



35वां वार्षिक प्रतिवेदन
35th Annual Report
2006-07

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भारतीय साधारण बीमा निगम
General Insurance Corporation of India

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Note: Key to Indian Numbering System 10 Lakhs = 1 Million; 1 Crore = 10 Millions .

2006-07

CORPORATE INFORMATION

CORPORATE INFORMATION

DIRECTORS

Shri Yogesh Lohiya,	Chairman-cum-Managing Director w.e.f. 28.05.2007
Shri R.K. Joshi,	Chairman-cum-Managing Director Upto 30.04.2007
Shri G.C. Chaturvedi, IAS	
Shri A.K. Shukla	Upto 30.04.2006
Shri T.S. Vijayan	w.e.f. 11.05.2006
Shri A.K. Purwar	Upto 31.05.2006
Shri O.P. Bhatt	w.e.f. 05.09.2006
Shri V.P. Shetty	w.e.f. 05.09.2006
	(Upto 30.06.2007)
Shri B. Chakrabarti	Upto 31.12.2006
Shri M. Ramadoss	w.e.f. 28.02.2007

MANAGEMENT

Chairman-cum-Managing Director	Shri Yogesh Lohiya	w.e.f. 28.05.2007
	Shri R.K. Joshi	Upto 30.04.2007
General Managers	Smt. Bhagyam Ramani	
	Shri R. Chandrasekaran	
	Shri T.V. Viswanathan	Upto 30.04.2007
	Shri M. Ramaprasad	w.e.f. 28.05.2007
Chief Vigilance Officer	Smt. Gopa Ray	
Deputy General Managers	Smt. Sushila Venkatraman	(on deputation to General Insurance Council w.e.f. 30.08.2007)
	Shri H.G. Rokade	
	Shri P.N. Gandhi	
	Shri J. Augustine	
	Shri K. Raghunath	
	Shri P.K. Bhagat	w.e.f. 17.09.2007
COMPANY SECRETARY	Smt. Suchita Gupta	

AUDITORS

M/s S R Goyal & Co.
Chartered Accountants
1 A Sangram Colony
C- Scheme, Jaipur 302 001

BANKERS

Bank of India
State Bank of India
Bank of Baroda
Central Bank of India

REGISTERED OFFICE

"Suraksha", 170,
J. Tata Road,
Churchgate,
Mumbai – 400 020

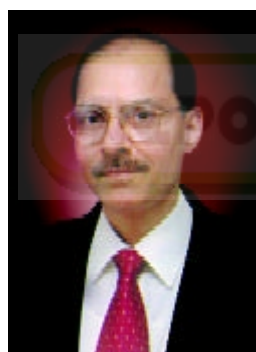
BOARD OF DIRECTORS

2006-07

BOARD OF DIRECTORS



Shri Yogesh Lohiya
Chairman-cum-Managing Director



Shri G.C. Chaturvedi
Director



Shri T.S. Vijayan
Director



Shri O.P. Bhatt
Director



Shri M. Ramadoss
Director

GENERAL INSURANCE CORPORATION OF INDIA - ANNUAL REPORT

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MANAGEMENT

GENERAL INSURANCE CORPORATION OF INDIA - ANNUAL REPORT

MANAGEMENT



Left to Right: Shri K. Raghunath - Deputy General Manager, Shri R. Chandrasekaran-General Manager, Shri P.N. Gandhi - Deputy General Manager, Smt. Gopa Ray - Chief Vigilance Officer, Shri P.K. Bhagat - Deputy General Manager, Shri Yogesh Lohiya - Chairman-cum-Managing Director, Shri J. Augustine - Deputy General Manager, Smt. Bhagyam Ramani - General Manager, Shri H.G. Rokade - Deputy General Manager and Shri M. Ramaprasad - General Manager

NOTICE**2006-07****NOTICE**

NOTICE is hereby given that the 35th ANNUAL GENERAL MEETING of the Members of the GENERAL INSURANCE CORPORATION OF INDIA will be held at the Registered Office of the Corporation at "Suraksha", 170, J. Tata Road, Churchgate, Mumbai - 400 020, on Wednesday, the 19th of September 2007 at 4.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 2007.
2. To declare dividend on equity shares.
3. To fix remuneration of auditors for the year 2007-2008 and revise the remuneration for the year 2006-07.

For and on behalf of the Board

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Suchita Gupta
Company Secretary

Registered Office:
"Suraksha", 170, J. Tata Road,
Churchgate,
Mumbai – 400 020

Dated: 10th September, 2007

NOTE:

1. A member entitled to attend and vote at the Meeting is entitled to appoint another person, whether a member or not, as his proxy to attend the meeting and vote thereat instead of himself.
2. The instrument appointing a proxy or other authority, if any, can be deposited at the Registered Office of the Corporation, not less than 48 hours before the time for holding the meeting.

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DIRECTORS' REPORT

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Thirty Fifth Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March, 2007.

FINANCIAL RESULTS:

The highlights of the financial results for the year under review are as under:

(Rs in Crores)

(Rs in Crores)

	2006-07	2005-06
1. Net Premium	6420.87	4234.88
2. Net Earned Premium	5263.79	4458.84
3. Net Incurred Claims	3622.71	4573.07
	68.8%	102.5%
4. Net Commission	1670.12	1102.93
	31.7%	24.7%
5. Operating Expenses and Other Outgo less Other Income	46.91	43.01
	0.9%	0.9%
6. Investment Income Apportioned to Revenue less expenses	1230.05	1095.70
7. Total Profit/Loss(-)	1154.10	(-)164.48
(2+6-3-4-5)	21.9%	(-)3.7%
8. Interest, Dividends and Rents (gross)	619.32	622.92
9. Other Income less Other Outgo	55.54	-25.26

	2006-07	2005-06
10. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	39.50	-9.76
11. Profit before Tax (7+8+9-10)	1789.46	442.94
12. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	258.12	-155.58
13. Profit after Tax (11-12)	1531.34	598.52
14. Balance of Profit b/f from previous year	0.02	0.06
15. Profit available for appropriation	1531.36	598.58
16. Proposed Dividend incl. Dividend tax	362.22	98.06
17. Transferred to General Reserves	1169.10	500.50
18. Balance of Profit carried forward (14+15-16-17)	0.04	0.02

(Net Earned Premium is arrived after adjustments for Reserve for Unexpired Risks)

(Percentages relate to the net earned premium of the corresponding year)

PROPOSED DIVIDEND

The directors recommend declaration of dividend at the rate of 72% for the year under review amounting to Rs 309.60 crores, as against Rs. 86.00 crores at the rate of 20 % in the previous year. An amount of Rs. 52.62 crores has also been provided as dividend distribution tax on the dividend declared during the year.

CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at Rs. 16183.27 crores as on 31st March, 2007 as

against Rs. 14228.21 crores in the previous year, the details of which are given below:

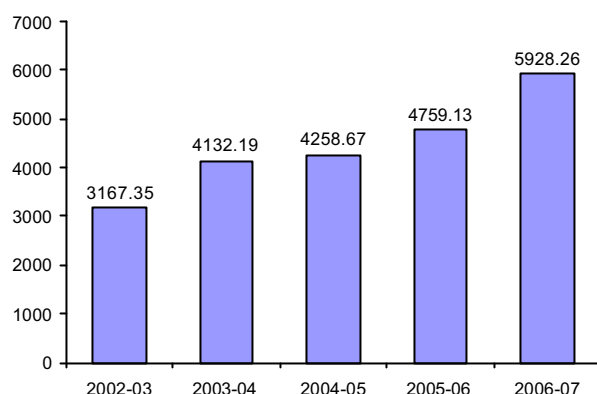
(Rs in Crores)

	As on 31.03.2007	As on 31.03.2006
Shareholders' Funds		
Paid up Capital	430.00	430.00
General Reserve	5498.21	4329.11
Profit & Loss a/c	0.04	0.02
	5928.25	4759.13
Policyholders' Fund	10255.02	9469.09
Total Funds	16183.27	14228.21

DIRECTORS' REPORT

2006-07

Net worth (Shareholders' Funds) for the last 5 years (Rs. in Crores)



ASSETS

Total assets of the Corporation increased to Rs. 28528.74 crores as on 31st March, 2007 from Rs. 26424.03 crores as on 31st March, 2006.

INVESTMENTS

The total investment of the Corporation in India (representing investments, loans and deposits) amounted to Rs. 14349.68 crores as on 31.3.2007 as against Rs. 12529.79 crores in the previous year. The investment income of Rs.1854.14 crores was apportioned to Policyholders and Shareholders as under:

(Rs. in crores)

Apportioned to Policyholders	1233.96
Apportioned to Shareholders	620.18

The mean yield on funds (with profit on sale of investments) stood at 13.43%. The net NPA (Non Performing Assets) was at 2.13%.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

The Corporation being a Reinsurance Company, its working and functions are governed by the Insurance Regulatory and Development Authority (IRDA). The Corporation's existing paid-up equity capital of Rs. 430 crores conforms to the specifications of the IRDA. The Accounts of the Corporation are drawn up according to the stipulations prescribed in the IRDA (Preparation of Financial Statements and Auditor's Report), Regulations, 2002.

PERSONNEL AND INDUSTRIAL RELATIONS

I. STATEMENT UNDER SECTION 217(2A) OF COMPANIES ACT, 1956:

The particulars of remuneration payable to the employees in terms of Section 217(2A) of the Companies Act, 1956 are annexed in separate statement.

II. STAFF POSITION AS ON 31.03.2007:

Class I	– Officers	240
Class III	– Clerical Employees	151
Class IV	– Sub-Staff	51
Total		442

In terms of Court Order dated 27th April, 2007 8 employees of LPA allotted to GIC; (Class I Officers – 4 and Class III Clerical employees – 4) are transferred to GIC effective from 1st April, 2006.

Composition of Scheduled Castes and Scheduled Tribes in the employee strength:

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	240	33	13.75	10	4.10
Clerical	151	35	23.18	12	7.74
Sub-Staff	51	10	19.60	2	3.92
Total	442	78		24	

III. GIC – LPA MERGER

In terms of Order of the Bombay High Court dated 27th April, 2007, approving the Scheme of Amalgamation of LPA with GIC, the services of LPA employees stand transferred permanently to GIC and four Public Sector General Insurance Companies with effect from the "Appointed Date" i.e. 1st April, 2006, on the terms and conditions stated in the Annexure I to V to the Amalgamation Scheme, which inter alia, prescribe the rate of Provident Fund Contribution and the age of Retirement for employees transferred from LPA.

The Office of the Registrar of Companies Maharashtra has taken on record on 26.06.2007, the said Order dated 27th April, 2007.

2006-07

DIRECTORS' REPORT

WELFARE OF SC/ST/OBC

In consonance with the National Policy on reservation for SC/ST & OBC, GIC has framed rules accordingly which allow reservations and concessions/relaxation for SC/ST and OBC in recruitment and promotion wherever applicable. Special coaching classes for SC/ST employees are held in order to enable them to acquire knowledge so that they will be able to give a better account of themselves in written test and interview.

Dr. Ambedkar Welfare Trust of GIC was established during the centenary year of Dr. B.R. Ambedkar. On behalf of the Trust, training on Personality Development for SC/ST and OBC employees was arranged in Daman and Mumbai. Training was imparted to 89 SC/ST/OBC employees in 3 batches. Various other Welfare Schemes are also implemented by the Trust for the benefit of SC/ST/OBC employees.

BOARD OF DIRECTORS

Shri T.S. Vijayan, Chairman, Life Insurance Corporation of India, was appointed as a Director on the Board of the Corporation w.e.f. 11.05.2006.

Shri O.P. Bhatt, Chairman, State Bank of India, was appointed as a Director on the Board of the Corporation w.e.f. 05.09.2006.

Shri V.P. Shetty, Chairman-cum-Managing Director, Industrial Development Bank of India Ltd., was appointed as a Director on the Board of the Corporation w.e.f. 05.09.2006 and ceased to be the

director of the corporation w.e.f. 30.6.2007 on attaining the age of superannuation.

Shri M. Ramadoss, Chairman, GIPSA and Chairman-cum-Managing Director, The Oriental Insurance Co. Ltd., was appointed as a Director on the Board of the Corporation w.e.f. 28.02.2007.

Shri R.K. Joshi, Chairman-cum- Managing Director, General Insurance Corporation of India ceased to be a Director of the Corporation w.e.f. 30.04.2007 on attaining the age of superannuation.

Shri A.K. Purwar, Chairman, State Bank of India ceased to be a Director of the Corporation w.e.f. 31.05.2006 on attaining the age of superannuation.

Shri A.K. Shukla, Chairman, Life Insurance Corporation of India ceased to be a Director of the Corporation w.e.f. 30.04.2006 on attaining the age of superannuation.

Shri B. Chakrabarti, Chairman, GIPSA & Chairman-cum-Managing Director, New India Assurance Co. Ltd., ceased to be a Director of the Corporation w.e.f. 31.12.2006 on his ceasing to be the Chairman of GIPSA.

The Directors wish to place on record the co-operation received from Shri R.K. Joshi, Shri V P Shetty, Shri A.K. Purwar, Shri A.K. Shukla and Shri B. Chakrabarti during their tenure as Directors on the Board and also for their valuable contribution to the cause of the General Insurance Industry.

The statement showing the Board Meetings attended by the Directors are reflected in the table given below:

**STATEMENT SHOWING NUMBER OF BOARD MEETINGS ATTENDED
BY THE DIRECTORS DURING THE PERIOD APRIL 2006 TO MARCH 2007**

Names of Directors	Dates of Meetings						
	28.4.2006	19.5.2006	9.6.2006	7.7.2006	26.9.2006	4.12.2006	10.3.2007
Shri R.K. Joshi	Present	Present	Present	Present	Present	Present	Present
Shri G.C. Chaturvedi	Present	Present	Present	Present	Present	Present	Present
Shri A.K. Purwar	Absent	Absent	Ceased				
Shri A.K. Shukla	Present	Ceased					
Shri B. Chakrabarti	Present	Absent	Absent	Present	Present	Absent	Ceased
Shri T.S. Vijayan	-	Present	Present	Present	Absent	Present	Present
Shri O.P. Bhatt	-	-	-	-	Absent(*)	Absent	Present
Shri V.P. Shetty	-	-	-	-	Present(*)	Absent	Present
Shri M. Ramadoss	-	-	-	-	-	-	Present(**)

(*) Appointed as Director w.e.f. 05.09.2006

(**) Appointed as Director w.e.f. 28.02.2007

DIRECTORS' REPORT**2006-07****COMMITTEE OF THE BOARD**

General Insurance Corporation of India has two Board level Committees, viz. Audit Committee and Investment Committee.

AUDIT COMMITTEE

In compliance with Section 292(A) of the Companies Act, 1956, the Corporation has an Audit Committee of the Board of Directors with the following Members for the financial year 2006-07:

1. Shri G.C. Chaturvedi
2. Shri A.K. Purwar (from 03.05.2006 to 31.05.2006)
3. Shri A.K. Shukla (from 16.08.2005 to 30.04.2006)
4. Shri B. Chakrabarti (from 19.12.2005 to 31.12.2006)
5. Shri T.S. Vijayan (from 17.05.2006)
6. Shri M. Ramadoss (from 02.03.2007)

**STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED
BY THE MEMBERS DURING THE PERIOD APRIL 2006 TO MARCH 2007**

Names of Members	Dates of Meetings				
	28.4.2006	19.5.2006	7.7.2006	26.9.2006	10.3.2007
Shri G.C. Chaturvedi	Present	Present	Present	Present	Present
Shri A.K. Purwar	-	Absent	Ceased		
Shri A.K. Shukla	Present	Ceased			
Shri B. Chakrabarti	Present	Absent	Present	Present	Ceased
Shri T.S. Vijayan	-	Present	Present	Absent	Present
Shri M. Ramadoss	Not in Committee				Present

INVESTMENT COMMITTEE

The Corporation has an Investment Committee of the Board of Directors with the following Members for the financial year 2006-07:

1. Shri R.K. Joshi
2. Shri G.C. Chaturvedi
3. Shri B. Chakrabarti (from 19.12.2005 to 31.12.2006)
4. Shri T.S. Vijayan (from 17.05.2006)
5. Shri M. Ramadoss (from 02.03.2007)

**STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS ATTENDED BY THE
MEMBERS DURING THE PERIOD APRIL 2006 TO MARCH 2007**

Names of Members	Dates of Meetings			
	7.7.2006	26.9.2006	25.11.2006	10.3.2007
Shri R.K. Joshi	Present	Present	Present	Present
Shri G.C. Chaturvedi	Present	Present	Present	Present
Shri B. Chakrabarti	Present	Present	Present	Ceased
Shri T.S. Vijayan	Present	Absent	Present	Present
Shri M. Ramadoss	Not in Committee			Present