

PREFACE

A reference is invited to the prefatory remarks in Report No. 9 (CA) of 2008 – Union Government (Commercial) of the Comptroller and Auditor General of India where a mention has been made that reviews of the performance of Companies/Corporations by the Comptroller and Auditor General of India (CAG) are contained in separate audit reports including stand alone performance audit reports.

The Audit Board mechanism was restructured during 2005-06 under the supervision and control of the CAG. The Board, which is permanent in nature, is chaired by the Deputy Comptroller and Auditor General and consists of senior officers of the CAG office. Two technical experts are inducted as special invitees, if necessary. The Board approves the topics for performance audit. It also approves the guidelines, audit objectives, criteria and methodology for conducting major performance audits. The Board finalises the performance audit reports after discussions with representatives of the relevant Ministry and the Management.

This stand alone Report reviewed the selected activities of the general insurance public sector companies viz. General Insurance Corporation of India, New India Assurance Company Limited, United India Insurance Company Limited, National Insurance Company Limited and Oriental Insurance Company Limited. The Report was finalised by the Audit Board with the assistance of Shri K. C. Mishra, Director, National Insurance Academy, Pune and Shri D. B. Malik Managing Director (Retd.), Loss Prevention Association of India, Mumbai, a subsidiary of GIC - the two technical experts appointed by the Government of India (the Ministry of Finance) as special invitees.

This Report as set out in the succeeding chapters is based on test check of records of the Corporate offices as well as 32 Regional Offices, 160 Divisional Offices, and 128 Branch Offices of the four general insurance companies and the discussions held with the Managements of these companies and the administrative Ministry. Audit of reinsurance was conducted at GIC and at the Reinsurance Departments in the Head Offices of the four general insurance companies.

The cases mentioned in the Report are among those which came to notice in the course of audit conducted during the year 2007-08.