increased awareness and engagement in their own health.

We will also continue to invest significantly in new technologies so as to generate added value services. On the technological front, we are working on enhancing our website and customer portals as well as start the development of the second phase of our mobile application to make our services more accessible to our members.

We are at serious crossroads with respect to our responsibilities for greater cost control and in addition to the many actions that have already been taken to tighten our collective belt, we shall also hold annual premium increases to cater for medical inflation. I believe it is extremely important that every member understands the scale of the issues we face with respect to escalating medical cost and that all bold initiatives that are being rolled out this year are part of a long-term effort that ensures we remain competitive and sustainable.

## Last but certainly not least

Across our partners and service providers, we have great and committed Committee Members, all of whom are devoted to delivering our Association's mission. I am proud to be associated with all of them and express my gratitude to each one of them. I am also thankful to our Administrator, Medscheme Mauritius, who has been at the forefront in the provision of services to our members.

I am looking forward to the coming year. It will undoubtedly bring new challenges but I know we have the right people in our team. Their values, skills and commitment will ensure we stay on course and continue to give our members every reason to be confident in us.

We are grateful for the opportunity to stand with you and we thank you for the privilege of serving.

With gratitude,



Mr Sailendrasingh (Ashley) GOKHOOL  
President

# Management Committee



Mr Sailendrasingh (Ashley) GOKHOOL  
**President**  
Chief Finance Officer-STR Marketing Ltd



Mr Ballakrishna APPADU  
**Vice President**  
Educator - Adventist College



Mr Eric LISIS  
**Treasurer**  
Human Resource Manager-Building & Civil Engineering Co. Ltd



Miss Nathalie NICOLIN  
**Vice-Treasurer**  
Assistant to Head of Personal Department-General Construction Co Ltd



Mr Tejnarain CHUMROO  
**Secretary**  
Secretary- Federation of Unions of Managers of Private Secondary Schools



Mr Sunil SANTBAKSHSINGH  
**Vice - Secretary**  
Human Resources Manager - Mauritius Sugarcane Industry Research Institute



Mrs Myrna AREKION  
**Member**  
Group Human Resources Manager- Mauritius Oil Refineries Ltd



Mr Bernard PREFUMO  
**Member**  
Finance and Administrative Manager- Marine & Tar Products Co.Ltd.



Mrs Nurazleen Goburdhun  
**Member**  
Human Resources Manager -Synnove Energy

# Governance

## Management Committee

The Managing Committee is the strategy and policy making arm of the Association.

During the year 2018/19, eight Management Committee meetings and four special management meetings were held.

Sub Committees have been established in order to assist the Managing Committee in its roles and responsibilities and to enhance its efficacy.

The Management Committee has established the following Committees to assist in the discharge of its responsibilities:

- Risk, Governance and Audit Committee
- Investment Committee
- Marketing Committee

Each Sub Committee has its own charter, approved by the Management Committee and reviewed as and when required.

## Audit and Corporate Governance Sub-committee

The Committee was chaired by Mr Daniel Chang Chong and the committee is composed of the following members:

- Mr Bernard PREFUMO- Member
- Mr Eric LISIS - Member
- Mr Nilesh GAMMOO - Member
- Mr Sunil SANTBAKSHSINGH - Member

The Committee met six times during the year.

## Investment Sub-committee

The Committee was chaired by Mr Nilesh Gammoo and composed of the following members:

- Mr Bernard PREFUMO - Member
- Mr Imrith RAMTOHUL - Investment Advisor -AON Hewitt Ltd

The Committee met two times during the year.

## Marketing Sub-committee

The Committee was chaired by Mr Nilesh Gammoo and composed of the following members:

- Mr Ballakrishna APPADU - Member
- Mrs Isabelle CANGY - Member
- Mrs Nurazleen Goburdhun - Member
- Mr Tejnarain CHUMROO - Member

The Committee met three times during the year.

# 36th AGM Highlights

The 36th Annual General Meeting of BMPA was held on Friday 28 September 2018 at 15 00 at Business Mauritius, BM-MCCI Building, Rue Du Savoir, Ebene Cybercity, Ebène, where all issues related to the Association and its future were discussed alongside the Audited Financial Statements and the estimate of receipts and expenditure.



## Highlights of the President's Report

“The year 2017/18 has been a **landmark year** for the Association”

### Unveiling of new logo

Business Mauritius Provident Association revamped and rebranded its medical plan into a new identity namely Mosanté. The presentation of this new branding to BMPA members was done in March 2018 at the Hennessy Park Hotel in Ebene amidst its members and collaborators.

### Actuarial Review

A complete assessment of the financial soundness of the Association was done by an independent actuary. The review covered among others, the adequacy of the premium under the existing set up, the benefit structure, reserves of the association, expenses, investment, risks areas and other matters impacting the efficient operation of the Association. Several recommendations were made by the Actuary and part of which have already been implemented by BMPA.

### Review of Terms and Conditions

The terms and conditions of the Association were reviewed in order to ease the implementation of technology based services and to create more flexibility on onboarding new members.

### Recruitment of Customer Relationship Officer

A Customer Relationship Officer was recruited during the year. She will handle all the complaints and queries from members and coordinate with the Administrator.

### Dedicated Customer Support line

A dedicated customer support line 4035060 was introduced. Members can reach the Administrator through this line for their queries thus making communication much faster.

Customer support line



**4035060**

A cashless system was launched on a pilot basis by the Administrator at some selected pharmacies. The cashless service enables a beneficiary to disburse only the applicable excess which is **20%** on purchase of medication and the remaining **80%** to be settled directly by Mosanté in line with the medical cover of such beneficiary.



**Cashless Pharmacy**



## Participation at Expo Maurice

BMPA participated in the EXPO Maurice event, a National Exhibition which was organised as part of the celebration of the 50th anniversary of the Independence of Mauritius.

# Key Figures 2019



# 323M

Gross Subscription (Rs)  
251M in 2018



# 22853

Beneficiaries  
20937 in 2018



# 730

Members  
709 in 2018



# 66425

Claims Refunded  
62518 in 2018



# 37M

Operation Expenses(Rs)  
32M in 2018



# 301M

Gross Claim Paid(Rs)  
245M in 2018

# Activities during the Year

## Strategic Plan

BMPA has decided to review its strategies and its operational procedures during the year in order to be more competitive and effective. In this context, the Management Committee appointed Appavoo Corporate Services Ltd as consultant to identify new & ambitious goals and objectives for the Association and develop a comprehensive strategic plan.

Appavoo Corporate Services Ltd submitted its report to the Management Committee in May 2019 together with their recommendations and an elaborated implementation plan.

## Mobile Application

BMPA has launched its user-friendly mobile application that will enable its beneficiaries to have real time information on their medical cover anywhere, anytime at their fingertips.

With Mosanté App, members have access to view:

- Progress on their claim refunds
- Benefits limits available under their health plan
- Membership details of main member and dependents
- Details of contributions

Special Features of Mosanté App:

- Snap & Send: Claim Submission – Submit photos of their claims
- Access electronic membership card at all times for both Payless and In-Patient services.



## Internal Auditor

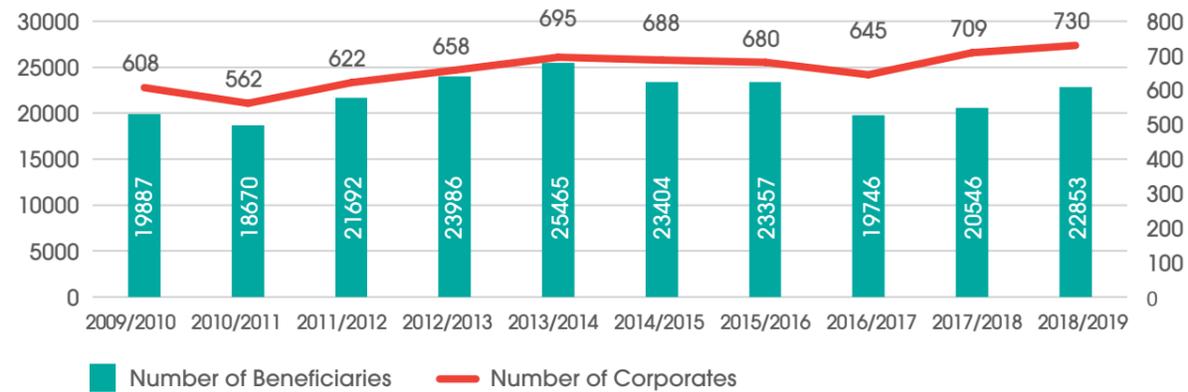
Deloitte Mauritius has been appointed as Internal Auditor of the Association following a new tender exercise launched in 2019. The Internal Auditor reports to the chairperson of the Audit, Risk and Governance Sub Committee.

Deloitte has been assigned to perform a review of the 'As-Is' internal control systems as well as carry out an in-depth audit on the financials, claims management and compliance with our rules and service level agreements.

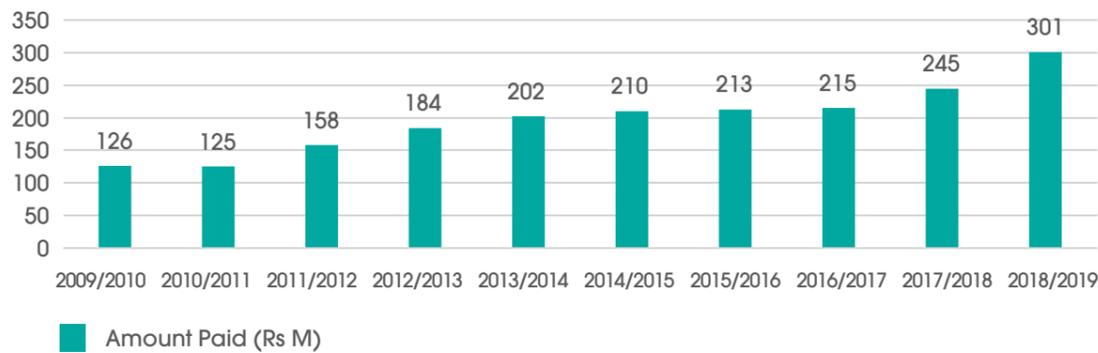
In its function, the Auditor shall examine, evaluate and monitor the adequacy and effectiveness of operational and internal controls established to ensure that BMPA's activities and operations mitigate risk and secure propriety, economy, efficiency and effectiveness in all areas.

# Membership and Analysis

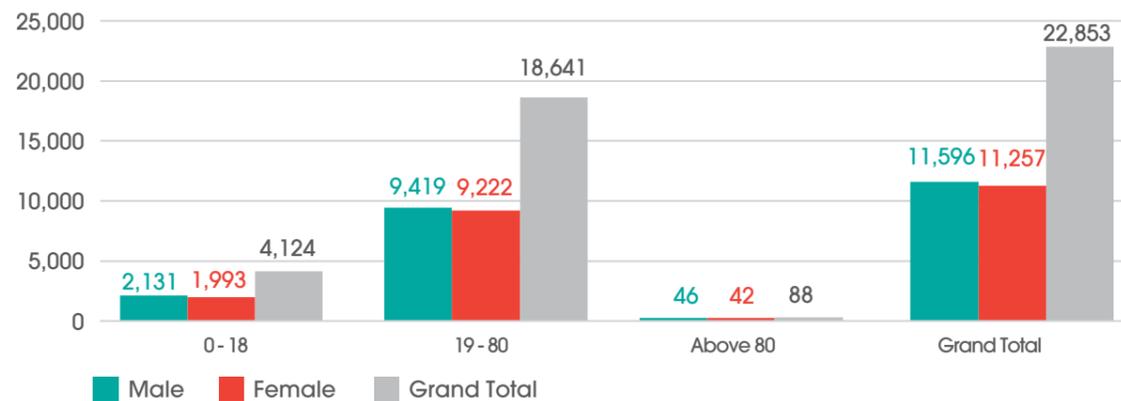
## Membership Trend



## Claims Paid



## Membership by Age Group



# Financial Statements for the year ended 2019

## Statement of assets and liabilities as at 30 June

	Notes	2019 Rs	2018 Rs
<b>ASSETS</b>			
Equipment	2	23,685	29,112
Contribution receivable	3	6,086,659	4,077,376
Amount receivable from reinsurer - net	10.4	8,644,079	1,885,222
<b>Sundry debtors and prepayments</b>	4	689,503	4,115
Financial assets at fair value through other comprehensive income	5(i)	31,763,388	-
Available-for-sale financial assets	5(i)	-	31,627,112
Fixed deposits	5(iii)	34,551,787	31,451,560
Held-to-maturity investment	5(iv)	-	13,550,180
<b>Cash and cash equivalents</b>		1,394,316	1,399,299
<b>TOTAL ASSETS</b>		<b>83,153,417</b>	<b>84,023,976</b>
<b>LIABILITIES</b>			
Contribution prepaid and sundry creditors	6	13,289,139	6,803,639
Provision for outstanding claims	7	16,900,705	16,430,986
<b>TOTAL LIABILITIES</b>		<b>30,189,844</b>	<b>23,234,625</b>
		<b>52,963,573</b>	<b>60,789,351</b>
<b>ACCUMULATED FUNDS</b>			
Accumulated surplus		57,119,506	84,168,515
Deficit for the year		(7,962,054)	(27,049,009)
Fair value reserves	5(ii)	3,806,121	3,669,845
<b>TOTAL ACCUMULATED FUNDS</b>		<b>52,963,573</b>	<b>60,789,351</b>

Chairman:

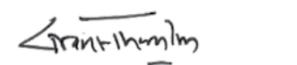


Treasurer:


**INDEPENDENT AUDITORS' REPORT**

We, the undersigned, having had access to all books and accounts and having examined the foregoing return and verified the same with accounts and vouchers relating thereto in accordance with International Standards on Auditing, sign the same found to be correct and duly vouched.

  
**K RAMCHURUN, FCCA**  
 Licensed by FRC

  
**Grant Thornton**  
 Chartered Accountants

## Income and expenditure account for the year ended 30 June

	Notes	2019 Rs	2018 Rs
<b>INCOME</b>			
Gross subscriptions	8	323,855,054	251,341,797
Insurance subscriptions	10	(75,469,678)	(59,261,770)
<b>Net subscriptions</b>		<b>248,385,376</b>	<b>192,080,027</b>
<b>CLAIMS</b>			
Gross claims	9	300,729,093	244,583,272
Insurance claims	10	(79,041,047)	(54,171,396)
<b>Net claims</b>		<b>221,688,046</b>	<b>190,411,876</b>
<b>Gross surplus</b>		<b>26,697,330</b>	<b>1,668,151</b>
<b>EXPENDITURE</b>			
Management fees	11	28,459,927	24,913,886
Referral fees	12	2,508,284	208,756
Bad debts written off	3(iii)	-	851,094
Allowance for credit losses	3(i)	933,658	-
Stationery and photocopy charges		302,535	760,846
Audit fees		391,010	302,000
Bank charges		68,018	43,392
Marketing fees	13	2,091,000	1,676,031
Advertising and communication		167,228	-
Rebranding costs		-	1,700,634
Legal fees		200,000	200,000
Medical, professional and consultancy fees		1,061,274	670,914
Depreciation		5,427	4,488
Salaries		321,217	74,211
Training costs		40,000	-
Provision for ex-gratia		87,987	-
Sundry expenses		345,252	185,917
<b>Total expenditure</b>		<b>36,982,817</b>	<b>31,592,169</b>
<b>Operating deficit</b>		<b>(10,285,487)</b>	<b>(29,924,018)</b>
Finance income		2,323,433	3,123,600
Foreign exchange gain		-	(271,591)
Liability written back		-	23,000
<b>Net deficit for the year</b>		<b>(7,962,054)</b>	<b>(27,049,009)</b>
Fair value gain on available-for-sale financial assets	5(ii)	-	1,154,075
Fair value gain on financial assets at fair value through other comprehensive income	5(ii)	136,276	-
Accumulated surplus and reserves brought forward		60,789,351	86,684,285
Accumulated surplus and reserves carried forward		<b>52,963,573</b>	<b>60,789,351</b>

## Statement of receipts and payments for the year ended 30 June

	Rs
Bank balance on 01 July 2018	1,399,299
Receipts	
Subscriptions	309,889,788
Matured deposits	18,453,211
Interest and dividend received	1,320,176
Receipts from reinsurers	2,112,302
	<u>331,775,477</u>
Payments	
Claims paid	(291,313,591)
Management fees	(27,166,122)
Net payment to insurers	(83,852)
Investments acquired	(7,000,000)
Professional fees	(970,976)
Medical and consultancy fees	(70,373)
Marketing fees	(1,979,307)
Stationery and photocopy charges	(311,178)
Audit fees	(220,000)
Referral fees	(1,733,940)
Salaries	(321,217)
Bank charges	(68,004)
Advertising	(165,911)
Other expenses	(375,989)
	<u>(331,780,460)</u>
Bank balance at 30 June 2019	<u>1,394,316</u>

SIGNATURES OF:



Chairman:  
Date: 02 Sep 2019



Treasurer:  
Date: 02 Sep 2019

## Notes to the accounts for the year ended 30 June 2019

### 1. Summary of accounting policies

#### 1.1 Overall considerations

The accounts of Business Mauritius Provident Association, the "Association", have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), in terms of recognition and measurement and the requirements of the Registration of Associations Act 1978.

The significant accounting policies are summarised below.

#### 1.2 Adoption of new IFRS

In the current year, the Association has adopted the following new accounting standards which became mandatory for the financial year beginning on 01 July 2018.

##### IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related interpretations. The application of IFRS 15 does not have a material impact on the recognition and measurement of revenue by the Association. The Association's accounting policies on subscription and other income are detailed in Notes 1.5 and 1.6 respectively to these accounts.

##### IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement".

It introduces new requirements for:

- (i) the classification and measurement of financial assets and financial liabilities;
- (i) impairment of financial assets; and
- (ii) general hedge accounting.

As at 30 June 2019, the Association's financial instruments comprise of receivables, cash and cash equivalents, financial assets at fair value through other comprehensive income, fixed deposits and payables. The particular recognition and measurement methods adopted are disclosed in the individual accounting policy associated with each item.

The adoption of IFRS 9 has impacted the following areas:

- the Association holds investments in quoted and unquoted companies and these investments were previously classified as available-for-sale financial assets under IAS 39. Under IFRS 9, these investments are now reclassified to financial assets at fair value through other comprehensive income (FVOCI).
- the reclassification of cash and cash equivalents, fixed deposits and receivables from the category "loans and receivables" to "amortised cost".
- the impairment of financial assets applying the expected credit loss model. This affects the Association's receivables measured at amortised cost. For these financial assets, the Association applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

## Notes to the accounts for the year ended 30 June 2019 (Contd)

### 1. Summary of accounting policies (Contd)

#### 1.3 Foreign currency

##### Functional and presentation currency

The accounts are presented in Mauritian Rupees ("MUR" or "Rs"), which is also the functional currency of the Association.

##### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income and expenditure account.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### 1.4 Equipment

Equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

Furniture 16.7%

The estimated useful lives are reviewed at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the income and expenditure account. All repairs and maintenance are expensed during the financial period in which they are incurred.

#### 1.5 Subscription

##### 1.5.1 Subscription income

Subscription income is accounted for on an accrual basis.

##### 1.5.1 Claim costs

Claim costs are accounted for on an accrual basis.

#### 1.6 Other income

Interest income is recognised on an accrual basis using the effective interest rate, unless collectability is in doubt.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, together with other short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Fixed deposits with maturity dates more than 90 days are disclosed separately in the statement of assets and liabilities.

#### 1.8 Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

#### 1.9 Impairment of assets

At each reporting date, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

#### 1.10 Expenditure

Expenditure is recognised in the income and expenditure account upon utilisation of the service or as incurred.

#### 1.11 Receivables

Receivables include mainly sundry debtors, contribution, reinsurance fees receivable and receivable from reinsurer.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Association makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

#### 1.12 Accumulated funds

Accumulated funds includes all current and prior years' results.

## Notes to the accounts for the year ended 30 June 2019 (Contd)

### 1. Summary of accounting policies (Contd)

#### 1.13 Payables

Payables include mainly accruals, contribution prepaid and other payables.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

#### 1.14 Financial assets at fair value through other comprehensive income (FVOCI)

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold assets only to collect cash flows, or to collect cash flows and to sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets at FVOCI comprise of investments in quoted and unquoted securities which were classified as available-for-sale financial assets in prior years.

##### Quoted securities

The quoted securities are initially measured at cost plus transaction costs and subsequently at fair value with reference to their closing price on the relevant stock exchange or NAV at the reporting date. Gains and losses are recognised in income and expenditure account and reported in fair value reserves within accumulated funds.

##### Unquoted securities

Unquoted securities are measured at cost as the members consider the cost of these investments to be a reflection of the fair value.

Dividends are recognised in income and expenditure account.

#### 1.15 Held-to-maturity ("HTM") investment

HTM Investment is non-derivative financial asset with fixed or determinable payments and fixed maturity other than loans and receivables. Investment in treasury bill is classified as HTM as the Association has the intention and ability to hold it until maturity.

HTM investment is measured subsequently at amortised cost using the effective interest method. All financial assets previously classified under this category are now classified under the categories prescribed by IFRS 9 "Financial Instruments".

#### 1.16 Provision for outstanding claims

Provision for outstanding claims represent claims received but still outstanding at the reporting date.

#### 1.17 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 2. Equipment

Furniture Cost	2019 Rs	2018 Rs
At 01 July	33,600	-
Additions during the year	-	33,600
At 30 June	<u>33,600</u>	<u>33,600</u>
<b>Accumulated depreciation</b>		
At 01 July	4,488	-
Depreciation for the year	5,427	4,488
At 30 June	<u>9,915</u>	<u>4,488</u>
<b>Net book value</b>	<u>23,685</u>	<u>29,112</u>

### 3. Contribution receivable

(i) Contribution receivable at the reporting date was as follows:

	2019 Rs	2018 Rs
Contribution receivable, gross	7,020,317	4,077,376
Allowance for credit losses	(933,658)	-
Contribution receivable, net	<u>6,086,659</u>	<u>4,077,376</u>

(ii) The ageing of contribution receivable is as follows:

	2019 Rs	2018 Rs
0-2 months	3,583,705	2,446,494
2 - 3 months	2,164,930	1,630,882
Above 3 months	1,271,682	-
	<u>7,020,317</u>	<u>4,077,376</u>

(iii) Expected credit losses

The Association applies the IFRS 9 simplified model of recognising lifetime expected credit losses for contribution receivable as this item does not have a significant financing component.

The expected loss rates are based on the payment profile for premium and corresponding historical credit losses during the prior year. Based on past experience and current payment trends, the members consider the provision of Rs 933,658 made as at 30 June 2019 to be adequate.

The policy of the Association is to write off contributions unpaid for a period of three consecutive months when the likelihood to recover the amount due is remote. Contributions written off during the year was nil (2018: Rs 851,094).

## Notes to the accounts for the year ended 30 June 2019 (Contd)

### 4. Sundry debtors and prepayments

	2019 Rs	2018 Rs
Sundry debtors	3,566	4,115
Reinsurance (Note (i))	<u>685,937</u>	-
	<u>689,503</u>	<u>4,115</u>

(i) As at 30 June 2019, the Association has an amount of Rs 685,937 due from two corporates for reinsurance activity. The members consider that no credit risk is associated with this amount as there is no history of default from these parties and the amount is fully recoverable.

### 5. Investments

	2019 Rs	2018 Rs
Financial assets at fair value through other comprehensive income	31,763,388	-
Available-for-sale financial assets	-	31,627,112
<b>Total</b>	<u>31,763,388</u>	<u>31,627,112</u>

(i) Breakdown of investments

	2019 Rs	2018 Rs
<b>Listed</b>		
- Attitude Property Ltd	3,187,500	3,100,000
- MCB Group Limited – notes	2,045,106	2,025,017
- SBM Holdings Ltd – bonds	4,000,764	4,007,124
- United Investments Limited - bonds	4,000,000	4,108,800
- Exchange Traded Funds	914,221	845,781
- MCB Unit Trust	7,469,367	7,501,817
- MCB Group Limited	549,100	524,400
- SBM Holdings Ltd	324,979	423,987
- SBM Perpetual Fund	5,272,601	5,090,436
<b>Unlisted</b>		
- Afrasia Bank Limited - Class A Series 2 shares	<u>3,999,750</u>	<u>3,999,750</u>
	<u>31,763,388</u>	<u>31,627,112</u>

(ii) Movement in financial assets at fair value through other comprehensive income

	2019 Rs	2018 Rs
As at 01 July	31,627,112	25,473,037
Additions	-	5,000,000
Fair value adjustments	<u>136,276</u>	<u>1,154,075</u>
As at 30 June	<u>31,763,388</u>	<u>31,627,112</u>

(iii) Fixed deposits

	2019 Rs	2018 Rs
- ABC Banking Corporation	-	5,711,721
- BanyanTree Bank Limited	2,120,200	2,040,200
- CIM Finance Ltd	-	4,689,230
- Spice Finance Ltd	15,248,341	7,778,341
- Barclays Bank Mauritius Limited	14,000,000	-
- The Mauritius Civil Service Mutual Aid Association Ltd	<u>3,183,246</u>	<u>11,232,068</u>
	<u>34,551,787</u>	<u>31,451,560</u>

Term deposits are placed with several financial institutions with maturity dates of more than 90 days from date of origination.

(iv) Held-to-maturity investment

	2019 Rs	2018 Rs
- Treasury bills - Barclays Bank Mauritius Limited	-	13,550,180

### 6. Contribution prepaid and sundry creditors

	2019 Rs	2018 Rs
Contribution prepaid	2,665,155	1,982,212
Management fees payable	3,508,371	2,214,565
Marketing fees payable	553,043	441,350
Sundry creditors	199,969	108,550
Reinsurance SICOM	3,187,488	-
Provision for brokerage fees	955,896	208,756
Accruals	<u>2,219,217</u>	<u>1,848,206</u>
	<u>13,289,139</u>	<u>6,803,639</u>

## Notes to the accounts for the year ended 30 June 2019 (Contd)

### 7. Provision for outstanding claims

	2019 Rs	2018 Rs
Provision for outstanding claims	<u>16,900,705</u>	<u>16,430,986</u>

In prior years, the Association estimated a liability which included:

- (i) claims incurred but which had not yet been reported to the Association at the reporting date; and  
(ii) claims received but which had not yet been paid at the reporting date.

During the current financial year, the Management Committee decided to change the Association's accounting policy and provide only for claims received but not yet paid at the reporting date as they consider that this provision reflects the best estimate of the claims liability.

### 8. Gross subscriptions

	2019 Rs	2018 Rs
Gross subscriptions	<u>323,855,054</u>	<u>251,341,797</u>

Gross subscriptions relate to total premiums collected from the members of the Association.

### 9. Gross claims

	2019 Rs	2018 Rs
Gross claims	<u>300,729,093</u>	<u>244,583,272</u>
Number of claims paid	66,425	62,518
Claims ratio	<u>93%</u>	<u>97%</u>

Gross claims represent the total claims paid by the members of the Association.

### 10. Insurance subscription and claims

#### 10.1 Net premium received

The premiums received and claims settled in respect of catastrophe covers during the year are as follows:

	2019 Rs	2018 Rs
Insurance subscriptions	75,469,678	59,261,770
Insurance claims	<u>(79,041,047)</u>	<u>(54,171,396)</u>
	<u>(3,571,369)</u>	<u>5,090,374</u>

#### 10.2 Loss on reinsurance

The loss on reinsurance of catastrophe covers with Swan General Ltd and SICOM General Insurance Ltd combined during the year are as follows:

	2019 Rs	2018 Rs
Reinsurance premiums received	75,403,704	58,866,470
Reinsured costs	<u>(75,469,678)</u>	<u>(59,261,770)</u>
	<u>(65,974)</u>	<u>(395,300)</u>

#### 10.3 Amount receivable from reinsurers - net

The catastrophe covers of the members of the Association is reinsured with two reinsurers: SWAN General Ltd and SICOM General Insurance Ltd. A reconciliation of the movement of net amount receivable from insurers is shown below:

	2019 Rs	2018 Rs
As at 01 July	1,885,222	6,975,596
Movement during the year	<u>3,571,369</u>	<u>(5,090,374)</u>
As at 30 June (Note 10.4)	<u>5,456,591</u>	<u>1,885,222</u>

#### 10.4 Breakdown of amount receivable from reinsurers - net

	2019 Rs	2018 Rs
Amount receivable from SWAN General Ltd	8,644,079	1,885,222
Amount payable to SICOM General Insurance Ltd (Note 6)	<u>(3,187,488)</u>	<u>-</u>
	<u>5,456,591</u>	<u>1,885,222</u>





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