





# Annual Report 2012



SUGAR INSURANCE FUND BOARD



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# Chairperson's Letter

The Honourable Charles Gaëtan Xavier-Luc Duval, G. C. S. K.  
Vice Prime Minister  
Minister of Finance and Economic Development  
Port-Louis

Dear Sir

The Board of the Sugar Insurance Fund is pleased to present the Annual Report and the Audited Financial Statements for the year 2012.

Yours faithfully



Chairperson  
Sugar Insurance Fund Board

Date: 30<sup>th</sup> August 2013

## Tribute to late Professor Jagadish Manrakhan, GOSK (19.12.1937 – 01.03.2013)



Professor Jagadish Manrakhan late Chairman of the Sugar Insurance Fund Board passed away in the early hours of 1st March 2013 at the age of 75 years in Frankfurt, Germany where he was on holiday.

Born on the 19th December 1937 at Rose-Hill, Mr. Manrakhan pursued his secondary education at Royal College of Curepipe. In 1961 he was awarded a Honours Diploma of the then Mauritius College of Agriculture and was also a Laureate of that College. He read for a degree in Agricultural Science in 1964 at the University of Reading. In 1966, he was awarded an M.Sc. in Agricultural Economics by the University of Reading for his thesis entitled (*“Aspects of Economic Development and its Measurement in Mauritius with special reference to the Agricultural Sector”*).

On his return to the country in 1966 he took up appointment as Assistant General Manager, then General Manager of Agricultural Marketing Board up to 1973.

He was subsequently appointed Professor and Head of School of Agriculture, University of Mauritius, then, Vice Chancellor of the University of Mauritius up to 1995. After his rich career in academia, he became the Executive Director of Mauritius Research Council (1995 – 1998).

During his long career at the service of the Mauritian nation, Professor J. Manrakhan has served on a number of Committees and Commission of Enquiries. Amongst others, he has been Chairman of the senate of the University of Mauritius (1979 – 1995) Council of the Mauritius Institute of Education (1980 – 1981), Central Electricity Board (1982 – 1983), National Economic and Social Council (2001 – 2003) and Sugar Insurance Fund Board (2000 – 2013). He has marked his chairmanship at this Board by his open-mindedness and diplomatic approach. He is equally remembered for having co-authored with Mr. Rama Sithanen the report entitled (*“The Human Factor, the Sugar Industry and Mauritius – a vision for the future”*) (Commission of Enquiry – Avramovic).

Professor J. Manrakhan had a passion for writing. He has authored several books and poems, some of them were published in the weekly ‘Mauritius Times’. On and above his modesty, Professor J. Manrakhan, a scholar, brilliant and intelligent person, has left indelible marks in the fields of agriculture and education.

In 2002, as a recognition to his achievements in diverse fields, Professor J. Manrakhan was elevated to the rank of Grand Officer of the Star and Key of the Indian Ocean by the Government of Mauritius.

On his departure to the abode it is fitting to quote the American poet Henry Wadsworth Longfellow (*“When a great man dies, for years the light he leaves behind him, lies the paths of men”*).

Professor J. Manrakhan is survived by his sons Sanjeev, Vishal, daughter Shalini and grand-children.

## Letter to Insureds

Dear Insureds,

We are pleased to present the Annual Report of the Sugar Insurance Fund Board for the year 2012. The financial statements have been prepared within the best practices applicable to insurance entities and in line with International Public Sector Accounting Standards. Following the recommendations of the Consulting Actuary and through amendments brought to the Sugar Insurance Fund Act 1974, the general premium percentages have been brought down by 50% with the introduction of a threshold for declaration of an 'Event Year'. The equity value of the Fund increased to MUR 5.8 billion against MUR 5.24 billion of the preceding financial year.



## Corporate Information

### Directors of the Board:-

|   |  |
|---|--|
| Professor J. Manrakhan, G.O.S.K         | Chairman   |
| Mr. R.P. Nowbuth                        | Representative of Ministry of Agro-Industry and Food Security                                |
| Mr. D. Bundhoo                          | Representative of the Ministry of Finance and Economic Development (Economic Unit)           |
| Mr.V. Ramharai                          | Acting Director, Control and Arbitration Department of the Mauritius Cane Industry Authority |
| Mr. J. Seeruttun (as from April 2012)   | Representative of Ministry of Finance and Economic Development                               |
| Mr. G. Leung Shing                      | Representative of the Mauritius Chamber of Agriculture                                       |
| Mr. J. Seegobin                         | Representative of Planters   |
| Mr. S. Purmanund                        | Representative of Planters   |
| Mr. J. C. Béga (up to June 2012)        | Representative of Millers  |
| Mr. J. Li Yuen Fong (as from June 2012) | Representative of Millers  |
| Mr. J. Bundhoo                          | Representative of the Mauritius Cane Industry Authority                                      |

### Committees of the Board

Besides the statutory provisions regarding the Investment Committee, the Board has in line with best practices established the following committees namely -

Corporate Governance Committee, Assessment Committee, Audit and Risk Management Committee, Budget and Procurement Committee and Staff Committee.

### Corporate Governance Committee

The Corporate Governance Committee is chaired by the Chairman of the Board and has as members Chairmen of all Committees. Its main function is to ensure compliance with good corporate governance practice.

### Investment Committee

The Committee established by legislation is presided by the Chairman of the Board and comprises (i) Mr. J. Seeruttun (as from April 2012), (ii) Mr. G. Leung Shing, and (iii) Mr. J. Li Yuen Fong as members, and has as attributes the investment strategies of the Fund.

### Assessment Committee

The Assessment Committee is chaired by Mr. V. Ramharai with Messrs S. Purmanund and J. Bundhoo as members.

The Committee reviews and formulates policies regarding the General and Fire insurances. The Committee further makes recommendations to the Board for declaration of "event years" and oversees the general assessment process.

### Audit and Risk Management Committee

The Audit and Risk Management Committee is under the chairmanship of Mr. J. Li Yuen Fong with Mr. D. Bundhoo and Mr. J. Seegobin as members.

The Committee oversees the Internal Audit and Internal Control functions and reviews the effectiveness of the internal and external audit process. The Committee assesses and addresses risks inherent to the business.

## Budget and Procurement Committee

The Budget and Procurement Committee is constituted as follows - Mr. G. Leung Shing as Chairman, Mr. D. Bundhoo, Mr. J. Seegobin and Mr. S. Purmanund as members.

The Budget and Procurement Committee through budgetary control monitors the annual expenditure and ensures procurement of goods and services through established procedures.

## Staff Committee

The Staff Committee consists of Mr. J. Seeruttun (Chairman), Mr. R. P. Nowbuth, Mr. J. Seegobin and Mr. S. Purmanund (members).

The Staff Committee deals with all staff matters taking into account the dynamics of socio-economic and technological developments facing the sugar cane and insurance and related industries, in Mauritius and world-wide.

Note: Following the retirement of Mr. D. Pilot as Director, there are two vacant positions as Directors, including an existing vacant position at the beginning of the year.

## Senior Management

|                                    |  |
|------------------------------------|--|
| Mr. Diness PURRYAG                 | General Manager  |
| Ms. Soochitra Devi BACHOO          | Internal Auditor (resigned on 16 October 2012)   |
| Ms. Deeptee BOODHOO                | Manager (Finance)  |
| Mr. Johnny S.S. CHONG CHAP SIN     | Senior Network Engineer  |
| Mr. Deorajnuth GANSAM              | Manager (Survey)   |
| Mr. Gaoutam GOOROOCHURN            | Chief Manager (Finance)  |
| Mr. Yung Kiong J. NEWK FON HEY TOW | Chief Manager (Operations)   |
| Mr. M. Ameen I. NOORMAHOMED        | Manager (Finance) (until 16 November 2012)<br>Internal Auditor (from 19 November 2012) |
| Mr. Mohamed Y.M.A.FE. PEERMAMODE   | Senior Software Engineer   |
| Ms. Lakshika D. RAMKISSOON         | Administrative Secretary   |
| Mr. Jayendra SOOKDEB               | Claims Manager   |
| Mr. Krishnamoorthy P.VAYAPOOREE    | Manager (Inspection) (retired on 11 January 2012)                                      |

## Legal Advisers

Andre Robert, Jr., Attorney-at-Law  
State Law Office

## Auditors

Director of Audit, National Audit Office

## Main Bankers

Mauritius Commercial Bank Ltd  
State Bank of Mauritius Ltd

## Acknowledgement and Thanks

The Board wishes to thank the staff for their contribution and the other organisations for their collaboration.

This 20<sup>th</sup> March 2013

## Corporate Governance Report

The Sugar Insurance Fund Board is a statutory body set up under the Sugar Insurance Fund Act 1974.

### Mission Statement

To provide financial support for a long term, viable and sustainable Sugar Industry.

### Objectives

To insure the sugar production of planters, metayers, millers and refiners against losses occurring out of inclement weather namely cyclones, drought and excessive rainfall. Fire occurrence in sugar cane field is another risk covered by the Fund.

### Directors' Responsibility for the Financial Statements

The Fund's Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and in compliance with the requirements of prevailing statutes.

### Responsibilities of the Board of Directors

The fundamental statutory responsibilities of the Board of Directors are to lay down the overall policies regulating the various business/activities of the Fund; it oversees the Fund's strategic direction and its organisational structure. The Board discharges the above responsibilities either directly or through Board Committees for more in-depth analysis and review of various issues while retaining its responsibility for all policy matters. The Chairman of each Committee periodically places reports of its proceedings before the Board for approval/information, as may be relevant. The Board promotes openness, integrity and accountability to improve corporate behaviour, strengthens control systems over business and reviews management performance on a regular basis. In addition the Board is committed to ensure as far as reasonably possible, and in accordance with legislation in force, the safety and health of its staff. To fulfill their responsibilities, Board members have unhindered access to accurate, relevant and timely information.

### Internal Control

Directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Such systems should ensure that all transactions are authorised and recorded and that any material irregularities are detected and rectified within a reasonable time-frame. The Fund has an established Internal Audit function which assists the Board and Management in effectively discharging its responsibilities. Internal Audit is an independent function that reports directly to the Audit and Risk Management Committee. Business controls are reviewed on an on-going basis by Internal Audit using a cycle-based risk approach.



Chairperson



Director

## Three Year Strategic Plan

The Board recently undertook an actuarial review in accordance with the provisions of SIF Act 1974, and is now proceeding to implement the relevant recommendations. These entail a marked change in the policies offered to insureds through the introduction of a threshold (25% crop reduction) applicable island-wide concerning the declaration of an event year, with, a substantial reduction (50%) in premiums claimable under the General Insurance Account. Moreover, the introduction of an Electronic Document Management System is envisaged to reduce use of hard copies along with utilisation of tablet PCs for field data capture and registration of insureds staggered over five years with corresponding extended validity of registration.

The shift to such a 'more basic catastrophic type' cover foreshadowed in other reports, coupled with the use of new technologies and the staggering of registration of insureds, will enable the Board to review its operating structures and reduce its administrative expenses in line with Government policy regarding the sugar sector.

The three-year strategic plan enunciated in the 2011 Annual Report has been marked by the implementation of the Actuarial Review and Staggered Registration. The use of Tablet PCs for field data capture and review of operating structures is due to be implemented in early 2013.

## Directorate and Management

### Board of Directors - Directors' Profile



**Prof. JAGADISH MANRAKHAN, GOSK**  
(appointed as Chairman in November 2000)  
CHAIRMAN

Born in 1937, Prof. J. Manrakhan holds a MSc in Agricultural Economics from the University of Reading. He was the former Vice-Chancellor of the University of Mauritius from 1979 to 1995, and the former Executive Director of the Mauritius Research Council from 1995 to 1998. He was also a former Director of the Standard Bank (Mauritius) Ltd.



**MR. R. NOWBUTH**  
(appointed in December 2011)  
DIRECTOR – Representative of Ministry of Agro-Industry and Food Security

Born in 1954, Mr. Ram Prakash Nowbuth holds a Bachelor's Degree in Commerce and a Master's Degree in Public Sector Management. He is currently Permanent Secretary of the Ministry of Agro-Industry and Food Security and Chairperson of the newly set up Mauritius Cane Industry Authority.



**MR. DEOBRUT BUNDHOO**  
(appointed in July 2001)  
DIRECTOR – Representative of Ministry of Finance and Economic Development

Born in 1953, Mr. D. Bundhoo holds a MSc in Agricultural Economics from the University of Reading, UK.



**MR. VINOD RAMHARAI**  
(appointed in May 2008)  
DIRECTOR – Director of the Control and Arbitration Department of the Mauritius Cane Industry Authority

Born in 1951, Mr V. Ramharai holds a BSc (Hons) Sugar Technology (University of Mauritius) and an MSc (Hons) Public Sector Management (University of Technology - Mauritius).



### MR. JEEWONLALL SEERUTTUN

(appointed in April 2012)

DIRECTOR – Representative of Ministry of Finance and Economic Development

Born in 1952, Mr. J. Seeruttun holds an MSc in Development Finance from the University of Birmingham, UK.



### MR. GEORGES LEUNG SHING

(appointed in September 1992)

DIRECTOR – Representative of the Chamber of Agriculture

Born in 1945, Mr. G. Leung Shing holds a Bachelor's Degree in Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Chartered Institute of Taxation. He is the Chairperson of the Mauritius Development Investment Trust Co Ltd and a member of the Board of the Mauritius Institute of Directors and the Advisory Council of the Chartered Institute of Financial Analysts Society Mauritius. He is also a Director of the Mauritius Molasses Company Ltd, Omnicane Ltd (formerly Mon Trésor and Mon Désert Ltd) and Standard Bank Mauritius Ltd.



### MR. JUGDUTH SEGOBIN

(appointed in April 2002)

DIRECTOR – Representative of Planters

Born in 1929, Mr. J. Seegobin has a wide experience in the agricultural, industrial and commercial sector. He was previously Chairman of the Sugar Industry Labour Welfare Fund and a director of the Central Electricity Board and Mon Tresor Milling Co Ltd. He also owned and managed a stone crushing and block-making plant, La Concasseuse de Plaine Magnien.



### MR. SRINIVASS PURMANUND

(appointed in December 2006)

DIRECTOR – Representative of Planters

Born in 1933, Mr. S. Purmanund has a wide experience in the sugar industry and the co-operative movement.



**MR. JEAN CLAUDE BÉGA**  
(from January 2002 to June 2012)  
DIRECTOR – Representative of Millers

Born in 1963, Mr. Jean-Claude Béga, a fellow of the Association of Chartered Certified Accountants, is the Chief Financial Officer of GML. He is also Director of a number of companies including Lux Island Resorts Ltd, AfrAsia Bank Limited, Phoenix Beverages Limited and Mauritius Stationery Manufacturers Ltd.



**MR. JEAN LIYUEN FONG**  
(appointed in June 2012)  
DIRECTOR – Representative of Millers

Born in 1955, Mr. Jean LiYuen Fong holds a Diploma in Agriculture and Sugar Technology (1976) from the University of Mauritius. He is currently the Director of the Mauritius Sugar Producers' Association. He is a Board Member of the Mauritius Cane Industry Authority, the Mauritius Employers' Federation, the Mauritius Sugar Syndicate, the Joint Economic Council and the Sugar Industry Pension Fund. He is also a Director of the Sugar Association Building Ltd.



**MR. JUGDIS BUNDHOO**  
(appointed in July 2009)  
DIRECTOR – Representative of Mauritius Cane Industry Authority

Born in 1954, Mr. J. Bundhoo holds a BSC Joint Honours degree in Chemistry and Physiology from the University of Salford, a MSC in Soil Chemistry from the University of Reading and an MSC in Information Science from City University. He is the Manager Policy & Planning of the Mauritius Cane Industry Authority.

## Senior Management Profile

### DINESS PURRYAG, General Manager

Mr. D Purryag, Land Surveyor joined the SIFB as Chief Manager Operations in 1997, was Officer-in-Charge from May 1999 to May 2000 and was appointed General Manager of the Fund in June 2000. He is also a Director of SICOM Ltd since 2000 and was a member of the Value Assessment Tribunal from 1987 to 1993.

### SOOCHITRA DEVI BACHOO, Internal Auditor

(on contract from 17 October 2011 to 16 October 2012)

Ms. S. D. Bachoo, ACCA, also holds a BSc (Hons) in Accounting from the University of Mauritius. She joined the SIFB on 17 October 2011.

### DEEPTEE RAJSHREE BOODHOO, Manager (Finance)

Ms. D. R. Boodhoo holds a BSc (Hons) in Banking and International Finance from the University of Technology of Mauritius and a MSC in Finance and Investments from Nottingham University (Malaysia). She joined the SIFB on 26 October 2009.

### SIN SOO SHUING CHONG CHAP SIN, Senior Network Engineer

Mr. S.S.S. Chong Chap Sin holder of an MBA and BSc in Electronic Engineer joined the SIFB as Senior Network Engineer in November 1997.

### DEORAJNUTH GANSAM, Manager (Survey)

Mr. D. Gansam, Land Surveyor joined the SIFB in March 1974 and is presently Manager (Survey).

### GAOUTAM GOOROOCHURN, Chief Manager (Finance)

Mr. G. Gooroochurn, FCCA, holder of an MBA, joined the SIFB as Manager Finance in September 2006. He was assigned responsibilities of Chief Manager Finance on 10 September 2007 and subsequently been appointed Chief Manager as from 5 June 2008.

### YUNGKIONG JIMMY NEWKFONHEYTOW, Chief Manager (Operations)

Mr. J Newkfonheytow holds a BSc in Computer Science and is an Associate Member of the Society of Actuaries. He joined the SIFB in May 1998 as Claims Manager and is presently the Chief Manager (Operations).

### MOHAMED AMEEN ISHACK NOORMAHOMED, Manager (Finance)

from 22 October 2009 to 16 November 2012, Internal Auditor from 19 November 2012

Mr. M.A. I. Noormahomed, ACCA, holds a BSc (Hons) in Economics & Accountancy from City University (UK) and is registered as a professional Accountant with the Mauritius Institute of Professional Accountants. He joined the SIFB on 22 October 2009 as Manager (Finance). He was appointed as Internal Auditor on 19 November 2012.

### MOHAMED YASHIN MOHAMED AREFF FAREED ESMAEL PEERMAMODE, Senior Software Engineer

Mr MY Peermamode holder of a Diploma in Information Technology joined the SIFB as Senior Software Engineer in October 1997.

### LAKSHIKA DEVI RAMKISSOON, Administrative Secretary

Ms. L. D. Ramkissoon, ACIS, holds a BA (Hons) Law and Management from the University of Mauritius and an LLM in International Business Law. She joined the SIFB on 3 November 2009.

### JAYENDRA SOOKDEB, Claims Manager

Mr. J. Sookdeb holds a BSc Statistics from the University of Cape Town and a Diploma in Actuarial Techniques from the Institute of Actuaries, UK. He is currently an Affiliate member of the Institute of Actuaries, UK, and joined the SIFB on 14 April 2009.



## KRISHNAMOORTHY PILLAY VAYAPOOREE, Manager (Inspection)

(on retirement since 11 January 2012)

Mr. K.P.Vayapooree holder of a Diploma in Land Surveying, joined the SIFB in February 1971 and is, since March 2002, Manager (Inspection).

### Code of conduct

The Fund is committed to ethical practices in the conduct of its business and has adopted a code of ethics which sets out standards for its employees.

## Board and Committee Meetings

### Board and Committee Meetings

The Board and its various committees met on 24 occasions.

| Board Directors                              | Board meeting | CCC Committee | Corporate Governance Committee | Investment Committee | Assessment Committee | Audit Committee | Budget & Procurement Committee | Staff Committee | Total |
|--|---------------|---------------|--------------------------------|----------------------|----------------------|-----------------|--------------------------------|-----------------|-------|
| Prof. J. Manrakhan                           | 10/10         | 1/1           | 2/2                            | 3/3                  | n/a                  | n/a             | n/a                            | n/a             | 16    |
| Mr. J.C. Bega<br>(up to June 2012)           | 6/6           | n/a           | 1/1                            | 2/2                  | n/a                  | 1/1             | n/a                            | n/a             | 10    |
| Mr. D. Bundhoo                               | 8/10          | n/a           | n/a                            | n/a                  | n/a                  | 1/2             | 1/3                            | n/a             | 10    |
| Mr. J. Bundhoo                               | 10/10         | n/a           | n/a                            | n/a                  | 1/1                  | n/a             |                                | n/a             | 11    |
| Mr. G. Leung Shing                           | 10/10         | 1/1           | 2/2                            | 3/3                  | n/a                  | n/a             | 3/3                            | n/a             | 19    |
| Mr. Jean Li Yuen Fong<br>(as from June 2012) | 4/4           | 1/1           | 1/1                            | 1/1                  | 1/1                  | 1/1             | n/a                            | n/a             | 9     |
| Mr. R.P. Nowbuth                             | 3/10          | n/a           | n/a                            | n/a                  | n/a                  | n/a             | n/a                            | 1/2             | 4     |
| Mr. S. Purmanund                             | 9/10          | n/a           | n/a                            | n/a                  | 1/1                  | n/a             | 3/3                            | 1/2             | 14    |
| Mr. V. Ramharai                              | 8/10          | 1/1           | 1/2                            | n/a                  | 1/1                  | n/a             | n/a                            | n/a             | 11    |
| Mr. J. Seegobin                              | 8/10          | n/a           | n/a                            | n/a                  | n/a                  | 2/2             | 3/3                            | 2/2             | 15    |
| Mr. J. Seeruttun<br>(as from April 2012)     | 4/6           | 0/1           | 1/2                            | 1/2                  | n/a                  | n/a             | n/a                            | 2/2             | 8     |

Key: n/a – not applicable

## Remuneration of Directors

The breakdown is given in the table below:

| Board Directors     | Total fees (in MUR) |
|---------------------|---------------------|
| Prof. J. Manrakhan  | 195,000             |
| Mr. J. C. Bega      | 23,100              |
| Mr. D. Bundhoo      | 45,000              |
| Mr. J. Bundhoo      | 45,000              |
| Mr. G. Leung Shing  | 46,800              |
| Mr. J. Li Yuen Fong | 23,100              |
| Mr. R. P. Nowbuth   | 45,000              |
| Mr. S. Purmanund    | 45,000              |
| Mr. V. Ramharai     | 45,600              |
| Mr. J. Seegobin     | 45,000              |
| Mr. J. Seeruttun    | 41,200              |

## Related Party Transactions & Key Risks

Related party transactions and key risks areas have been fully disclosed in the financial statements at notes 24 and 25 respectively.

## Address of Offices

Head Office  
 18 Sir S. Ramgoolam Street  
 Port Louis  
 Tel: 208-3236  
 Fax: 208-2634  
 E-Mail: [s.i.f.b@intnet.mu](mailto:s.i.f.b@intnet.mu)  
 Web: [www.sifb.biz](http://www.sifb.biz)

### Sub-Offices

### Address

### Factory Areas

#### Bon Accueil

FSC Building  
 Royal Road  
 Bon Accueil  
 Tel: 918-1967

Beau Champ  
 Constance

#### Mare D'Albert

18 Royal Road  
 Mare D'Albert  
 Tel: 627-4026

Savannah  
 Mon Trésor  
 Riche En Eau  
 Rose Belle

#### Pamplemousses

Royal Road  
 Maison Blanche  
 Pamplemousses  
 Tel: 243-3542

Belle Vue  
 Mon Loisir  
 Beau Plan

#### Quartier Militaire

New Road  
 Quartier Militaire  
 Tel: 435-5543

F.U.E.L  
 Mon Désert Alma

#### Souillac

Royal Road  
 Souillac  
 Tel: 625-5691

Union St Aubin  
 Britannia  
 St Félix  
 Bel Ombre

#### Vacoas

Independence Road  
 Vacoas  
 Tel: 696-6386

Médine  
 Highlands

## 1.0 GENERAL

### 1.1 IMPLEMENTATION OF ACTUARIAL REVIEW

#### 1.1.1 General insurance account

The Board adopted the recommendations in the Actuarial Report which were subsequently enacted by Act No. 1 of 2012 in May 2012. The new insurance terms, inter alia, provided a 50% reduction of all general insurance premiums coupled with the introduction of a threshold, for declaration of an “Event Year”, thus bringing the average premium rates to 3.58% the lowest in the history of the Fund. A “Crop Year” would automatically be declared an “Event” Year on account of the occurrence of all or any of the insured risks in case sugar production is 75% or less of the island-wide total insurable sugar in any given year. Should the sugar production be above 75% but 80% or less of the total insurable sugar in any given year, the Board can still declare an “Event year” on account of the occurrence of all or any of the insured risks, subject to an actuarial advice.

Under the previous insurance terms, rankings recorded were actual figures, which could be below 5. Although a one-time upliftment to ranking 5 was provided in 2007, rankings of some insureds again fell below 5. To redress the position, the 2012 amendment now provides that any ranking falling below the figure 5 shall be recorded as 5.

#### 1.1.2 Fire Insurance Account

The fire insurance account has been in deficit for the recent past years due to increases in fire occurrences. On consideration of the trend in sugar prices and the position of the fire insurance account, the Actuary’s recommendation that the fire compensation rate payable for each tonne of sugar cane lost be brought down to Rs500, equivalent to a reduction of 20% has been adopted.

## 2.0 REGISTRATION OF PLANTATIONS

For operational efficiency and insureds (small planters) convenience, the foundation for the staggered registration has been introduced. Small planters having holdings not exceeding 10 hectares of land under cane plantations are registered with the SIFB for period of 5 years. This measure has been successfully implemented by staggering registration of small planters over crop years 2013 to 2016 and their subsequent registration at five years interval.

## 3.0 COMPLAINTS POLICY

In line with good corporate governance, the SIFB has formulated a Complaints Policy and designated a Complaints Coordinator to ensure that complaints and representations from our insureds/stakeholders are dealt with promptly and systematically. The Complaints Policy, mailed to all insureds, is available for consultation on our website [www.sifb.biz](http://www.sifb.biz).

## 4.0 CROP 2012 OVERVIEW

### 4.1 GENERAL INSURANCE

#### 4.1.1 Registration of Plantations and Factories

Given the circumstances, the Board decided exceptionally to waive all late registration fees for Crop 2012. Planters of Deep River Beau Champ and Constance La Gaieté factory areas were invited to call at Bon Accueil Farmers Service Centre as our Camp de Masque sub-office is no longer operational effective Crop 2012.

Mon Loisir factory has ceased operations after Crop 2011. The canes of Mon Loisir Factory Area is now sent to Terra Milling Co. Ltd

#### 4.1.2 Sugar Production

Total cane-weight sent to mills for sugar production was 3.95 million tonnes resulting in a total sugar production of 412,876 tonnes at an island-wide average extraction rate of 10.46% against a Total Insurable Sugar of 462,147 tonnes, i.e. a sugar production percentage of 89%.

The island-wide crop reduction being 10.7%, i.e. below the threshold of 20%, no event year is declarable by the Board following the adoption of new insurance terms. Thus, no general compensation was payable by the Board for Crop 2012.

#### 4.1.3 Sugar Price for Insurance

The sugar price for Crop 2012 was in December 2012, determined at the rate of Rs 17, 133 per metric tonne of sugar for planters, inclusive of the added value of molasses. The sugar price payable for insurance purposes for milling side was fixed at Rs 16, 500 per metric tonne of sugar.

### 4.2 FIRE INSURANCE

#### 4.2.1 Inter-crop Fire 2012

For Crop 2012, the total number of accounts eligible for fire compensation caused by intercrop fire was 154 with a total extent of 171 hectares of land under cane reported as destroyed island-wide. The number of fire cases was more prominent in the North of the island, followed by the South. The highest extent reported damaged was noted in the North of the island. The compensation paid to insureds for loss consequent upon destruction of cane plantations by inter-crop fire amounted to Rs 7.6 M.

#### 4.2.2 Fire during Harvest Season 2012

The number of fire occurrences during harvest season was more prominent in the North of the island. A total amount of Rs 326,085 has been disbursed to eligible insureds as transport allowance for milling of burnt canes outside their respective factory areas.

### 5.0 REINSURANCE COVER

Premium rates obtained from reinsurance covers being unattractive, the Board decided not to reinsure its liabilities taking into account its financial strength and its capabilities to muster a maximum probable loss (MPL)

### 6.0 SERVICES PROVIDED BY THE SIFB

On and above its statutory obligations, the SIFB reports on land status to different Ministries for purposes such as land conversion, parceling of land, etc. The SIFB also assists planters in the obtention of duty free facilities on cabin vehicles. Moreover, the SIFB is frequently solicited by Governmental departments and insureds themselves for data on their holdings.

## Financial Performance

The year under report showed a net surplus of MUR 433.62M (General and Fire) compared to a net deficit of MUR 57.93M for the year ended 31 December 2011. The surplus is mainly attributable to high exchange gains on foreign currency translation at year end and crop 2012 being a non-event year for general compensation.

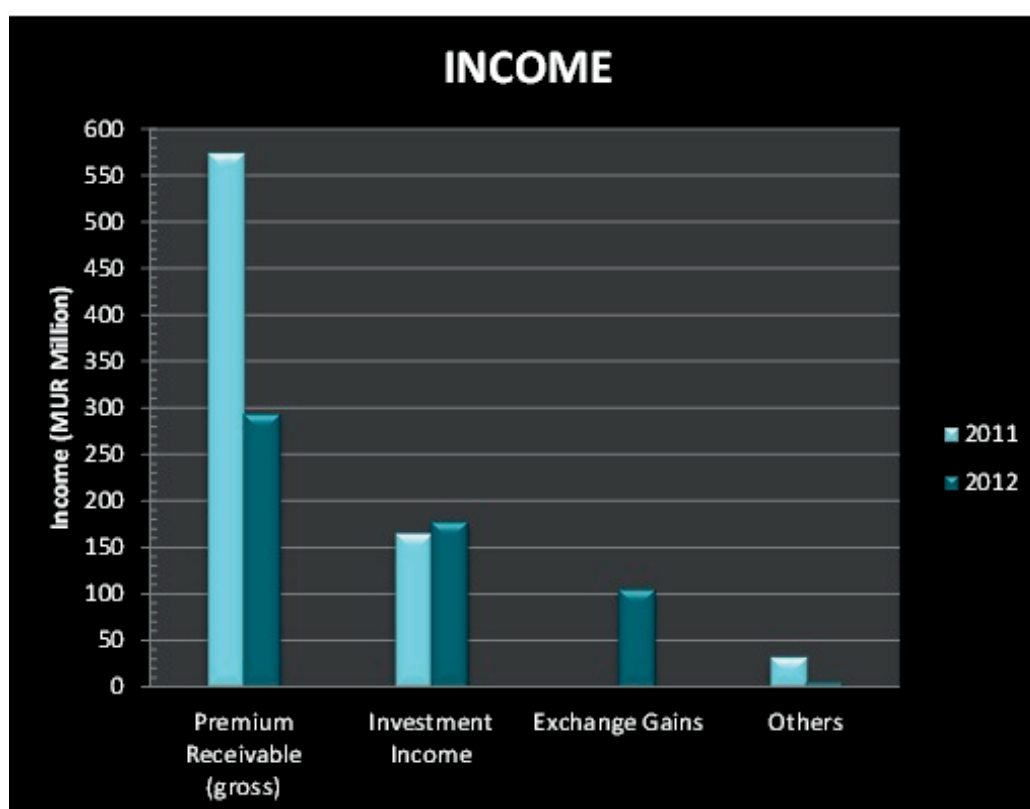
**Table I: Income and Expenditure summary**

| Item                                   | General Fund<br>MUR Million | Fire Fund<br>MUR Million | Total<br>MUR Million |
|--|-----------------------------|--------------------------|----------------------|
| Gross Insurance Premium                | 288.0                       | 5.8                      | 293.8                |
| Insurance Compensation Payable         | -                           | (7.7)                    | (7.7)                |
| Surplus/(Deficit) on Insurance Account | 288.0                       | (1.9)                    | 286.1                |
| Other Income                           | 288.0                       | 0.1                      | 288.1                |
| Other Expenses                         | (140.4)                     | (0.2)                    | (140.6)              |
| Net surplus/(deficit)                  | 435.6                       | (2.0)                    | 433.6                |

## Income

Insurance premium receivable, investment income and exchange gains on foreign currency translation forms the bulk of the Fund's income amounting to MUR 576.0M for the year under review.

The composition of income is shown below:



## Insurance Premium

Gross Insurance premium (General and Fire) for crop year 2012 receivable during the period, based on new insurance terms effective as from crop 2012 amounted to MUR 293.8M compared to a figure of MUR 574.0M for the previous crop year. The new insurance terms adopted halved all general insurance premium percentages.

**Table 2: Premium Income**

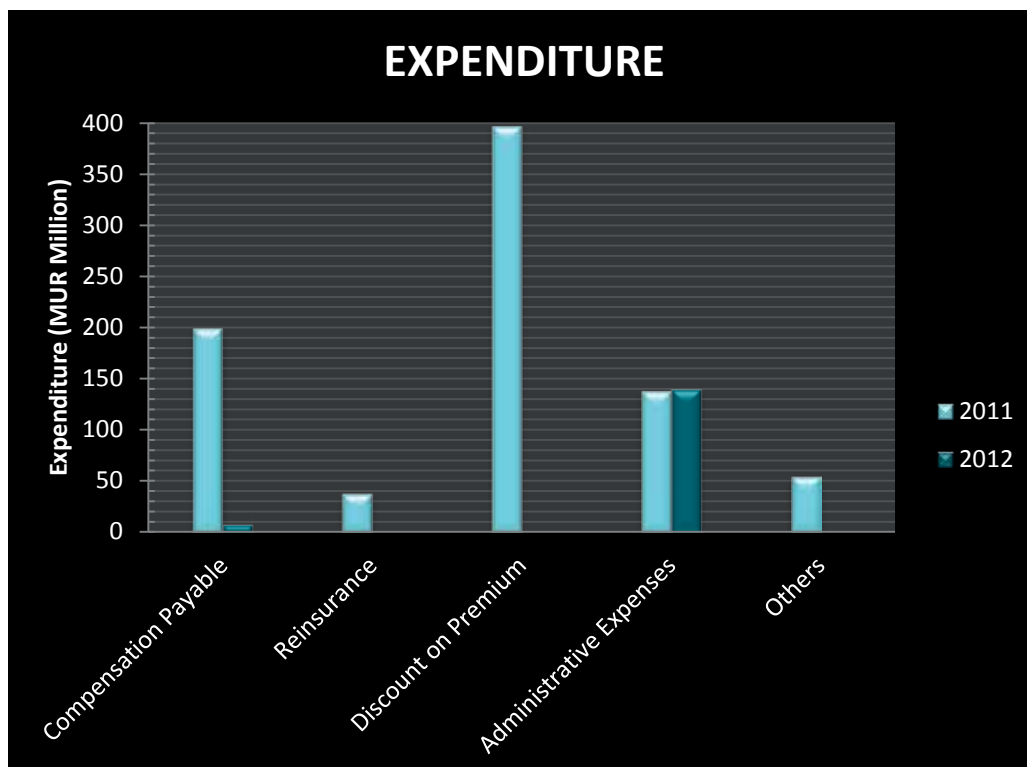
| Premium (Gross) | Total<br>MUR Million |
|-----------------|----------------------|
| General         | 288.0                |
| Fire            | 5.8                  |
| Total           | 293.8                |

## Investment Income

Investment income (Interest and dividend) was up by 7.5% over the one year period, increasing from MUR 165.33M to MUR 177.71M for the year under report. Though the market did not show signs of improvement, the positive performance resulted out of growth in dividend yields on local unquoted investment.

## Expenditure

The overall recurrent expenditure of the Fund for the year was MUR 148.3M compared to MUR 829.33M for the previous year. The total expenditure for 2011 included an amount of MUR 397.6M as discount on general insurance premium for crop 2011 and MUR 199.92M as compensation (general & fire), whilst crop 2012 has been a non-event year.



## Insurance Premium ceded (Re-insurance costs)

The Fund did not subscribe to any reinsurance contract during the year 2012.

## Accumulated Fund

The Accumulated Fund, comprising of the General Fund and the Fire Fund, increased from MUR 4,058.90M to MUR 4,492.50M during the year, representing an increase of 10.7%. This increase is a result of the net surplus for the year.

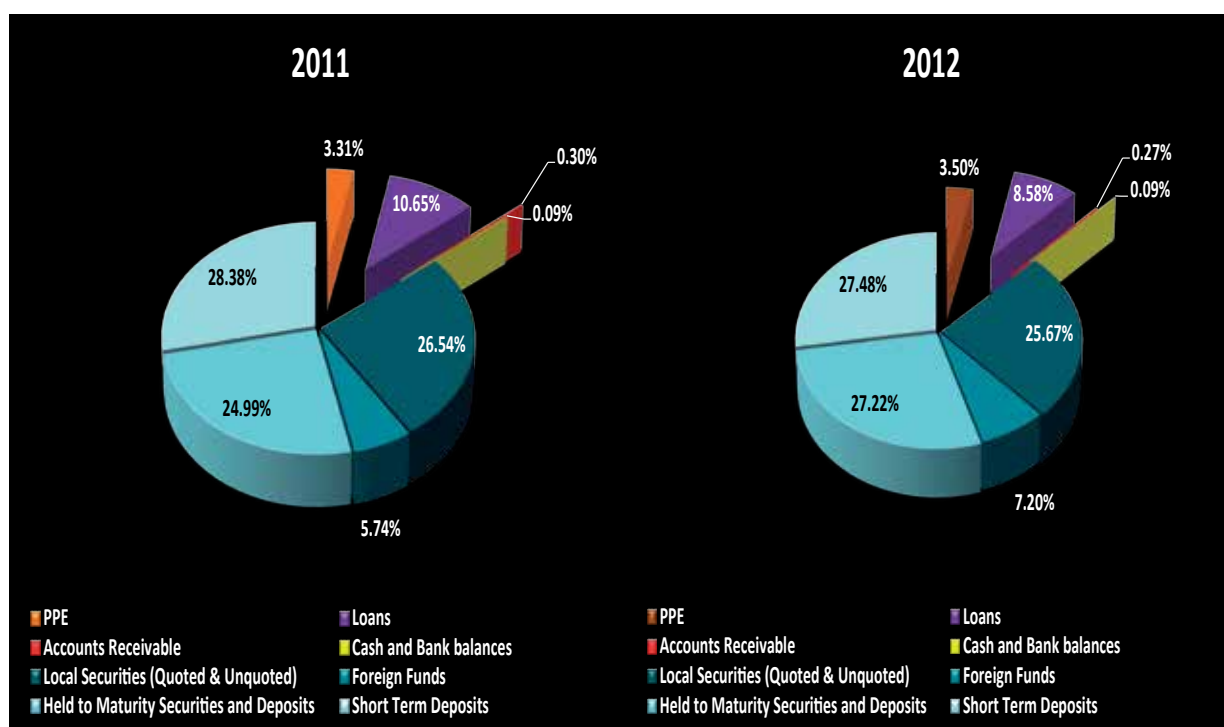
**Table 3: Accumulated Fund**

| Fund    | Total MUR Million |
|---------|-------------------|
| General | 4,492.37          |
| Fire    | 0.13              |
| Total   | 4,492.50          |

## Assets under management

Total assets under management amounted to MUR 6.0 billion as at 31 December 2012 (MUR 5.63 billion at 31 December 2011), posting a positive change of 6.6%. Given the short term liability of the Fund arising out of unpredictable adverse climatic conditions, a high proportion of funds are invested in fairly liquid terms (based on Probable Maximum Loss), while investments in longer terms have been possible due to the size of the Fund. The financial asset of the Fund grew over time and is fair valued at MUR 5.26 billion as at 31 December 2012.

A breakdown of total assets under management is shown below:







SUGAR INSURANCE FUND BOARD

# APPENDIX A

# REPORT OF THE DIRECTOR OF AUDIT

*To the Board of the Sugar Insurance Fund Board*

## Report on the Financial Statements

I have audited the accompanying financial statements of the Sugar Insurance Fund Board which comprise the statement of financial position as of 31 December 2012, the statement of financial performance and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sugar Insurance Fund Board as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards.

## Report on Other Legal and Regulatory Requirements Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

## Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Opinion

### Statutory Bodies (Accounts and Audit) Act

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

### The Financial Reporting Act

The Board is responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). My responsibility is to report on these disclosures.

In my opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the "Code".



(Dr. R. Jugurnath)  
Director of Audit  
National Audit Office  
Level 14,  
Air Mauritius Centre  
PORT LOUIS  
25 July 2013

# Financial Statement

# 2012



SUGAR INSURANCE FUND BOARD