

The cover features a vibrant green background with a large, stylized sunburst or flower-like pattern. The pattern is composed of numerous concentric rings of white dots, creating a sense of depth and movement. The text 'ANNUAL REPORT' is centered within the inner rings, and the large number '23' is positioned to the right, partially overlapping the pattern. The overall aesthetic is modern and energetic.

ANNUAL  
REPORT

23

A black and white portrait of Desmond Blades, an elderly man with glasses and a mustache, wearing a striped shirt. He is looking slightly to the right of the camera with a gentle smile. The background is a soft, out-of-focus light grey.

**1920**

## Operating in Jamaica

General Accident started operations in Jamaica in the 1920's as agents for the worldwide insurance company of General Accident Fire & Life Assurance Corporation, GAFLAC, located in Perth Scotland, an 1885 entity with significant presence in 45 countries.

**1981**

## Founder

Desmond Blades, the Barbados-born businessman made Jamaica his home in 1981 and began to etch his name in the annals of local private sector history.

**1981**

## Joint Partnership

General Accident Fire & Life Assurance Corporation "GAFLAC" - A Scotland-based global insurance company and Musson Group of Companies formed a Joint Partnership.

**1998**

## Wholly-Owned

Musson (Jamaica) Limited became the sole parent of General Accident.

**1998**

## Brand Retained

General Accident retained its brand, underwriting and management philosophies it was known for in the insurance and reinsurance industries, which have served the Company and its policyholders well for 30 years.



**2011**

## Listed on Stock Exchange

In 2011, General Accident listed 20% of its ordinary shares on the Junior Market of the Jamaica Stock Exchange and became the only publicly-traded general insurance company in Jamaica.

**2016**

## AutoSMART Launched

AutoSmart Insurance, a cutting-edge product developed by General Accident, addresses the unmet requirements of a neglected segment within the general insurance sector. With its innovative interface, AutoSmart revolutionises the Jamaican insurance landscape by providing a wide array of protection options.



**2019**

## Trinidad Acquisition

General Accident acquired a majority stake in Motor One Insurance Company Limited ("Motor One"), a Trinidadian motor insurance company headquartered in Port of Spain with a large branch network throughout Trinidad.

**2020**

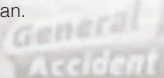
## Barbados Acquisition

In May 2020, General Accident acquired a licence in Barbados and operations began.


**2023**

## Stock Exchange Main Market

General Accident graduated to the main Market of the Jamaica Stock Exchange.



General  
Accident



Mussa



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**PROXY FORM**



# GENERAL ACCIDENT AT A GLANCE



# PURPOSE & VISION







## OUR **PURPOSE**

General Accident Insurance Company (GenAc) offers a wide range of innovative, affordable general insurance products to deliver financial protection and peace of mind to individuals, families and businesses, while building a trained and well-compensated staff complement and delivering a fair return on investment to our shareholders.

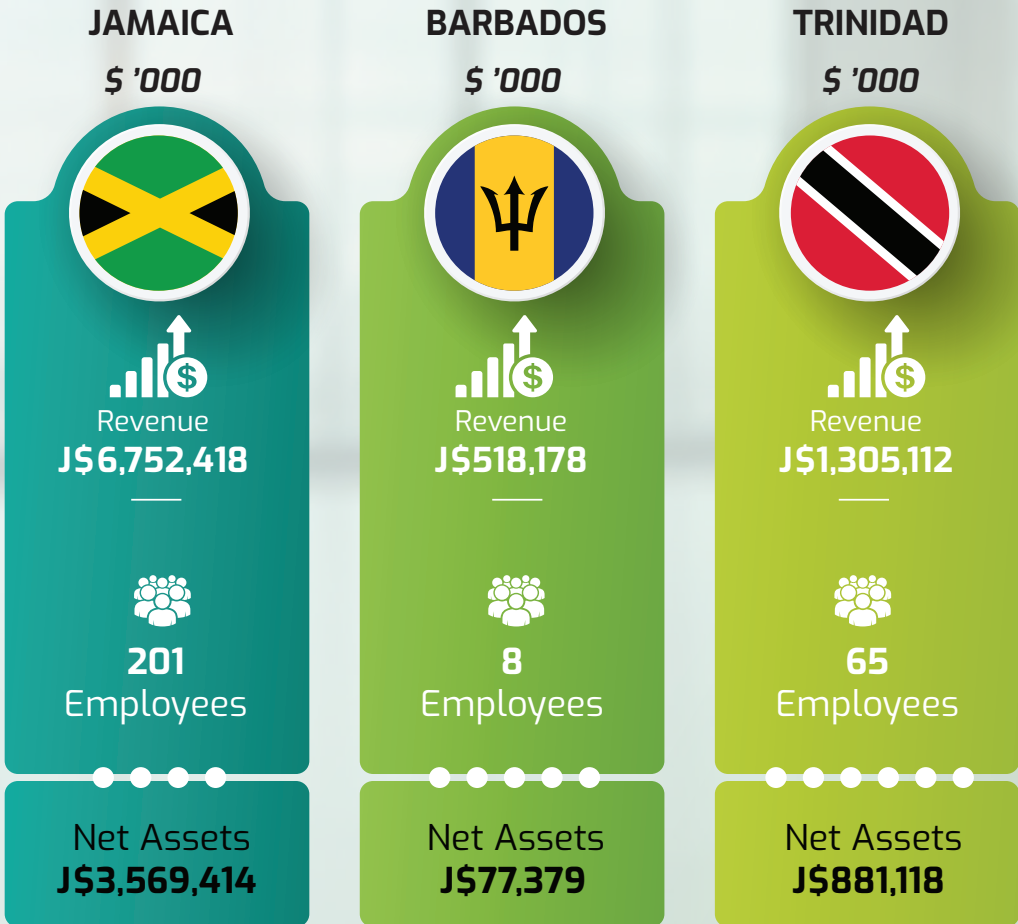
## OUR **VISION**

General Accident Insurance Company (GenAc) is a regional market leader in the general insurance sector contributing to Caribbean development through sound risk transfer mechanisms and excellent customer service. We build robust and long-term financial health through profitable, sustainable growth, supported by state of the art digital technology and innovative corporate social responsibility programmes.



# CORPORATE STRUCTURE

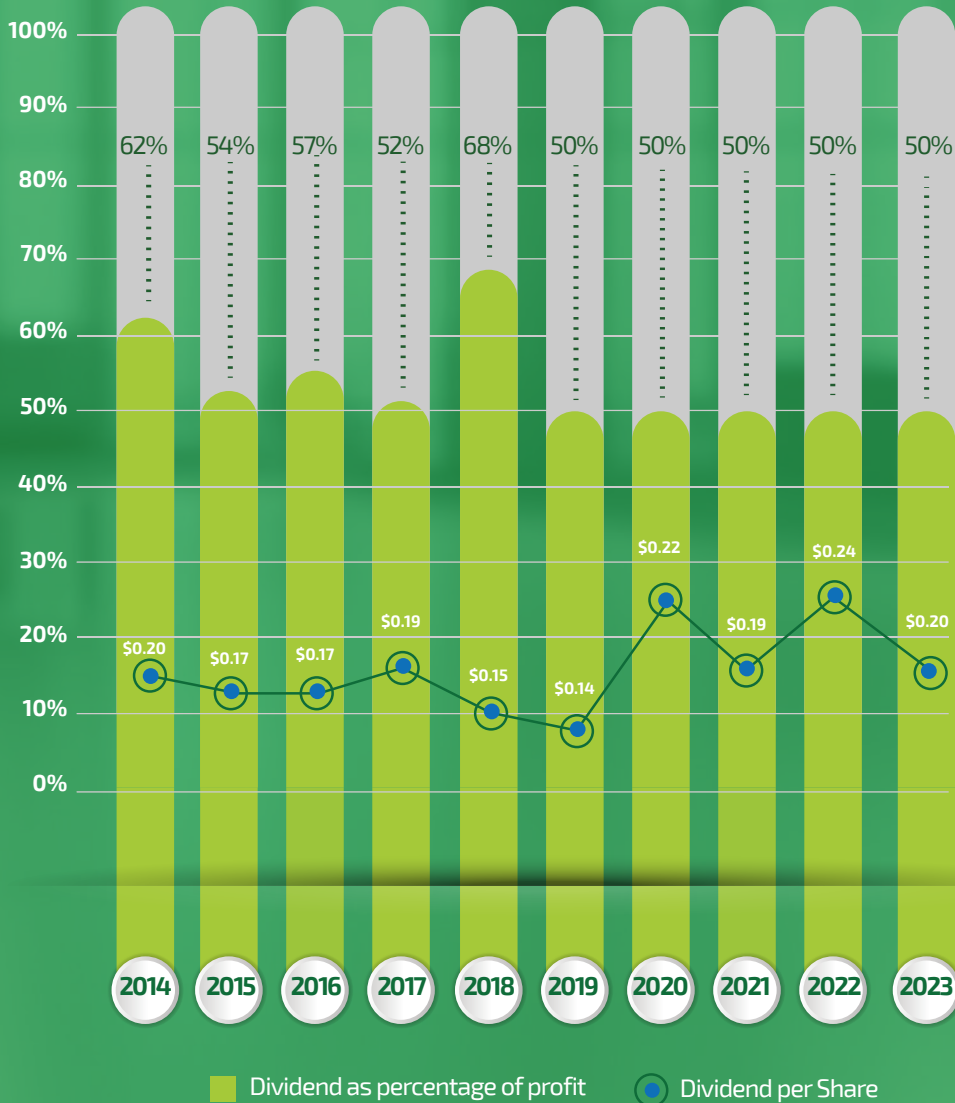
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# KEY PERFORMANCE HIGHLIGHTS

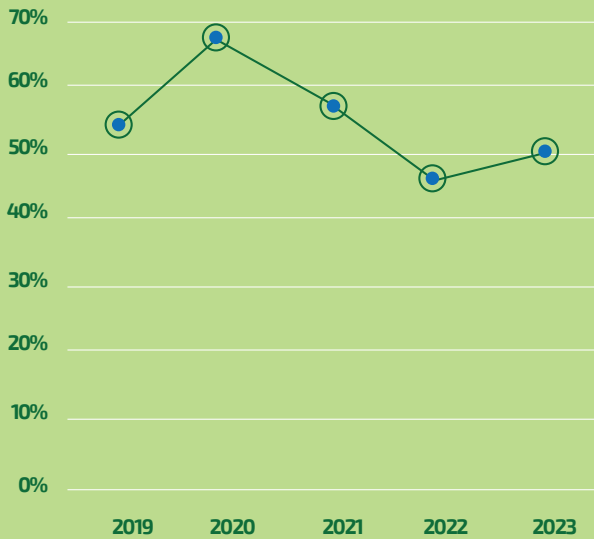
## CONSISTENT SHAREHOLDERS DIVIDEND





# KEY PERFORMANCE HIGHLIGHTS

CONSOLIDATED LOSS RATIOS OVER FIVE YEARS



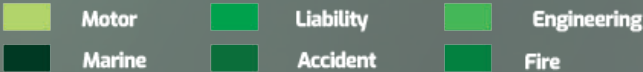
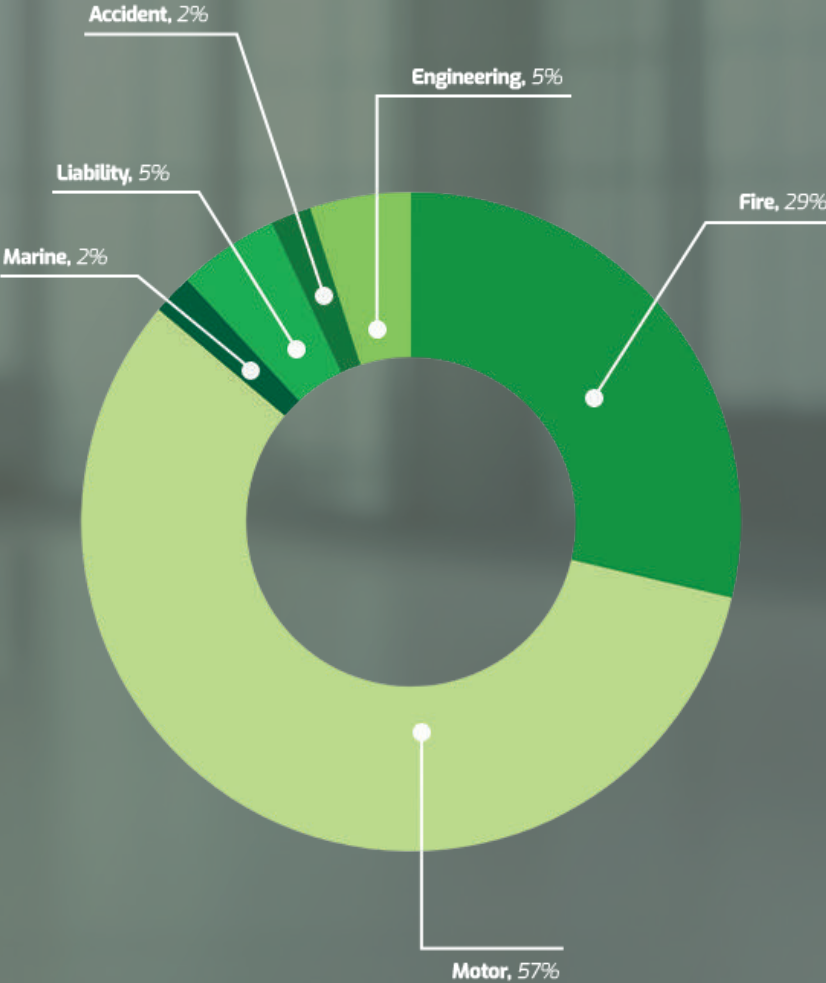
CONSOLIDATED COMBINED RATIO





# KEY PERFORMANCE HIGHLIGHTS

## CONSOLIDATED PORTFOLIO COMPOSITION





# 10 - YEAR STATISTICAL REVIEW

|   | 2023       | RESTATED<br>2022 | 2022       | 2021       | 2020       |
|---|------------|------------------|------------|------------|------------|
|   | (J\$'000)  | (J\$'000)        | (J\$'000)  | (J\$'000)  | (J\$'000)  |
| <b>EMPLOYEES</b>                            | 274        | 259              | 259        | 229        | 205        |
| <b>GROSS WRITTEN PREMIUMS (IFRS 4)</b>      | 18,967,162 | 15,114,209       | 15,114,209 | 13,959,807 | 12,044,990 |
| <b>INSURANCE REVENUE (IFRS 17)</b>          | 8,575,708  | 6,666,555        | -          | -          | -          |
| <b>CLAIMS INCURRED (IFRS 4)</b>             | 2,123,319  | 1,508,337        | 1,508,337  | 1,751,360  | 1,816,926  |
| <b>INSURANCE SERVICE EXPENSES (IFRS 17)</b> | 5,637,217  | 4,151,051        | -          | -          | -          |
| <b>UNDERWRITING PROFIT/(LOSS)</b>           | 300,204    | 386,614          | 386,614    | 80,317     | 1,445      |
| <b>INSURANCE SERVICE RESULTS (IFRS 17)</b>  | 696,106    | 619,226          | -          | -          | -          |
| <b>PROFIT BEFORE TAX</b>                    | 740,495    | 891,331          | 708,167    | 259,695    | 259,536    |
| <b>PROFIT AFTER TAX</b>                     | 548,268    | 780,394          | 597,230    | 149,236    | 193,812    |
| <b>CASH DIVIDENDS</b>                       | 202,526    | 250,573          | 250,573    | 196,701    | 222,668    |
| <b>LOSS RATIO</b>                           | 47%        | 45%              | 45%        | 58%        | 66%        |
| <b>RETURN ON EQUITY</b>                     | 14%        | 23%              | 20%        | 5%         | 6%         |
| <b>DIVIDEND PAYOUT RATIO</b>                | 50%        | 50%              | 50%        | 50%        | 50%        |



# 10 - YEAR STATISTICAL REVIEW

|   | 2019       | 2018      | 2017      | 2016      | 2015      | 2014      |
|---|------------|-----------|-----------|-----------|-----------|-----------|
|   | (J\$'000)  | (J\$'000) | (J\$'000) | (J\$'000) | (J\$'000) | (J\$'000) |
| <b>EMPLOYEES</b>                            | 132        | 131       | 111       | 91        | 90        | 78        |
| <b>GROSS WRITTEN PREMIUMS (IFRS 4)</b>      | 10,727,828 | 8,735,797 | 7,106,254 | 5,649,097 | 6,112,355 | 5,072,375 |
| <b>INSURANCE REVENUE (IFRS 17)</b>          | -          | -         | -         | -         | -         | -         |
| <b>CLAIMS INCURRED (IFRS 4)</b>             | 1,205,328  | 1,023,022 | 1,087,590 | 746,073   | 696,480   | 678,558   |
| <b>INSURANCE SERVICE EXPENSES (IFRS 17)</b> | -          | -         | -         | -         | -         | -         |
| <b>UNDERWRITING PROFIT/(LOSS)</b>           | 442,136    | 174,768   | (35,532)  | 45,609    | 114,656   | 101,941   |
| <b>INSURANCE SERVICE RESULTS (IFRS 17)</b>  | -          | -         | -         | -         | -         | -         |
| <b>PROFIT BEFORE TAX</b>                    | 770,154    | 352,569   | 236,077   | 404,243   | 303,448   | 319,965   |
| <b>PROFIT AFTER TAX</b>                     | 651,558    | 285,370   | 221,236   | 386,879   | 304,418   | 320,078   |
| <b>CASH DIVIDENDS</b>                       | 142,684    | 150,047   | 200,001   | 175,003   | 172,219   | 203,878   |
| <b>LOSS RATIO</b>                           | 54%        | 63%       | 82%       | 66%       | 62%       | 63%       |
| <b>RETURN ON EQUITY</b>                     | 32%        | 15%       | 11%       | 22%       | 19%       | 22%       |
| <b>DIVIDEND PAYOUT RATIO</b>                | 50%        | 68%       | 52%       | 57%       | 54%       | 62%       |



# OUR STRATEGIC PRIORITIES

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## VALUE CREATION AND LONG-TERM SUSTAINABILITY

General Accident uses over 40 years of experience to create value for our shareholders, policyholders and employees while meeting all regulatory and due diligence requirements. We provide a suite of modern risk transfer mechanisms to facilitate commerce and protect the assets of companies and people by reducing risk and uncertainty. We safeguard national economic health with our knowledge of risk assessment and management, and solid insurance underwriting techniques. Using sound investment decisions and a strategy of managed growth, we have built a solid balance sheet to ensure long term financial stability.

### SOUND INVESTMENT DECISIONS

Our investment policy is geared towards building a strong, growing balance sheet, by stringent asset/liability management and ensuring capital adequacy. Our investment decisions are influenced by cash flow imperatives, potential currency volatility and the inflation sensitivity of our underwriting liabilities. We target the optimal mix of investments to provide adequate returns for shareholders, while meeting all regulatory requirements.

### DISTRIBUTION CHANNELS

Our head office is located in Kingston, Jamaica and we write business through an islandwide network of insurance professionals. We have embarked on a regional expansion programme, and now offer insurance products in Trinidad and Tobago and Barbados. Our distribution partners are essential to our business model and we regard our producers as strategic drivers of our success. We continue to look for other expansion opportunities within the Caribbean.

### FAST, FAIR CLAIMS SETTLEMENT

We believe the true test of an insurance policy is when a claim is made. We endeavour to meet our customers' expectations for fair, flexible, and accessible claims service through simple processes and fast turnaround times. We see claims handling as an opportunity to reinforce the trust of our clients and build customer loyalty.

### ROBUST RISK MANAGEMENT

Insurance coverage reduces risk and uncertainty. We rely on a comprehensive risk management framework to ensure risk tolerance limits are adhered to, particularly regarding critical reinsurance support. Regulatory capital adequacy is central to our continuity, and our risk strategies are designed to ensure that legal requirements are met or exceeded.

### DEVELOPING THE GENAC TEAM

Our staff complement is one of our most important resources. We are committed to recruiting, training, and keeping the right people,





providing them with a culture of excellence and opportunity. We create value for our employees by investing in their capabilities and potential through training and development programmes.

### UTILISING INFORMATION TECHNOLOGY

A digital transformation is well underway at GenAc. We now deliver a range of online services to our customers, with improvements being added all the time. We seek to ensure our customers receive superior service, whether they contact us by telephone, e-mail, or via our website. Our growing expertise in data analytics allows us to respond quickly and appropriately to changing market conditions.

### MAXIMISING EARNINGS

Our growth initiatives remain:

- Growth in value-priced and profitable product lines
- Payment of dividends to shareholders
- Steady strengthening of our balance sheet, liquidity base and capital to provide the essential foundation for growth
- Consistent improvements in operational efficiencies, as we aim to deliver service

that exceeds our clients' and our business partners' expectations

### MAINTAIN CORPORATE SOCIAL RESPONSIBILITY

We regard our good reputation as a critical long-term asset, and we are committed to the principles of corporate social responsibility. We ensure our operations benefit the economy, the society and the environment. With the consistent guidance and expertise of our Board of Directors, we seek to:

- Provide a productive, well-compensated and incentive-driven work environment for our employees
- Involve our staff members in outreach efforts to support education, under-served children and the natural environment
- Ensure all we do is grounded in high standards of integrity and ethical conduct





# OUR BRAND PROMISE

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## SOLID FOUNDATION



We maintain financial strength to ensure consistent profitable growth.

## INNOVATION



We are creative, willing to make bold decisions and challenge the status quo.

## BRAND PROMISE



Our values are at the heart of how we do business. They guide us in everything we do - from performing our regular daily responsibilities to making important decisions.

## PERFORMANCE



We strive for service that exceeds customer expectations.

## INTEGRITY



We are honest and fair in all our actions.

## RESPONSIBILITY



We have a strong sense of responsibility towards our customers, society, the environment and each other.

# PROVIDING A WORLD OF **COVERAGE** FOR YOUR WORLD... YOUR FAMILY.

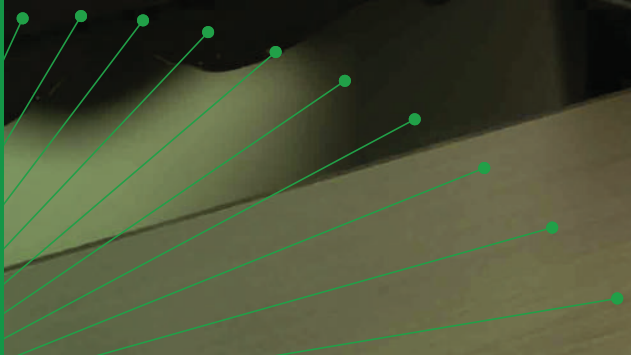


Secure your valued assets from home to motor insurance.  
Our dedicated team is committed to providing the  
best service every step of the way.

SCAN FOR MORE



# NOTICE OF ANNUAL GENERAL MEETING







# NOTICE OF ANNUAL GENERAL MEETING

## GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED

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NOTICE IS HEREBY GIVEN THAT the annual general meeting of General Accident Insurance Company Jamaica Limited (the "Company") will be held at 9:00 am on September 13, 2024, at 58 Half Way Tree Road for shareholders to consider and, if thought fit, to pass the following resolutions:

### Ordinary Resolutions

1. To receive the report of the Board of Directors and the Audited Accounts of the Company for the financial year ended December 31, 2023.
2. To authorise the Board of Directors to reappoint PricewaterhouseCoopers as the auditors of the Company and to fix their remuneration.
3. To re-appoint the following Directors of the Board who have resigned by rotation in accordance with the Article of Incorporation of the Company and, being eligible, have consented to act on reappointment:
  - (a) To re-appoint Gregory Foster as a Director of the Board of the Company.
  - (b) To re-appoint Matthew Lyn as a Director of the Board of the Company.
  - (c) To re-appoint Duncan Stewart as a Director of the Board of the Company.
4. To authorize the Board of Directors to fix the remuneration of the Directors.
5. To approve the aggregate amount of interim dividends declared by the Board during the financial year ended 31<sup>st</sup> December 2023, being \$202,527,188 or 19.639 cents per ordinary share, as the final dividend for that year.

**Signed this 2<sup>nd</sup> day of May, 2024 by Order of the Board**

Lesley Miller

**CORPORATE SECRETARY**

# SAFEGUARD YOUR HOME

**AGAINST LIFE'S UNCERTAINTIES.**



Your home is more than just a place,  
it's a reflection of your dreams and aspirations.  
Don't leave its protection to chance.

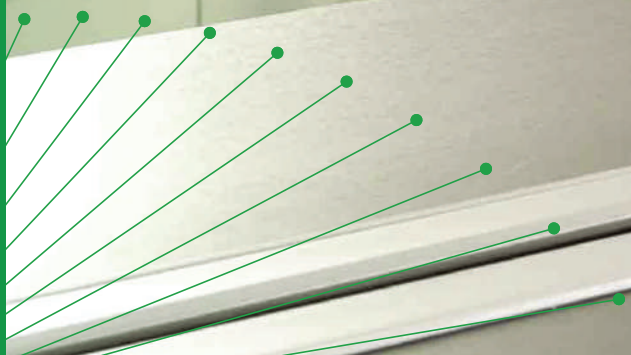
SCAN FOR MORE



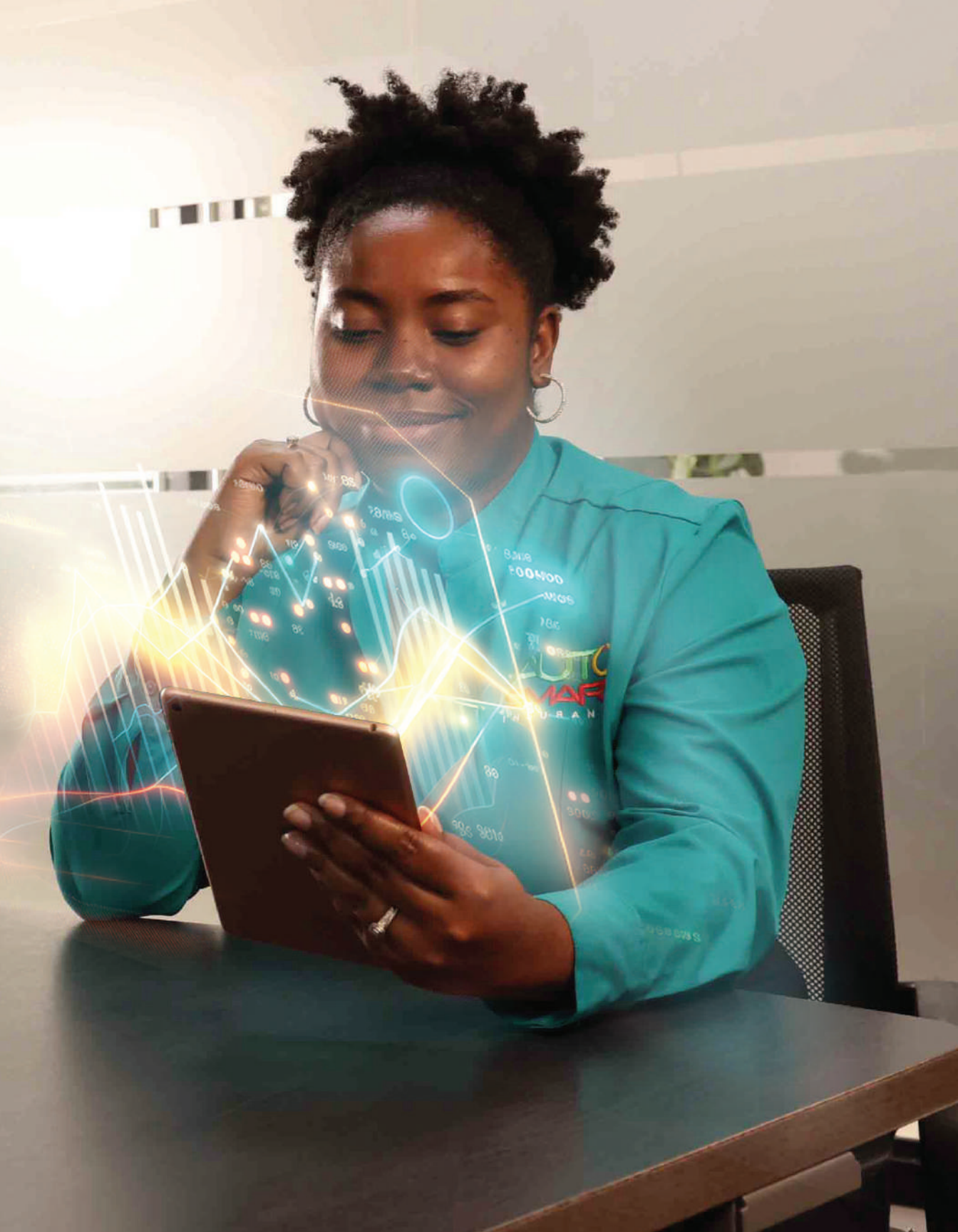
Get a quote online today at  
[genac.com](http://genac.com)



# CORPORATE GOVERNANCE









**PAUL B. SCOTT**  
Chairman

# CHAIRMAN'S REPORT

ANNUAL REPORT 2023



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*In 2023, General Accident continued to execute our strategy of building a leading regional general insurance company. Our brand, people, relationships and technology allowed General Accident to deliver a record financial performance while steadfastly adhering to our long-term strategy. This consistent focus on our strategic goals inspires confidence and optimism in our stakeholders.*

For the financial year ended December 2023, General Accident recorded the highest insurance revenue in our history. We achieved insurance revenue of \$8.6 billion, an increase of \$1.9 billion or 29% over 2022, and profit before tax of \$740.5 million. Further, General Accident produced a 14% return on equity and distributed \$202.5 million of dividends to our shareholders.

General Accident continues to make noteworthy progress towards our goal of building a leading regional general insurance company. In Jamaica, we cemented our position as the largest underwriter of general insurance risks, with gross written premiums of \$17.0 billion, an increase of \$3.1 billion or 22% over 2022.

In Trinidad, we grew gross written premiums by 57% over 2022, while in Barbados, we grew gross written premiums by 52% over 2022. This significant growth is a direct result of our team's unwavering dedication and commitment, our investments in technology, our strong relationships with supportive business partners, and our robust corporate governance framework. Additionally, our property and motor business segments in Jamaica enjoyed another year of strong premium growth and profitability. Despite expansion in all three markets, our continued top-line growth has not come at a sacrifice to our commitment to strict underwriting discipline.

General Accident's consolidated profits in 2023 reflect our continued investment in our growing subsidiaries in Trinidad and Barbados. While these investments

have had a short-term impact on our financial results, they will create considerable value for General Accident over the long run. In 2022, we were pleased to achieve profitability in Trinidad within our first 3 years of operations. In 2023, our Barbados operation was close to break even, and we expect to achieve profitability this year. The fact that we will achieve profitability within the first few years of operation despite a challenging operating environment in these new markets is a testament to our team and our strategy.

Our growing presence in all three of the Caribbean's largest insurance markets diversifies our underwriting risk and creates economies of scale. This scale allows General Accident to invest, develop and deploy digital insurance solutions efficiently.

The year ahead will likely continue to be categorized by tightening conditions in insurance markets globally. The Caribbean markets in which we operate will be no exception. General Accident has developed deep relationships with our reinsurers over decades and has consistently delivered on our promises to these key partners. This commitment differentiates General Accident in tough market conditions. We are pleased to report that General Accident not only continued to receive support from its reinsurers but has been one of the few regional insurers to increase its capacity. This is a validation of our strategy and is very positive for our shareholders, clients, and the countries in which we operate. In many instances, General Accident will be critical to ensuring that adequate insurance coverage is available in Jamaica, Trinidad and Barbados, providing a sense of security to all stakeholders.

I would like to take this opportunity to thank all of the directors, employees and, of course, customers for supporting General Accident in 2023.

Sincerely,



# DIRECTORS' REPORT

AS AT DECEMBER 31, 2023

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The Directors are pleased to present their report for General Accident Insurance Company Jamaica Limited for the financial year ended December 31, 2023.

## FINANCIAL RESULTS

The Statement of Comprehensive Income for the Group shows pre-tax profits for the year of \$740.5 million, taxation of \$192.2 million and a net profit after tax of \$548.3 million. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Group, are set out in the Management Discussion and Analysis and the Financial Statements, which are included as part of this Annual Report.

## DIRECTORS

The Directors of the Company as at December 31, 2023, are: P.B. Scott, Melanie Subratie, Sharon Donaldson, Gregory Foster, Lesley Miller, Christopher Nakash, Jennifer Scott, Nicholas Scott, Duncan Stewart, Matthew Lyn and Brian Jardim.

The Directors to retire by rotation in accordance with the Articles of Incorporation are: Gregory Foster, Matthew Lyn and Duncan Stewart but being eligible, will offer themselves for re-election.

## AUDITORS

The auditors of the company, PricewaterhouseCoopers of Scotiabank Centre, Duke Street, Kingston, Jamaica, have expressed their willingness to continue in office. The Directors recommend their re-appointment.

## DIVIDEND

A dividend of 19.639 cents per share paid on December 18, 2023, is proposed to be the final dividend in respect of the financial year ended December 31, 2023.

# DON'T WORRY. YOU'VE GOT BACKUP.

Get a Backup Plan today!



Get a Backup Plan that fits your lifestyle and budget seamlessly.  
Safe, fast and secure! Visit us at [genac.com/bb](https://www.genac.com/bb)



Scan for more info





# DIRECTORS' PROFILE

AS AT DECEMBER 31, 2023

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**PAUL B. SCOTT**  
CHAIRMAN

PB Scott is the Chairman, CEO and principal shareholder of the Musson Group.

He joined the group in 1994, became CEO in 2004, and in 2009 was appointed Chairman of the Board. He is responsible for the strategic direction, performance and overall operations of the Musson Group and all of its subsidiaries, including the Facey Group, PBS Group, Seprod, T. Geddes Grant Distributors Ltd. and General Accident Insurance Company Ltd. among others.

In addition to his responsibilities at Musson he serves on many public boards and commissions. He is a trustee of the American International School of Jamaica and currently is Chairman of the Development Bank of Jamaica. He is a past President of the Private Sector Organization of Jamaica.



**SHARON DONALDSON**  
MANAGING DIRECTOR

Sharon Donaldson has been the Managing Director of the Company since 2008. She holds a Bachelor of Laws (LL.B.) from the University of London and an MBA from the University of Wales. She is a Chartered Accountant; a fellow member of the Institute of Chartered Accountants of Jamaica and an Attorney-at-Law.

Ms. Donaldson represents the local general insurance industry in discussions with the Financial Services Commission, is treasurer for the Council of the Institute of Chartered Accountants of Jamaica and heads the committee of Professional Accountants in Business.

Ms. Donaldson is also a Director of Musson (Jamaica) Limited, the parent company to General Accident and Eppley Limited. She serves as a Director and mentor of 13B Student Living Limited and Paramount Trading Jamaica Limited. She is also a member of the Jamaica Anti-Doping Commission.



**GREGORY ST. HUGH FOSTER**  
EXECUTIVE DIRECTOR

Gregory Foster is an executive Director of the Company and a member of the Audit Committee of the Board. He serves as the Group's Chief Operating Officer.

He obtained his Association of Chartered Certified Accountant (Glasgow, UK) professional qualification in 2006, and is also a member of Institute of Chartered Accountants of Jamaica.



# DIRECTORS' PROFILE

AS AT DECEMBER 31, 2023

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## MELANIE SUBRATIE DEPUTY CHAIRMAN

Melanie Subratie is a non-executive Director of the Company and holds a B.Sc. (Hons) from the London School of Economics. She is Chairperson of the Investment Committee of the Board.

Mrs. Subratie is Chairperson and CEO of Stanley Motta Ltd. and Vice Chairman of Musson (Ja) Ltd. She is also the Vice Chair of Eppley Ltd. and sits on the Executive Board of the Seprod Group of Companies and all its subsidiary boards. She chairs the Audit Committee for both Productive Business Solutions Ltd and Seprod Ltd.

She is Chairperson of Seprod Foundation, Musson Foundation, Jamaica Girls Coding and RISE Life Management.

Mrs. Subratie is an Angel investor and sits on the Boards of LoanCIRRUS, Bookfusion, and First Angels. She is fourth Vice President of the Jamaica Chamber of Commerce.



## BRIAN JARDIM INDEPENDENT NON EXECUTIVE DIRECTOR

Brian Jardim is an independent non-executive Director of the Company. He is the founder and CEO of Rainforest Seafoods Ltd., the leading seafood harvester, processor and distributor in the Caribbean.

Mr. Jardim currently serves as a director on the Board of the Jamaica Observer, We Care for Cornwall Regional Hospital, and Industrial Chemical Company among others.

He is a Certified Public Accountant (CPA), a graduate of the University of Florida where he obtained a MSc. in Financial Accounting and a BSc. in Business Administration. He also holds a Diploma in Business Administration from Ryerson University.



## NICHOLAS A. SCOTT NON EXECUTIVE DIRECTOR

Nicholas Scott is a non-executive Director of the Company and the Chief Investment Officer for the Musson Group. He also serves as the Managing Director of Eppley Ltd. and as a Director of many of the Musson subsidiaries and affiliates including Seprod.

He returned to Jamaica in 2009 after working as a private equity investor and investment banker at the Blackstone Group in New York and Brazil.

Mr. Scott holds a BSc. in Economics (Magna Cum Laude) from the Wharton School at the University of Pennsylvania, an MBA (Beta Gamma Sigma) from Columbia Business School and a MPA from the Harvard Kennedy School of Government.



# DIRECTORS' PROFILE

AS AT DECEMBER 31, 2023

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**LESLEY MILLER**  
**EXECUTIVE DIRECTOR & COMPANY SECRETARY**

Lesley Miller is the Company Secretary and an Executive Director of the Company.

Mrs. Miller is the Group Chief Information Officer of General Accident Insurance. Prior to that Mrs. Miller was the Head of Business Operations at Digicel Jamaica where she spent several years in various senior roles.

Mrs. Miller holds a B.Sc. in Computing & Information Technology (Hons.) from the University of Technology Jamaica and an M.B.A in Banking & Finance (with distinction) from the University of the West Indies. Lesley is certified by the Project Management Institute as a Project Management Professional (PMP®).



**CHRISTOPHER NAKASH**  
**INDEPENDENT NON EXECUTIVE DIRECTOR**

Christopher Nakash is an independent non-executive Director of the Company. Mr. Nakash brings to the Board his management experience, gained as Chief Executive Officer of Nakash Construction & Equipment Limited.

In the past, Mr. Nakash also served as General Manager of Netstream Global (2003 to 2008), and he was also a founding member and Director of the Riverton Improvement Association and Intelligent Multimedia Limited. Mr. Nakash holds a BBA from University of New Brunswick, Canada.



**DUNCAN STEWART**  
**NON EXECUTIVE DIRECTOR**

Duncan Stewart is an independent, non-executive Director of the Company. He is one of the family leaders of Stewart's Auto Sales Ltd. and its affiliated companies, Stewart's Auto Paints Ltd., Tropic Island Trading Co. Ltd. and Silver Star Motors Ltd.

He joined his family's business as a 3rd generation member in 1985 after graduating with a B. Eng. (Mech) degree from McGill University. He learned the business by working his way through the ranks, learning and following the family's culture of service.





# DIRECTORS' PROFILE

AS AT DECEMBER 31, 2023

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**JENNIFER SCOTT**  
NON EXECUTIVE DIRECTOR

Jennifer Scott is a non-executive Director of the Company. Mrs. Scott holds a B.Sc.(Hons) in Psychology from Newcastle University, United Kingdom, a Graduate Diploma in Legal Studies from Keele University, UK, and Certificate of Legal Practice from the College of Law, London. She was admitted as a Solicitor of Supreme Court of England and Wales.

She attended Norman Manley Law School, and was admitted as an Attorney-at-Law of the Supreme Court of Jamaica in 2014. She is a consultant at Clinton Hart & Co., Attorneys-at-Law, specialising in financial securities and corporate law.



**MATTHEW LYN**  
NON EXECUTIVE DIRECTOR

Matthew Lyn is an independent non-executive Director of the Company. Mr. Lyn is the Chief Operating Officer of the CB Group and its related companies, including CB Foods Ltd., Newport Mills Ltd. and Imagination Farms Ltd. He holds a B.B.A from the Goizuetta Business School at Emory University.



# CORPORATE GOVERNANCE REPORT

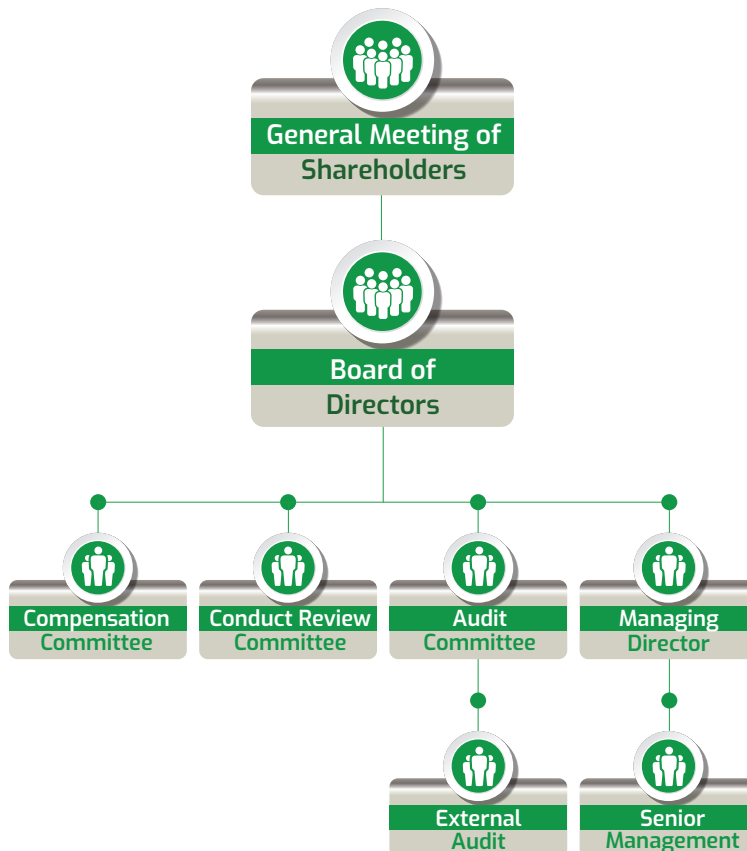
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## CORPORATE GOVERNANCE

Our Corporate Governance framework is designed to support the transparency and accountability of the people and processes in the Group as it expands its reach in the Caribbean region. The framework is documented in our Corporate Governance Policy, wherein prescribed practices conform with global best practices, the Private Sector Organisation of Jamaica's Code on Corporate Governance and the Jamaica Stock Exchange's Corporate Governance Guidelines.

The Group's corporate governance standards reflect the key tenets of responsibility, integrity, prudence, transparency and fair and equitable decision-making. It is the collective responsibility of the Board to supervise and direct the company's affairs in the interest of the growth and profitability of the business while providing an equitable return to the shareholders.

### CORPORATE GOVERNANCE FRAMEWORK





Our Directors and Committees are aligned with our strategic and corporate objectives and are tasked with monitoring and ensuring that the efforts of all stakeholders support those objectives.

#### **BOARD OF DIRECTORS**

The members of the Board and those entrusted with administering our Corporate Governance embody diversity, experience, and proven excellence in their fields. The Board is composed to promote balanced decision making and independence. The Board is comprised of eleven (11) members, a non-executive Chairman, seven (7) non-executive directors and three (3) executive directors.

#### **THE COMPENSATION COMMITTEE**

The Compensation Committee is responsible for oversight of executive remuneration packages. These packages are designed to reward performance and incentivize growth and are driven by the core organisation objectives and in alignment with necessary risk considerations.

#### **CONDUCT REVIEW COMMITTEE**

The committee has responsibility for oversight of the policies and procedures to ensure that the company conducts its affairs responsibly and in keeping with our values and the broad requirements of the Regulators. The committee is tasked with the prevention, identification and management of conflicts of interest and the disclosures around any such conflicts. The Conduct Review Committee comprises of six (6) directors. The committee meets at least three (3) times a year.

#### **AUDIT COMMITTEE**

The committee is responsible for providing oversight and advice to the Board on all matters relating to financial reporting, internal controls, and approval of financial reports to be circulated to all regulatory bodies.

The Audit Committee Comprises of four (4) non-executive directors and one (1) executive director.

The Audit Committee meets at least five (5) times for the year

#### **INVESTMENT AND LOAN COMMITTEE**

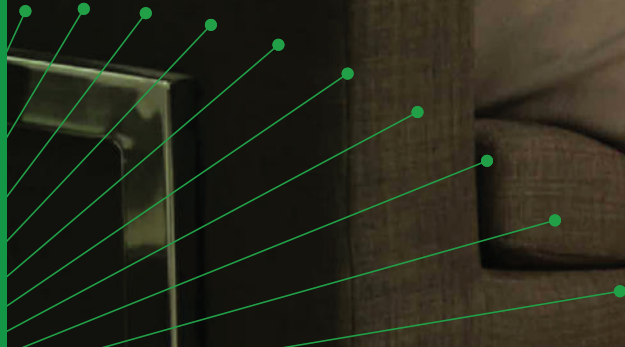
The Committee is responsible for driving the Group's investment strategy and ensuring that the strategy meets all compliance requirements, inter alia, liquidity, quality, and term of investments. The committee also ensures that any material financial arrangement meets regulatory standards and fits the credit risk appetite of the Company.

The Investment and Loan Committee comprises of five (5) non-executive directors and one (1) executive director. The committee meets at least four (4) times for the year.

The Corporate Governance Guidelines (CGG) for General Accident Insurance Company Jamaica Limited are available on our website at <https://www.genac.com>



# LEADERSHIP & OPERATIONS







# SENIOR LEADERSHIP TEAM



**SHARON DONALDSON**  
CEO & MANAGING DIRECTOR

Sharon Donaldson has been with the company for over 30 years, first joining as the Financial Controller in 1989 before becoming the Managing Director and CEO in 2008.

Sharon's primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Group and acting as the main point.



**GREGORY FOSTER**  
CHIEF OPERATING OFFICER

Gregory Foster is GenAc's Chief Operating Officer with responsibility for the underwriting, claims and AutoSmart divisions. Mr. Foster joined GenAc in 2014 with a strong background as an Audit Manager and has held his current position since January 2019.

He has accumulated over seven years of experience in providing audit services to a wide spectrum of clients, including government/public sector, financial services, and manufacturing and distribution.



# SENIOR LEADERSHIP TEAM



**NATASHA PETTIER**  
CEO (GATT)

Natasha Pettier is the Chief Executive Officer of General Accident Insurance Company Trinidad and Tobago Limited. She joined the Company in October 2019 as head of underwriting and insurance operations.

She holds a Bachelor of Laws (LL.B.), an MBA from the Heriot-Watt University, UK, is a Fellow of the Chartered Insurance Institute of London, a qualified Member of the Institute of Risk Management and a Health Insurance Associate. She has over 20 years' experience in the insurance industry and is involved with various committees of both the Association of the Trinidad and Tobago Insurance Companies and the Trinidad and Tobago Insurance Institute.



**WANDA MAYERS**  
GENERAL MANAGER (GAB)

Wanda Mayers is the General Manager of General Accident Insurance Company (Barbados) Limited. Her experience in general insurance includes customer service, marketing, reinsurance underwriting and claims. After becoming an Associate of the Chartered Insurance Institute (ACII) in the United Kingdom, she rose in the ranks at the Insurance Corporation of Barbados Limited, from Supervisor of the Reinsurance Department in 1993 to Assistant Vice President of Direct Underwriting and Customer Experience in 2015.

Her managerial experience was strengthened at Sagicor General Insurance Inc., as Vice-President for Underwriting in Barbados, ending in 2018. Mayers has tutored various subjects at the Insurance Institute of Barbados and has served as Director of several companies in the public and private sector.



# SENIOR LEADERSHIP TEAM



**LESLEY MILLER**  
CHIEF INFORMATION OFFICER

Lesley Miller joined GenAc as Chief Information Officer in January 2018 with responsibility for technology, business intelligence and digital marketing, bringing over 15 years' experience in the insurance and telecommunications industries to the Company.

Mrs. Miller holds a Bachelor of Science degree in Computing & Information Technology from the University of Technology (Jamaica) and an MBA in Banking and Finance from the University of the West Indies. She is a certified Project Management Professional and is a member of the Doctor Bird Chapter of the Project Management Institute.



**STUART ANDRADE**  
CHIEF FINANCIAL OFFICER

Stuart is a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica. He has over two decades of experience in Finance and Accounting. On October 2, 2023, Stuart was appointed as the Chief Financial Officer (CFO).

Stuart has worked in various capacities within the GraceKennedy Financial Group, PricewaterhouseCoopers, and Chamber Henry and Partners. His experience has exposed him to several industries, including manufacturing, banking, finance, and insurance. Apart from his work experience, Stuart is also a Commissioner/ Director of the Fair Trading Commission and Consumer Affairs Commission.





# SENIOR LEADERSHIP TEAM



**ARNOLD GERALD**  
CHIEF FINANCIAL OFFICER (GATT)

Arnold Gerald is a seasoned financial leader and a vital part of the General Accident team as the Chief Financial Officer (CFO). With an extensive background in financial accounting, modeling, and project management, Arnold is instrumental in driving the company's financial strategies and success. Arnold joined the General Accident family in June 2023, bringing over 25 years of distinguished experience to his role.

His decade-long immersion in the insurance industry uniquely positions him to navigate the financial intricacies of the sector. He holds a MSc in Professional Accountancy and is a Fellow of the Association of Chartered Certified Accountants. Arnold's proficiency in a wide range of financial disciplines contributes significantly to General Accident's financial stability and growth.

His strategic vision, coupled with his meticulous approach to financial planning and management, ensures the company's financial health and sustainability.



**MICHELLE ROBINSON**  
CHIEF INSURANCE OFFICER

Michelle Robinson joined General Accident in October 1990. From 1990 to 2011, Michelle served in various roles, including Management Trainee, Claims Manager and Marketing Manager. Michelle's varied experience developed her expertise in underwriting and claims for all lines of business. Michelle left General Accident in 2011, returning in 2021, after gaining invaluable experience in branch network management and regional oversight.

In her current role, Michelle oversees the operations of the Underwriting and Claims Departments and provides technical advice to our regional operations.

Michelle holds the ACII designation as a Chartered Insurer with the Chartered Insurance Institute, London.



# SENIOR LEADERSHIP TEAM

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**JANILLE JARRETT**  
GENERAL MANAGER - AUTOSMART

Janille Jarrett joined General Accident in May 2005, and has worked in the Customer Service, Underwriting and Broker Services departments. She advanced through the ranks and held the position of Management Trainee up to August 2015, when she migrated.

She re-joined us in July 2016 and was appointed Underwriting Manager - AutoSMART, which is a specialized insurance business unit within General Accident. Janille went on to spend four (4) years as the Motor Underwriting Manager for General Accident, and, under her management we saw a significant growth in our motor portfolio.

In January 2021, Janille was promoted to General Manager with responsibility for the Autosmart Business Unit. Janille holds Chartered Insurance Professional (CIP) Designation with the Insurance Institute of Canada.



**JAMALDA STANFORD-BROWN**  
BUSINESS DEVELOPMENT OFFICER

Jamalda Stanford-Brown joined GenAc as Business Development Officer in January 2018. She has a wealth of experience in auditing, risk assessment and reinsurance.

Mrs. Stanford-Brown holds a Bachelor of Science degree in Economics and Accounting from the University of the West Indies. She is a Certified Public Accountant, a Chartered Property and Casualty Underwriter and holds an Associate Degree in Reinsurance.



# THE ROAD CAN BE TOUGH, BUT YOU'RE TOUGHER

Take life by the wheel and steer towards peace of mind.  
We are here to ensure every turn of your journey is protected.  
Visit us at [genac.com/tt](http://genac.com/tt)

Scan for more info





# MANAGEMENT TEAM



**CAREEN NOLAN**  
SENIOR BROKER SERVICES  
MANAGER, JAMAICA



**PETAGAYE MCCOOK**  
LEGAL SERVICES MANAGER,  
JAMAICA



**DOUGLAS HAYDEN**  
INFORMATION TECHNOLOGY  
MANAGER, JAMAICA



**ANGELLA REYNOLDS**  
SENIOR RISK & REINSURANCE  
MANAGER, JAMAICA



**TANYA OAKLEY**  
BUSINESS INTELLIGENCE  
MANAGER, JAMAICA



**JANETTE COLE-SMITH**  
FINANCE & COMPLIANCE  
MANAGER, JAMAICA



**CAROL BARNETT**  
CLAIMS MANAGER,  
JAMAICA



# MANAGEMENT TEAM



**NATASHA PETTIER**  
CEO, TRINIDAD & TOBAGO



**ARNOLD GERALD**  
CHIEF FINANCIAL OFFICER,  
TRINIDAD & TOBAGO



**AARON STEWART**  
CLAIMS MANAGER,  
TRINIDAD & TOBAGO



**DIYYA ISHMAEL**  
MANAGER, UNDERWRITING AND  
BUSINESS DEVELOPMENT  
TRINIDAD & TOBAGO



**SHIVANNE RAMADHAR**  
ACCOUNTANT,  
TRINIDAD & TOBAGO



**WANDA MAYERS**  
GENERAL MANAGER,  
BARBADOS



**GAIL GRIFFITH**  
UNDERWRITER, BARBADOS

# MANAGEMENT DISCUSSIONS & ANALYSIS







# MANAGEMENT DISCUSSION & ANALYSIS

## STRATEGY STATEMENT

The dedicated team at General Accident Group continued to execute our strategy of building a leading Caribbean general insurance company in 2023, delivering growth, innovation, and profitability. Our brand is strong, our commitment to digital transformation is bearing fruit, and our relationships with reinsurers, customers, and producers provide the Group with a solid, loyal base.

## PROFITABILITY

General Accident Group produced a healthy financial performance in 2023. We achieved insurance revenue of \$8.6 billion, an increase of \$1.9 billion or 29% over 2022, and profit before tax of \$740.5 million. The Group produced a 14% return on equity and distributed \$202.5 million in dividends to our shareholders.

General Accident Jamaica maintained its position as the largest underwriter of general insurance risks in the island, with gross written premiums of \$17.0 billion, an increase of \$3.1 billion or 22% over 2022.

General Accident Trinidad achieved remarkable growth and profitability in 2023. With a robust premium increase of 57% over the prior

year, GenAc T&T has demonstrated its ability to attract and retain customers in a highly competitive market. This progress is a direct result of our exceptional team, improved technology, supportive business partners, and diligent corporate governance. GenAc T&T is poised for further expansion, having produced a profit before tax of \$56.6 million and an after-tax profit of \$42.1 million.

General Accident Barbados continued to gain traction in the Barbados insurance market in 2023, expanding by 52% over 2022, with gross written premiums of \$608.2 million, compared with \$210.4 million in the prior year. Growth was driven by the expansion of our property portfolio, with premiums increasing 82% over 2022. New business was the mainstay of this increase due to increased broker penetration and the expansion of our agent network. The motor portfolio grew by 33%, along with greater brand recognition. GenAc Barbados performed better than projected, largely as a result of careful cost management, and the 2023 net loss was \$12.2 million, an improvement over the 2022 net loss of \$18.7 million. As with the rest of the Group, GenAc Barbados prioritises improving efficiency by digitising its processes to ensure future profitability.



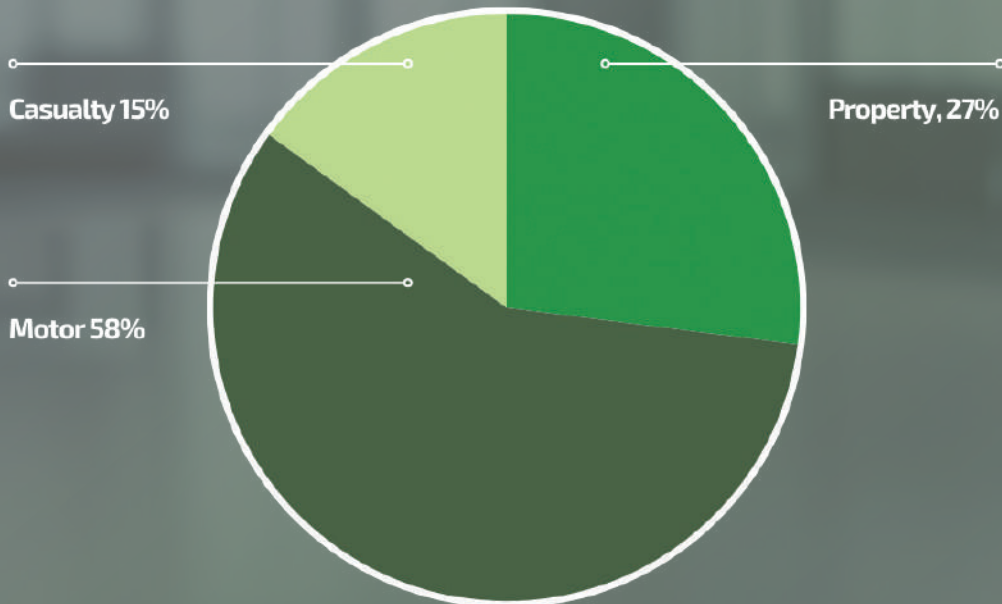


## CHANGE IN FINANCIAL REPORTING STANDARD FOR THE INSURANCE INDUSTRY

The year was not without its challenges. However, there was a change in financial reporting standards for the insurance industry in 2023, as IFRS 17 replaced the provisions of IFRS 4 related to insurance contracts. The adoption of IFRS 17 resulted in significant

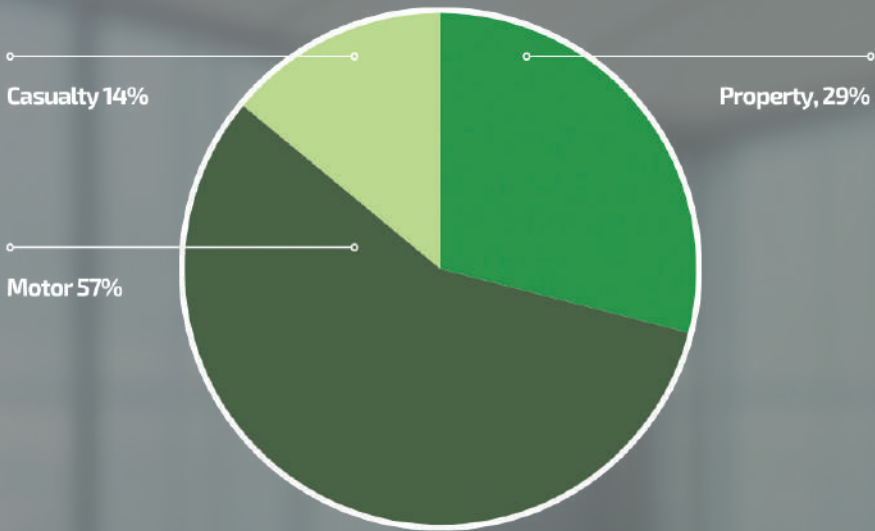
changes to the statement of Profit and Loss in 2023, the most significant being the removal of Gross Written Premiums from the face of the Profit and Loss statement. Net Insurance Revenue (Premiums) is now what is shown in the Profit and Loss statement. All financials referenced in this report are in accordance with the new standards, and we expect reporting in future years to go much more smoothly.

## INSURANCE REVENUE COMPOSITION 2022





### INSURANCE REVENUE COMPOSITION 2023



### FINANCIAL HIGHLIGHTS

#### GENERAL ACCIDENT GROUP

Consistent premium growth

Insurance revenue of \$8.6 billion

Profit for the year of \$548.3 million

Book value of \$4.0 billion

Total assets of \$9.8 billion

Earnings per share of \$0.52

#### GENERAL ACCIDENT JAMAICA

22 years of premium growth

Insurance revenue of \$6.8 billion

Profit for the year of \$524.4 million

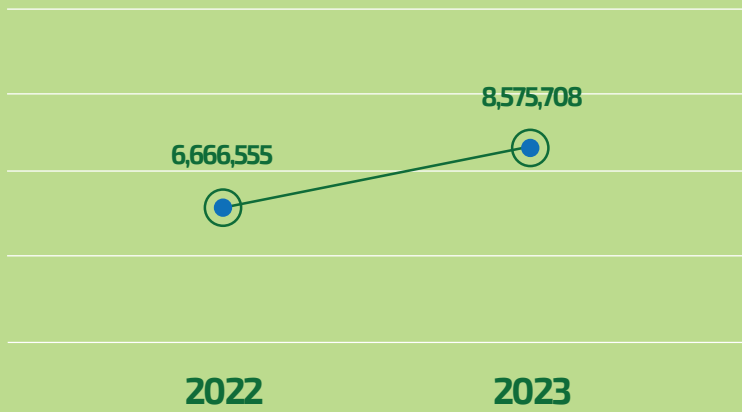
Book value of \$3.6 billion

Total assets of \$7.9 billion

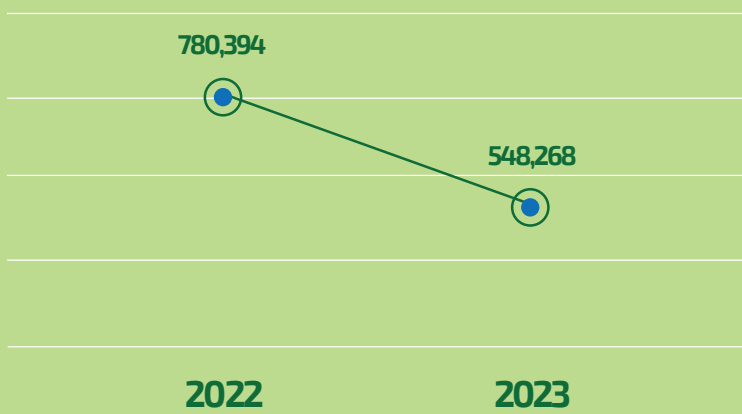
Profit attributable to shareholders was \$548.3 million in 2023. We paid dividends amounting to \$202.5 million in the year under review.



### INSURANCE REVENUE \$'000



### NET PROFIT \$'000





**INVESTMENT INCOME**

Investment income decreased by 22% to \$340.8 million, down from \$436.4 million in 2022. This decrease was due to negative unrealized fair value gains on our equities, as the general investment appetite in the market moved away from equities and real estate to repurchase agreements and certificates of deposit with higher yields.

**FINANCIAL STRENGTH**

General Accident Group is well capitalized with an equity book value of \$4.0 billion. Total assets increased by 9% to \$9.8 billion, up from \$9.0 billion in 2022. This provides the

required stability to weather any potential economic challenges in 2024 and beyond.

**CAPITAL MANAGEMENT**

The Group allocates its capital to maximize long-term shareholder value while maintaining financial strength. Our policy is to allocate capital to investment opportunities earning the highest risk-adjusted returns, as we seek to maintain a balance between higher returns and the security of a prudent capital position. We consistently meet required regulatory and solvency ratios and are pleased to report that we met all entities' regulatory capital and liquidity requirements in 2023.

| DESCRIPTION                          | BENCHMARK   | ACTUAL        |
|--------------------------------------|-------------|---------------|
| Jamaica MCT                          | 150.00%     | 161.29%       |
| Trinidad Regulatory Capital Required | 150.00%     | 219.17%       |
| Barbados Solvency Margin             | 500,000 BBD | 1,079,731 BBD |

**LOOKING AHEAD**

General Accident's presence in all three of the Caribbean's largest insurance markets creates economies of scale that enable us to invest in, develop and deploy digital insurance solutions. Notably, as a growing player in Trinidad and Tobago and Barbados, we derive a competitive advantage from the streamlined business processes we have been working on for the past several years. We look forward to increased operating efficiency in 2024 across all territories.

The Group remains focused on consolidating our market leadership in Jamaica, growing our business in Trinidad and Tobago and Barbados, and advancing our digital transformation process. We remain committed to achieving our strategic objectives with confidence and excitement. We will continue to leverage our market reach, digital capabilities, and financial strength to capitalize on opportunities to provide a full suite of insurance products to the Caribbean's largest insurance markets. We believe we have the right approach, culture,



and products to compete in a modern digitised, customer-focused marketplace.

I want to sincerely thank the Board of Directors for providing insight, guidance and support to General Accident's management and staff. To the hardworking staff members in Jamaica, Trinidad and Tobago, and Barbados, I offer my heartfelt gratitude and appreciation to you for your continued commitment to the success of the Group. To our brokers, agents and clients, thank you for your confidence in us. We take our brand promise of excellence seriously and will continue to deliver value to our customers, employees, business partners and shareholders.

**SHARON DONALDSON**

CEO & Managing Director





# RISK MANAGEMENT

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The Group’s business practices inherently expose General Accident to the risks associated with insurance contracts. Beyond that exposure, the Group faces regulatory, market and operational risks.

The Group is guided by its Risk Management Policy. Within this framework the Board has established committees to monitor the mitigation and management of these risks. The Board has overall responsibility for the

oversight of the Group’s risk management framework.

For each class of risk, the Risk Management Framework identifies the Group’s risk appetite and the potential outcomes that pose a threat to the achievement of the Group’s strategic objectives. Risk governance is supported by an internal Risk Committee.

The risk categories subject to Board oversight are set out below:

| TYPE OF RISK         | RISK DETAIL  | APPROACH  |
|----------------------|--|---|
| • UNDERWRITING RISK  | Adverse claims development.<br><br>Inadequate premiums.  | <ul style="list-style-type: none"> <li>• The Company adopts prudent reserve practices as we maintain reserves equal to our estimated ultimate liability losses and loss adjustment expenses.</li> <li>• We ensure risks are priced appropriately by regular review of underwriting results.</li> <li>• We practice effective diversification of risks.</li> </ul>                                     |
| • LIQUIDITY RISK     | The risk of insufficient cash flows to meet settlement obligations as they fall due.                         | <ul style="list-style-type: none"> <li>• We use cash flow forecasting.</li> <li>• We maintain sufficient liquid assets at required levels to meet our obligations at all times.</li> </ul>  |
| • OPERATIONAL RISK   | The risk of failure of internal processes and systems and loss of or inadequate human resources.             | <ul style="list-style-type: none"> <li>• We carry out frequent review of internal processes to identify vulnerabilities.</li> <li>• We have in place a structured programme for building our staff members capacity.</li> </ul>   |
| • REGULATORY CAPITAL | The risk of not meeting regulatory benchmarks.   | <ul style="list-style-type: none"> <li>• We carry out frequent modelling of the company’s capital components to ensure transaction decisions are made in such a way to avoid a drag on capital ratio.</li> </ul>  |
| • MARKET RISK        | The risk of economic losses on our investment portfolio resulting from price changes in capital markets.     | <ul style="list-style-type: none"> <li>• A diversified portfolio lies at the heart of our strategy. Investment duration and currency are managed to avoid any mismatch of assets and liabilities, whilst earning the maximum return at an acceptable level of risk.</li> <li>• We use appropriate limits and early warning ratios in our asset liability management to manage market risk.</li> </ul> |
| • CREDIT RISK        | The risk arising from the likely default as a result of changes in the financial position of a counterparty. | <ul style="list-style-type: none"> <li>• We manage credit risk by reviewing the balance sheet of counter parties in addition to using available market data to determine default probabilities.</li> </ul>  |

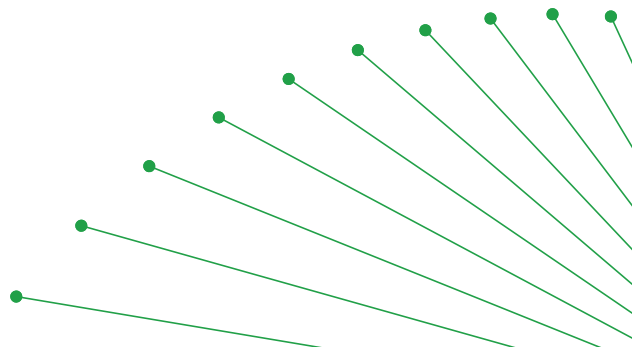


# RISK COMMITTEE

The Risk Committee is responsible for examining major risks faced by the Company for both assets and liabilities, reviewing tools for monitoring and controlling such risks by using outside risk experts when necessary. The Committee examines the main technical and financial underwriting commitments, claims reserving, risk concentration, counterparty limits, liquidity and operational risks, as well

as relevant changes in the regulatory environment.

The Risk Committee is comprised of seven members and is chaired by a member of the senior management team. It meets at least four times a year.



# CORPORATE SOCIAL RESPONSIBILITY







General  
Accident



# CORPORATE SOCIAL RESPONSIBILITY

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General Accident understands that fostering strong relationships with the community advances nation-building. We are committed to investing in the development of our youth and upliftment of vulnerable communities to support an environment in which Jamaicans can thrive and flourish.

Here are the highlights of our 2023 activities:

## READ ACROSS JAMAICA DAY

Celebrating the fun of reading, GenAc staff dedicated the morning of May 9 to visiting with not one but three corporate area schools in honour of Read Across Jamaica Day; Maisie Green Learning Centre, Dunrobin Primary School and St Joseph's Infant School.

Now familiar with some members of GenAc staff by name, students at Dunrobin Primary School were excited to share in the joy of reading with members of the team. The younger students and teachers at St Joseph's Infant School and the Maisie Green Learning Centre were equally happy to experience the captivating storytelling.

Read Across Jamaica Day is a national day started by the Jamaica Teachers' Association in 2005 to promote reading and literacy locally. Under the 2023 theme "Reigniting a passion for reading: Read more, read better" 17 GenAc staff members read stories from local and international authors to students in over 20 classes.

## BLOOD DRIVE

On June 16, 2023, GenAc staff members and customers converged at the Company's headquarters in Kingston to donate life-saving blood. The blood

drive is hosted annually in honour of World Blood Donor Day on June 14, 2023.

For the first time in the history of GenAc's annual blood drive, children awaiting heart surgery at the Bustamante Hospital for Children will see their chances improve as GenAc welcomed a third partner and Drive beneficiary, Chain of Hope.

The National Blood Transfusion Service, GenAc's blood drive partner, collected 55 units of blood from 76 registered donors exceeding the year's target of 50.

## MAISIE GREEN LEARNING CENTRE

The Maisie Green Learning Centre received continued support from the GenAc team in 2023. In addition to the time spent with the students for Read Across Jamaica Day, the early childhood development centre benefitted from a donation from the GenAc Sports Club and the Operations and Facilities Department towards their annual holiday event.

## CUSTOMER APPRECIATION DAY

Every year the policyholders of GenAc and AutoSmart are feted to an exciting day of discounts, activities and giveaways to mark their annual customer appreciation day. These were hosted in Montego Bay and Kingston on December 6, 2023 and December 8, 2023, respectively. Host Jenny Jenny engaged customers with fun activities and prizes at the 58 Half Way Tree head office location, making the event a lively occasion.



## HOUR OF CODE

For the second year in a row, GenAc staff members met with Drews Avenue Primary students fourth and fifth graders to share in an Hour of Code on Wednesday, December 6.

It supports the new curriculum and the Primary Exit Profile (PEP) that was recently introduced in Jamaican primary schools.

This global initiative, supported by the Musson Group and its subsidiaries reinforces problem-solving and critical thinking skills while emphasising teamwork.

The 2023 theme was Creativity with AI and the Drews Avenue Primary School students showed great interest in and aptitude for basic computer science.

## JAMAICA ENVIRONMENT TRUST (JET)

GenAc and Jamaica Environment Trust (JET) marked its 32nd year of partnership in 2023. GenAc honoured its annual commitment to the non-profit organisation with a donation of \$330,000 towards the operations of this local environmental leader.

In an act of solidarity with JET's mandate to protect Jamaica's natural resources using education, advocacy and the law to influence individual and organisational behaviour and public policy and practice.

## JAMAICA CANCER SOCIETY

In recognition of Breast Cancer Awareness Month (October), the GenAc team took to Hope Gardens to run or walk for the annual Pink Run. Later, on Thursday, November 30, 2022, GenAc made its annual donation to the Jamaica Cancer Society to aid in the treatment of cancer-fighting patients. This

year's donation was valued at \$136,000 and was accepted by Jamaica Cancer Society Acting Executive Director Michael Leslie.

## CONCLUSION

2023 represented a year of meaningful initiatives, embodying our values of community, education, and sustainability. As GenAc looks forward, these efforts lay the foundation for our ongoing mission to provide positive contributions to society as we play our role in building our nation.



Company in support of national cancer-fighting efforts on Thursday, November 30, 2022 at the Jamaica Cancer Society Offices in Kingston. Making the presentation to Jamaica Cancer Society's Acting Executive Director Michael Leslie (right) is General Accident Business Development Officer, Jamalda Stanford-Brown (left) with a cheque valued at \$136,000.



Walker during the third annual General Accident Blood Drive held on June 16 at 58 Half Way Tree Road.



Drive held on June 16 at 58 Half Way Tree Road.



GenAc Executive Director, Gregory S. Foster (right) at the General Accident Blood Drive held on June 16 at 58 Half Way Tree Road.



First-time donor and Business Intelligence Manager at GenAc, Tanya Oakley was all too excited to finally be able to donate at the third annual General Accident Blood Drive held on June 16 at 58 Half Way Tree Road.



After the reading, there was time for a dance. This little officer showed off his moves to GenAc's Senior Broker Services Associate, Suzanne Hall during GenAc's National Read Across Jamaica Day session at St Joseph's Infant School on May 9.



These second graders of Dunrobin Primary School had first-time Read Across Jamaica volunteer, GenAc Registry Clerk, Kyle Lawrence's full attention as he read "The Duck Pond" to the class during National Read Across Jamaica Day 2023 on May 9.



Students volunteer to decode an introductory encryption exercise during the Hour of Code session held by General Accident at Drew's Avenue Primary on December 6, 2023.



Students of grades four and five at Drew's Avenue Primary are excited about a session well spent as they learned about encryption during the Hour of Code session held on the school's campus on December 6, 2023.



Congratulations to the winners! GenAc Chief Operating Officer Gregory Foster captures the moment with selfie challenge winners Julienne Mullings (left) and Tanya Cox (right) during the General Accident Customer Appreciation Day event held at the 58 Half Way Tree Road on December 8, 2023.



Office attendant, Kevin Morris and GenAc customer, Terri Salmon dance the afternoon away during the General Accident Customer Appreciation Day event held at the 58 Half Way Tree Road on December 8, 2023.





# EMPLOYEE ENGAGEMENT

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Nurturing a culture of employee engagement is a cornerstone of GenAc's success. We focus on fostering a cohesive and motivated team by ensuring that every staff member feels valued.

## GENAC CHOIR CLUB

To provide a creative outlet for musical enthusiasts at GenAc outside of the standard work hours, the Evelyn & The Evelettes AKA the GenAc Choir was formed in 2022. The fifteen-member group made their first appearance at the Christmas concert at the Maisie Green Basic School shortly after its formation.

The choir performed at the 2023 Caribbean Insurance Conference, held in Montego Bay in June 2023, which was attended by reinsurers from Europe, the United States and other Asian countries, as well as representatives from the Caribbean insurance industry.

The choir continued to practice, providing entertainment at staff activities. In August, the choir performed for the staff at the inaugural "Summer Crocs-up" Emancipence celebration, also supported by the company dance group.

The GenAc choir closed the year with a performance at the staff Christmas dinner, led by the choirmaster on the keyboard along with his support team.

## HEALTH FAIR

In honour of World Health Day under the theme "Health for All" celebrated on April 7, GenAc held two activities for the day. The first was a "Know Your Numbers" session with free checks performed by health care professionals, including Body Mass Index (BMI), blood pressure and cholesterol. The

second activity was a "Stepz Competition" which encouraged healthy habits in the workspace, such as standing and moving around frequently. The individual with the most steps at the end of the workday was declared the winner.

## INTERNATIONAL WOMEN'S DAY

The women at GenAc were in for a special treat on International Women's Day celebrated on March 8. Deaf Can! Coffee staff was invited into the GenAc kitchen to prepare smoothies and whipped beverages for female team members.

## GENAC FOOTBALL TEAM

This year we also saw the resurrection of the GenAc football team. They entered the Insurance League with high hopes. Despite being a newly formed team, their performance exceeded expectations, showcasing commendable skill and teamwork on the field. This fostered a sense of pride and enthusiasm among supporters. Although their journey in the competition was cut short with a nail-biting finish that saw them exiting at the group stage, the feat achieved by the team laid a promising foundation for future success.

## ARRIVAL DAY IN TRINIDAD

Our staff across all branches participated in Arrival Day Celebrations in Trinidad. We introduced some friendly competition and offered a prize for the best dressed male and best dressed female in traditional Indian attire. The branches also showcased the rich heritage and culture of the Indian community by depicting their portrayal of Indian Arrival Day.



### GENAC CHOIR CLUB



### INTERNATIONAL WOMEN'S DAY



### HEALTH FAIR



### GENAC FOOTBALL TEAM



### ARRIVAL DAY IN TRINIDAD



# DISCLOSURE OF SHAREHOLDINGS









# DISCLOSURE OF SHAREHOLDINGS

General Accident Insurance Company Jamaica Limited

## TOP 10 SHAREHOLDERS AS AT DECEMBER 31, 2023

| SHAREHOLDER                                  | NUMBER OF UNITS | PERCENTAGE |
|--|-----------------|------------|
| MUSSON JAMAICA LTD.                          | 824,999,989     | 80.00      |
| MAYBERRY JAMAICAN EQUITIES LTD.              | 23,212,265      | 2.25       |
| QWI INVESTMENTS LTD.                         | 15,032,119      | 1.46       |
| JCSD TRUSTEE SERVICES -<br>BARITA UNIT TRUST | 14,355,087      | 1.39       |
| PAM - POOLED EQUITY FUND                     | 9,361,515       | 0.91       |
| LANCEDALE FARQUHARSON                        | 7,800,000       | 0.76       |
| MAYBERRY MANAGED<br>CLIENTS ACCOUNT          | 6,262,894       | 0.61       |
| CHRISTOPHER BERRY                            | 6,000,000       | 0.58       |
| SAGICOR SELECT FUNDS LTD                     | 5,066,798       | 0.49       |
| SHARON DONALDSON ET AL                       | 4,424,011       | 0.43       |

# DISCLOSURE OF SHAREHOLDINGS

General Accident Insurance Company Jamaica Limited

## SHAREHOLDINGS OF DIRECTORS & THEIR CONNECTED PARTIES AS AT DECEMBER 31, 2023

| DIRECTORS  | COMBINED HOLDING | PERCENTAGE |
|--|------------------|------------|
| MUSSON JAMAICA LTD.<br>Paul B. Scott<br>Melanie Subratie | 824,999,989      | 80.000     |
| SHARON DONALDSON<br>Junior Levine                        | 4,424,011        | 0.429      |
| GREGORY FOSTER   | 350,000          | 0.0340     |
| DUNCAN STEWART<br>Deborah Stewart<br>Diana Stewart       | 2,475,190        | 0.2400     |
| CHRISTOPHER NAKASH                                       | 1,698,020        | 0.1647     |
| NICHOLAS SCOTT   | 2,030,198        | 0.1969     |
| MATTHEW LYN<br>Jodi Lyn                                  | 96,500           | 0.0094     |
| LESLEY MILLER<br>Martin Miller et al                     | 355,795          | 0.0347     |

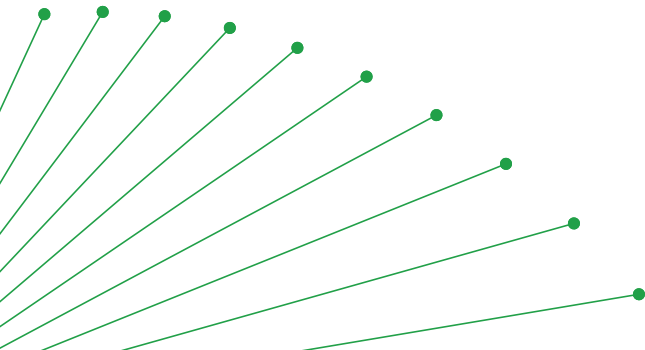


# DISCLOSURE OF SHAREHOLDINGS

General Accident Insurance Company Jamaica Limited

## SHAREHOLDINGS OF MANAGEMENT TEAM AS AT DECEMBER 31, 2023

| MANAGER           | COMBINED HOLDING | PERCENTAGE |
|-------------------|------------------|------------|
| MICHELLE ROBINSON | 780,000          | 0.0756     |
| JAMALDA STANFORD  | 92,857           | 0.0090     |
| JANILLE JARRETT   | 25,000           | 0.0024     |



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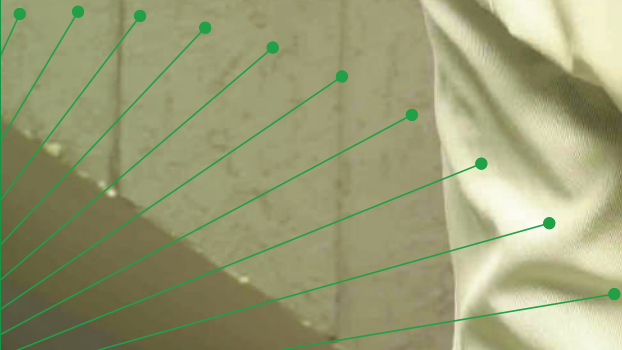
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✉ [info@autosmartja.com](mailto:info@autosmartja.com)

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# CORPORATE DATA







# COMPANY PROFILE

## **DIRECTORS:**

- PB. Scott, Chairman
- Melanie Subratie, Deputy Chairman
- Sharon Donaldson, Managing Director
- Lesley Miller
- Jennifer Scott
- Nicholas Scott
- Duncan Stewart
- Christopher Nakash
- Matthew Lyn
- Brian Jardim
- Gregory Foster

## **CORPORATE SECRETARY:**

- Lesley Miller

## **APPOINTED ACTUARY:**

- Josh Worsham, FRAS, MAAA

## **AUDITORS:**

- PricewaterhouseCoopers

## **BANKERS:**

- CIBC First Caribbean International Bank
- First Global Bank
- Bank of Nova Scotia Jamaica Ltd.
- National Commercial Bank
- Sagicor Bank

## **ATTORNEYS:**

- Nunes Scholefield & DeLeon & Co:  
6A Holborn Road Kingston
- DunnCox  
48 Duke Street, Kingston

## **REGISTERED OFFICE:**

- 58 Half Way Tree Road, Kingston 10  
Telephone No: (876) 929-8451  
Fax No: (876) 929-1074  
Email: [info@genac.com](mailto:info@genac.com)  
Website: [www.genac.com](http://www.genac.com)





# CONTACT INFORMATION

## **JAMAICA**

General Accident Insurance Company Jamaica Limited  
Kingston & St. Andrew  
58 Half Way Tree Road, Kingston 10  
Telephone: (876) 929-8451  
Email: [info@genac.com](mailto:info@genac.com)

Montego Bay  
Unit 8, Summit Business Center  
Fairview, Montego Bay,  
St. James

## **TRINIDAD**

General Accident Insurance Company Trinidad and Tobago Limited  
36A Ariapita Avenue  
Port of Spain, 170210  
Trinidad, W.I.  
Telephone: (868) 224-3622  
Email: [infott@genac.com](mailto:infott@genac.com)

## **BARBADOS**

General Accident Insurance Company Barbados Limited  
Suite 8, Dome Mall,  
Warrens,  
St. Michael BB22026  
Telephone: (246) 257-3392  
Email: [infobb@genac.com](mailto:infobb@genac.com)



# LOCATIONS JAMAICA



11c Manchester Road, Mandeville

Caddine Williamson

Unit 4, 9 Fernleigh Avenue, May Pen

Monica Blake-Elliott

Shop 12, Soares Shopping Centre,  
Junction, St. Elizabeth

Rickardo Mahon

Shop 89, Portmore Pines Plaza

Debra Reid-Gibbs

Shop 4, Ken R Issacs Building  
74 Main Street Ocho Rios, St. Ann

Cherrice Johnson-Brown



Unit 8, Summit Business Center,  
Fairview, Montego Bay  
*General Accident Branch*

Marlene Whittingham

Unit 11, The Victory Building,  
3-5 Fort Street Montego Bay

Oral Myles

Main Street, Hopewell, Hanover

Earle Heslop

Unit 4, George's Mall, 97 Great George Street,  
Savannah-La-Mar

Rochelle Clarke

58 Half Way Tree Rd, Kgn 10  
*Head Office*

Marlene Duffus  
Dennis Brown

70 1/2 Molyne's Road, Kingston 10

Barbara Samuels

Up of the Town, Unit 1  
5 Murray Ave, Morant Bay, St. Thomas

Jonelle Jenkins

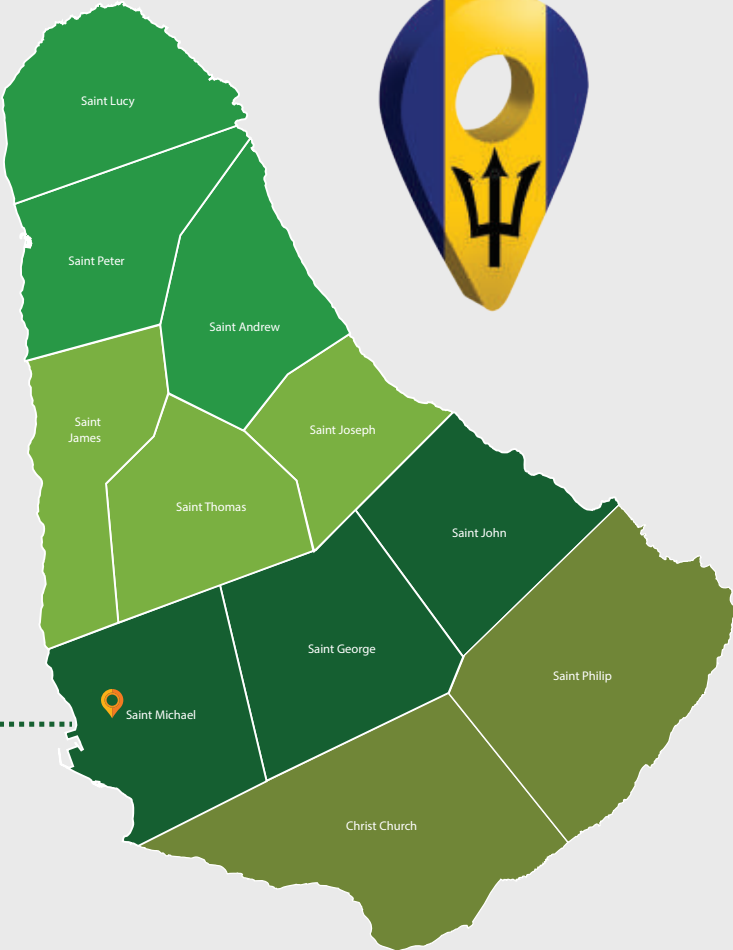
17 Harbour Street, Port Antonio

Cornell Skervin



# LOCATIONS

## BARBADOS



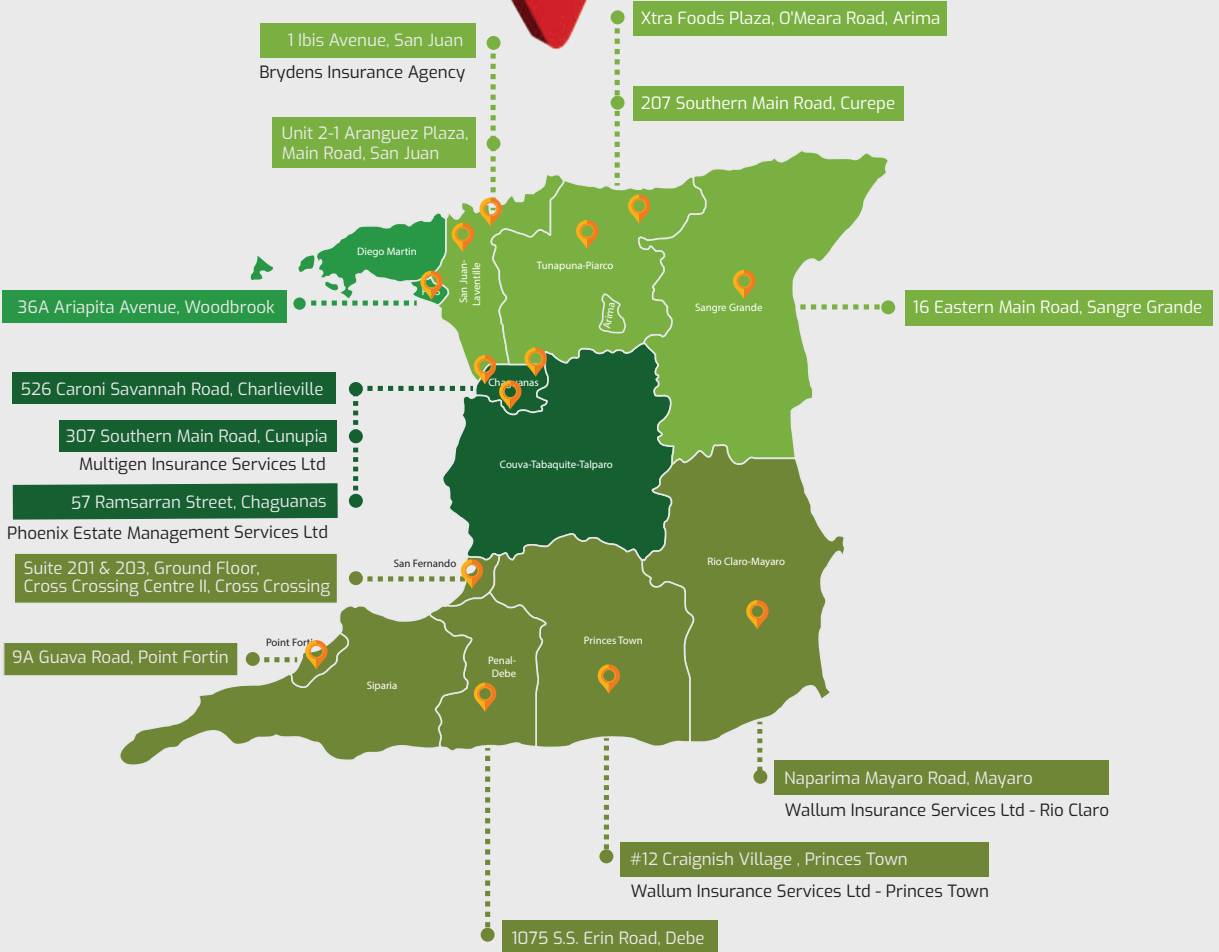
Suite 8, Dome Mall, Warrens  
St. Michael BB22026

General Accident Insurance Company  
(Barbados) Limited



# LOCATIONS

## TRINIDAD & TOBAGO



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# FINANCIAL STATEMENTS

GENERAL ACCIDENT INSURANCE COMPANY JAMAICA LIMITED AS AT DECEMBER 31, 2023

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**2. Expression of Opinion**

I have examined the financial condition and valued the policy and claims liabilities of GAICJL for its balance sheet as at December 31, 2023 and the corresponding change in the policy and claims liabilities in the statement of operations for the year then ended. I meet the appropriate qualification standards and am familiar with the valuation and solvency requirements applicable to general insurance companies in Jamaica. I have relied upon PWC for the substantial accuracy of the records and information concerning other liabilities, as certified in the attached statement.

The results of my valuation together with amounts carried in the Annual Return are the following:

| Claims Liabilities (J\$000)                    | Carried in Annual Return | Actuary's Estimate |
|--|--------------------------|--------------------|
| Direct unpaid claims and adjustment expenses:  | 2,560,149                | 2,560,170          |
| Assumed unpaid claims and adjustment expenses: | 0                        | 0                  |
| Gross unpaid claims and adjustment expenses:   | 2,560,149                | 2,560,170          |
| Ceded unpaid claims and adjustment expenses:   | 753,244                  | 755,094            |
| Other amounts to recover:                      | 0                        | 0                  |
| Other net liabilities:                         | 0                        | 0                  |
| Net unpaid claims and adjustment expenses:     | 1,806,905                | 1,805,076          |

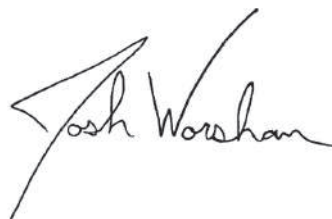
I certify that:

I am a member in good standing with my governing actuarial body, American Academy of Actuaries and comply with its Code of Professional Conduct.

I meet the qualification standards of the Financial Services Commission to value the actuarial reserves and other policy liabilities of GAICJL; and

The valuation of actuarial reserves and other policy liabilities of GAICJL was conducted in accordance with the Insurance Act, 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

In my opinion the amount of the actuarial reserves and other policy liabilities of GAICJL reported in its annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023 is appropriate for this purpose and the annual financial statements presents fairly the results of the valuation.



Josh Worsham, FCAS, MAAA

\_\_\_\_\_  
Name of Appointed Actuary

\_\_\_\_\_  
Signature of Appointed Actuary

May 2, 2024  
Date





## Independent auditor's report

To the Members of General Accident Insurance Company Jamaica Limited

### Report on the audit of the consolidated and stand-alone financial statements

---

#### Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of General Accident Insurance Company Jamaica Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

#### **What we have audited**

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
  - the consolidated statement of comprehensive income for the year then ended;
  - the consolidated statement of changes in equity for the year then ended;
  - the consolidated statement of cash flows for the year then ended;
  - the company statement of financial position as at 31 December 2023;
  - the company statement of comprehensive income for the year then ended;
  - the company statement of changes in equity for the year then ended;
  - the company statement of cash flows for the year then ended; and
  - the notes to the financial statements, comprising material accounting policy information and other explanatory information.
- 

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Independence***

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

---

### **Our audit approach**

#### ***Audit scope***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### ***How we tailored our group audit scope***

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three components being the Company, and two subsidiaries located in Trinidad and Tobago and Barbados. Full scope audit procedures were performed on the Company and the subsidiary located in Trinidad and Tobago, which were considered individually financially significant. An audit of select financial statements line items was completed for the subsidiary located in Barbados. Total audit procedures covered 96% of total assets and 96% of total revenue of the Group.

In establishing the overall group audit strategy and plan, we determined the type of work needed to be performed at the component level by the Group engagement team and by the PwC component auditors. We further determined the level of involvement we needed to have in the audit work of the component auditors to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.



---

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <b>Key audit matter</b> | <b>How our audit addressed the key audit matter</b> |
|-------------------------|---|
|-------------------------|---|

|   |  |
|---|--|
| <b>Adoption of IFRS 17, Insurance Contracts (Group and Company)</b> |  |
|---|--|

*Refer to notes 2(y), 32 and 39 to the financial statements for disclosures of related accounting policies and balances.*

On 1 January 2023 the Group adopted IFRS 17 with a transition date of 1 January 2022 and restated comparative information for 2022. The adoption of the standard significantly impacted how the Group recognizes, measures, presents and discloses insurance contracts. The adoption of IFRS 17 resulted in an increase in equity of \$299 million for the Group and \$82 million for the Company.

Changes in accounting policies resulting from the adoption of IFRS 17 were applied using a full retrospective approach to the insurance contracts in force at the transition date. The Company chose the simplified premium allocation approach which is permitted for the liability for remaining coverage for short duration contracts.

In adopting the new standard, management used significant judgement in developing and implementing accounting policies, including policies specific to transition. With the application of the premium allocation approach there are many elements embedded in the determination of the carrying value of insurance contracts that required management to use significant judgement in making estimates and assumptions.

We considered this a key audit matter as auditing the Company's transition to IFRS 17 was complex as it related to the measurement of the Company's insurance contract liabilities with regards to management's assumptions being:

- discount rates, and
- the non-financial risk adjustment.

Our approach to addressing the matter, with the assistance of our actuarial specialist, involved the following procedures, amongst others:

- Evaluated the accounting policies and the elections involved in transition.
- Assessed the appropriateness and consistency of key assumptions, including discount rate and risk adjustment, used in the measurement of insurance contract liabilities, by comparing to published industry studies, market data, entity specific facts and circumstances, our knowledge of the products and the requirements of IFRS 17.
- Tested, on a sample basis, underlying support and documentation such as historical executed insurance contracts.
- Tested the inputs and source information underlying the determination of the discount rates and non-financial risk adjustment.
- Developed a range of independent estimates and compared those to the discount rates and non-financial risk adjustment selected by management.
- Assessed the IFRS 17 disclosures within the financial statements against the requirements of IFRS 17.

Based on the results of our audit procedures, management's application of accounting policies as required by IFRS 17, in our view, was not unreasonable.

---



## Key audit matter

## How our audit addressed the key audit matter

### ***Valuation of insurance contract liabilities for general insurance contracts (Group and Company)***

*Refer to notes 2 (x), 2(y), 4(a), 7 and 32 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates*

As at 31 December 2023, insurance contract liabilities amounted to \$5.1 billion for the Group and \$3.6 billion for the Company. This represented 88% and 85% of total liabilities for the Group and Company, respectively. IFRS 17 requires the use of complex valuation models and assumptions to measure groups of insurance contracts as the total of fulfilment cash flows plus a risk adjustment for non-financial risk and a discount factor.

A range of actuarial methods were used to determine these provisions. Management uses qualified external actuaries to assist in determining the valuation of insurance liabilities.

We focused on this area due to the significant management judgement over the liability for insurance contracts, being:

- discount rates;
- claims settlement pattern;
- risk adjustment for non-financial risk; and
- the appropriateness of methodologies used within actuarially determined balances.

Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others:

- Tested the operating effectiveness of certain relevant controls over the claims business process.
- Tested the completeness, accuracy and reliability of the underlying data utilized by management, and its external actuarial experts, to support the actuarial valuation by agreeing, on a sample basis, to source documentation, which included signed insurance contracts and claims submissions.
- Assessed the independence, experience and objectivity of management's actuarial expert.
- Performed a methodology and assumptions assessment of management's determination of discount rates and risk adjustment in the actuarial valuation considering market data, component specific facts and circumstances.
- Evaluated the suitability of the methodologies and assumptions used in establishing insurance contract liabilities against established actuarial practices, those commonly used in the insurance industry and underlying claims information.
- Understood updates made to the actuarial assumptions impacting the forecast future claims cash flows, and evaluated any changes for reasonableness. This includes assumptions on discount rates and payment patterns.
- Evaluated and tested the reasonableness of management claim settlement pattern by inspecting historical information and sensitised the outputs to evaluate for reasonableness and management bias.



| Key audit matter | How our audit addressed the key audit matter   |
|------------------|--|
|                  | Based on the results of our procedures, the methodologies and assumptions used by management in establishing the valuation of insurance contract liabilities for general insurance contracts were consistently applied and appropriate in the circumstances. |

### Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.



---

## Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

---

#### Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Powell.

*PricewaterhouseCoopers*  
Chartered Accountants  
Kingston, Jamaica  
2 May 2024

**General Accident Insurance Company Jamaica Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 31 December 2023**

*(expressed in Jamaican dollars unless otherwise indicated)*



|  | Note | 2023<br>\$'000        | Restated<br>2022<br>\$'000 |
|--|------|-----------------------|----------------------------|
| Insurance revenue  |      | 8,575,708             | 6,666,555                  |
| Insurance service expense  | 10   | (5,637,217)           | (4,151,051)                |
| Net expenses from reinsurance contracts held                             |      | <u>(2,242,385)</u>    | <u>(1,896,278)</u>         |
| <b>Insurance service results</b>   |      | 696,106               | 619,226                    |
| Net Investment Income  | 11   | 340,797               | 436,410                    |
| Finance (expense)/income from insurance contracts issued                 |      | (118,275)             | 26,822                     |
| Finance income from reinsurance contracts held                           |      | <u>20,804</u>         | <u>14</u>                  |
| <b>Net insurance and investment results</b>                              |      | 939,432               | 1,082,472                  |
| Other operating expenses   |      | (486,504)             | (383,962)                  |
| Other operating income   | 12   | <u>287,567</u>        | <u>192,821</u>             |
| <b>Profit before taxation</b>  |      | 740,495               | 891,331                    |
| Taxation   | 15   | <u>(192,227)</u>      | <u>(110,937)</u>           |
| <b>Profit after taxation</b>   |      | <u>548,268</u>        | <u>780,394</u>             |
| <b>Other Comprehensive Income, net of tax:</b>                           |      |                       |                            |
| <b>Items that may not be subsequently reclassified to profit or loss</b> |      |                       |                            |
| Unrealised losses on FVOCI investments                                   |      | (25,107)              | (32,067)                   |
| Foreign currency translation adjustments                                 |      | <u>23,222</u>         | <u>(6,307)</u>             |
| <b>Total Other Comprehensive Income</b>                                  |      | <u>(1,885)</u>        | <u>(38,374)</u>            |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |      | <u><u>546,383</u></u> | <u><u>742,020</u></u>      |
| <b>Net Profit Attributable to:</b>                                       |      |                       |                            |
| Owners of General Accident Insurance Company Jamaica Limited             |      | 540,176               | 730,742                    |
| Non-controlling interests  |      | <u>8,092</u>          | <u>49,652</u>              |
|  |      | <u><u>548,268</u></u> | <u><u>780,394</u></u>      |
| <b>Total Comprehensive Income Attributable to:</b>                       |      |                       |                            |
| Owners of General Accident Insurance Company Jamaica Limited             |      | 532,386               | 693,288                    |
| Non-controlling interests  | 36   | <u>13,997</u>         | <u>48,732</u>              |
|  |      | <u><u>546,383</u></u> | <u><u>742,020</u></u>      |
| <b>Earnings per share</b>  | 16   | <u><u>\$0.52</u></u>  | <u><u>\$0.71</u></u>       |



**General Accident Insurance Company Jamaica Limited**  
**Consolidated Statement of Financial Position**  
**31 December 2023**

(expressed in Jamaican dollars unless otherwise indicated)



|   | Note | 31 December<br>2023<br>\$'000 | 31 December<br>2022<br>Restated<br>\$'000 | 1 January<br>2022<br>Restated<br>\$'000 |
|---|------|-------------------------------|---|---|
| <b>ASSETS</b>                                     |      |                               |   |   |
| Cash and cash equivalents                         | 18   | 1,079,591                     | 786,304                                   | 1,444,183                               |
| Taxation recoverable                              |      | 2,900                         | 2,826                                     | 2,859                                   |
| Insurance contract assets                         | 32   | 25,133                        | 31,610                                    | 979                                     |
| Reinsurance contract assets                       | 19   | 2,040,658                     | 1,986,306                                 | 2,062,097                               |
| Other receivables                                 | 20   | 1,357,699                     | 1,022,019                                 | 859,723                                 |
| Due from related parties                          | 9    | 8,334                         | 8,049                                     | 5,383                                   |
| Loans receivables                                 | 21   | 126,477                       | 136,226                                   | 244,188                                 |
| Lease receivables                                 | 22   | 44,725                        | 66,312                                    | 67,320                                  |
| Right of use assets                               | 30   | 236,801                       | 49,760                                    | 82,164                                  |
| Investment securities                             | 23   | 3,167,287                     | 3,329,726                                 | 3,101,667                               |
| Investment property                               | 25   | 433,578                       | 407,507                                   | 328,149                                 |
| Real estate investment                            | 26   | 228,750                       | 189,912                                   | 189,912                                 |
| Property, plant and equipment                     | 27   | 896,171                       | 840,240                                   | 740,908                                 |
| Intangible assets                                 | 28   | 171,835                       | 166,430                                   | 180,014                                 |
| <b>Total assets</b>                               |      | <b>9,819,939</b>              | <b>9,023,227</b>                          | <b>9,309,546</b>                        |
| <b>LIABILITIES</b>                                |      |                               |   |   |
| Taxation payable                                  |      | 104,895                       | 42,890                                    | 1,038                                   |
| Due to related parties                            | 9    | -                             | 16,577                                    | -                                       |
| Other liabilities                                 | 29   | 231,130                       | 277,592                                   | 493,404                                 |
| Lease liabilities                                 | 30   | 235,713                       | 53,921                                    | 103,207                                 |
| Deferred tax liabilities                          | 31   | 93,598                        | 73,925                                    | 50,652                                  |
| Insurance contract liabilities                    | 32   | 5,136,524                     | 4,842,804                                 | 5,412,856                               |
| Reinsurance contract liabilities                  | 19   | 10,012                        | 51,308                                    | 27,014                                  |
| <b>Total liabilities</b>                          |      | <b>5,811,872</b>              | <b>5,359,017</b>                          | <b>6,088,171</b>                        |
| <b>SHAREHOLDERS' EQUITY</b>                       |      |                               |   |   |
| Share capital                                     | 33   | 470,358                       | 470,358                                   | 470,358                                 |
| Capital reserves                                  | 34   | 161,354                       | 161,354                                   | 146,384                                 |
| Property revaluation reserve                      |      | -                             | -   | 49,017                                  |
| Fair value reserve                                | 35   | (9,249)                       | 15,858                                    | 48,171                                  |
| Translation reserve                               |      | 54,030                        | 36,713                                    | 41,854                                  |
| Retained earnings                                 |      | 2,967,789                     | 2,630,139                                 | 2,100,953                               |
|   |      | 3,644,282                     | 3,314,422                                 | 2,856,737                               |
| Non-Controlling Interest                          | 36   | 363,785                       | 349,788                                   | 364,638                                 |
| Total shareholders' equity                        |      | 4,008,067                     | 3,664,210                                 | 3,221,375                               |
| <b>Total liabilities and shareholders' equity</b> |      | <b>9,819,939</b>              | <b>9,023,227</b>                          | <b>9,309,546</b>                        |

Approved by the Board of Directors on 19 April 2024 and signed on its behalf by:

Paul B. Scott

Chairman

Sharon Donaldson-Levine

Director

**General Accident Insurance Company Jamaica Limited**

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)



|   | Share<br>Capital<br>\$'000 | Capital<br>Reserves<br>\$'000 | Property<br>Revaluation<br>Reserve<br>\$'000 |
|---|----------------------------|-------------------------------|--|
| As at 31 December 2021                              | 470,358                    | 146,384                       | 49,017                                       |
| Effects of changes due to<br>IFRS 17                | -                          | -                             | -  |
| <b>As at 1 January 2022</b>                         | 470,358                    | 146,384                       | 49,017                                       |
| <b>Comprehensive income:</b>                        |                            |                               |  |
| Net profit for the year                             | -                          | -                             | -  |
| Other comprehensive income                          | -                          | -                             | -  |
| <b>Total comprehensive<br/>income</b>               | -                          | -                             | -  |
| <b>Transactions with owners</b>                     |                            |                               |  |
| Transfer to retained earnings                       | -                          | -                             | (49,017)                                     |
| Transaction with non-<br>controlling interest       | -                          | 14,970                        | -  |
| Dividends   | -                          | -                             | -  |
| <b>Balance at 31 December<br/>2022, as restated</b> | 470,358                    | 161,354                       | -  |
| <b>Comprehensive income:</b>                        |                            |                               |  |
| Net profit for the year                             | -                          | -                             | -  |
| Other comprehensive income                          | -                          | -                             | -  |
| <b>Total comprehensive<br/>income</b>               | -                          | -                             | -  |
| <b>Transactions with owners</b>                     |                            |                               |  |
| Dividends   | -                          | -                             | -  |
| <b>Balance at 31 December<br/>2023</b>              | 470,358                    | 161,354                       | -  |

**General Accident Insurance Company Jamaica Limited**

## Consolidated Statement of Changes in Equity

Year ended 31 December 2023

*(expressed in Jamaican dollars unless otherwise indicated)*

| <b>Fair Value Reserve<br/>\$'000</b> | <b>Translation Reserve<br/>\$'000</b> | <b>Retained Earnings<br/>\$'000</b> | <b>Non-Controlling Interest<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--------------------------------------|---------------------------------------|-------------------------------------|--|-------------------------|
| 48,171                               | 45,926                                | 1,869,627                           | 292,481                                    | 2,921,964               |
| -                                    | (4,072)                               | 231,326                             | 72,157                                     | 299,411                 |
| 48,171                               | 41,854                                | 2,100,953                           | 364,638                                    | 3,221,375               |
| -                                    | -                                     | 730,742                             | 49,652                                     | 780,394                 |
| (32,313)                             | (5,141)                               | -                                   | (920)                                      | (38,374)                |
| (32,313)                             | (5,141)                               | 730,742                             | 48,732                                     | 742,020                 |
| -                                    | -                                     | 49,017                              | -  | -                       |
| -                                    | -                                     | -                                   | (63,582)                                   | (48,612)                |
| -                                    | -                                     | (250,573)                           | -  | (250,573)               |
| 15,858                               | 36,713                                | 2,630,139                           | 349,788                                    | 3,664,210               |
| -                                    | -                                     | 540,176                             | 8,092                                      | 548,268                 |
| (25,107)                             | 17,317                                | -                                   | 5,905                                      | (1,885)                 |
| (25,107)                             | 17,317                                | 540,176                             | 13,997                                     | 546,383                 |
| -                                    | -                                     | (202,526)                           | -  | (202,526)               |
| (9,249)                              | 54,030                                | 2,967,789                           | 363,785                                    | 4,008,067               |

**General Accident Insurance Company Jamaica Limited**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 December 2023**  
*(expressed in Jamaican dollars unless otherwise indicated)*



|   | Note  | 2023<br>\$'000  | Restated<br>2022<br>\$'000 |
|---|-------|-----------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>             |       |                 |                            |
| Net profit  |       | 548,268         | 780,394                    |
| Adjustments for items not affecting cash:               |       |                 |                            |
| Depreciation  | 27,30 | 172,985         | 137,577                    |
| Amortisation of intangible assets                       | 28    | 14,100          | 14,158                     |
| Amortisation of investment premium                      |       | (1,958)         | (1,557)                    |
| Gains on revaluation of investment property             | 11    | (38,838)        | (77,973)                   |
| Gains on revaluation of real estate investment          |       | (24,000)        | -                          |
| Fair value losses/(gains) on shares classified as FVTPL | 11    | 2,869           | (131,099)                  |
| ECL on debt investments                                 |       | (533)           | (2,196)                    |
| Gain on disposal of property, plant and equipment       | 12    | (1,165)         | (407)                      |
| Finance charge  |       | 14,326          | 4,161                      |
| Interest income   | 11    | (231,914)       | (188,462)                  |
| Dividend income   | 11    | (27,267)        | (16,143)                   |
| Current taxation  | 15    | 172,554         | 87,664                     |
| Deferred taxation                                       | 15    | 19,673          | 23,273                     |
| Foreign exchange (gains)/losses                         |       | (17,234)        | 13,644                     |
|   |       | <u>601,866</u>  | <u>643,034</u>             |
| Changes in operating assets and liabilities:            |       |                 |                            |
| Insurance contract assets                               |       | 6,477           | (30,631)                   |
| Reinsurance contract assets                             |       | (54,352)        | 75,791                     |
| Insurance contract liabilities                          |       | 293,719         | (570,050)                  |
| Reinsurance contract liabilities                        |       | (41,296)        | 24,294                     |
| Other receivables                                       |       | (335,680)       | (165,310)                  |
| Other liabilities                                       |       | (111,967)       | (173,938)                  |
| Due from related parties                                |       | (285)           | 13,910                     |
| Cash generated from/(used in) operations                |       | <u>358,482</u>  | <u>(182,900)</u>           |
| Tax paid  |       | <u>(87,628)</u> | <u>(69,053)</u>            |
| Net cash provided by/(used in) operating activities     |       | <u>270,854</u>  | <u>(251,953)</u>           |
| <b>Cash Flows from Investing Activities</b>             |       |                 |                            |
| Investments, net  |       | 179,319         | (178,572)                  |
| Loans receivable  |       | 9,749           | 107,962                    |
| Lease receivables                                       |       | 21,587          | 1,008                      |
| Net cash outflow from acquisition of subsidiary         |       | -               | (48,612)                   |
| Acquisition of investment property                      |       | -               | (2,976)                    |
| Acquisition of property, plant and equipment            | 27    | (120,599)       | (174,540)                  |
| Acquisition of intangible asset                         | 28    | (19,173)        | (720)                      |
| Proceeds from disposal of property, plant and equipment |       | 1,165           | 321                        |
| Dividend received                                       |       | 27,267          | 16,143                     |
| Interest received                                       |       | 250,404         | 193,099                    |
| Net cash provided by/(used in) investing activities     |       | <u>349,719</u>  | <u>(86,887)</u>            |
| <b>Sub-total c/f</b>                                    |       | <u>620,573</u>  | <u>(338,840)</u>           |

**General Accident Insurance Company Jamaica Limited**  
 Consolidated Statement of Cash Flows  
 Year ended 31 December 2023  
 (expressed in Jamaican dollars unless otherwise indicated)



|  | 2023<br>\$'000             | Restated<br>2022      |
|--|----------------------------|-----------------------|
| Note   |                            |                       |
| <b>Sub-total b/f</b>   | <u>620,573</u>             | <u>(338,840)</u>      |
| <b>Cash Flows from Financing Activities</b>                  |                            |                       |
| Lease payments   | (110,547)                  | (94,190)              |
| Dividends paid   | 17 <u>(202,526)</u>        | <u>(250,573)</u>      |
| Net cash used in by financing activities                     | <u>(313,073)</u>           | <u>(344,763)</u>      |
| Increase/(decrease) in cash and cash equivalents             | 307,500                    | (683,603)             |
| Effect of exchange rate changes on cash and cash equivalents | (14,213)                   | 25,724                |
| Cash and cash equivalents at beginning of year               | <u>786,304</u>             | <u>1,444,183</u>      |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>          | 18 <u><u>1,079,591</u></u> | <u><u>786,304</u></u> |

**General Accident Insurance Company Jamaica Limited**  
 Company Statement of Comprehensive Income  
 Year ended 31 December 2023  
 (expressed in Jamaican dollars unless otherwise indicated)

|  | Note | 2023<br>\$'000     | Restated<br>2022<br>\$'000 |
|--|------|--------------------|----------------------------|
| Insurance revenue  |      | 6,752,418          | 5,518,241                  |
| Insurance service expense  | 10   | (4,295,720)        | (3,453,080)                |
| Net expenses from reinsurance contracts held                             |      | <u>(1,871,114)</u> | <u>(1,631,470)</u>         |
| <b>Insurance service results</b>   |      | 585,584            | 433,691                    |
| Net investment income  | 11   | 304,129            | 413,786                    |
| Finance expense from insurance contracts issued                          |      | (92,205)           | (35,048)                   |
| Finance income from reinsurance contracts held                           |      | <u>18,504</u>      | <u>4,253</u>               |
| <b>Net insurance and investment results</b>                              |      | 816,012            | 816,682                    |
| Other operating expenses   |      | (363,796)          | (297,190)                  |
| Other operating income   | 12   | <u>252,965</u>     | <u>165,215</u>             |
| <b>Profit before taxation</b>  |      | 705,181            | 684,707                    |
| Taxation   | 15   | <u>(180,744)</u>   | <u>(80,458)</u>            |
| <b>Profit after taxation</b>   |      | <u>524,437</u>     | <u>604,249</u>             |
| <br>   |      |                    |                            |
| <b>Other comprehensive income, net of tax:</b>                           |      |                    |                            |
| <b>Items that may not be subsequently reclassified to profit or loss</b> |      |                    |                            |
| Unrealised losses on FVOCI investments                                   |      | <u>(25,107)</u>    | <u>(33,049)</u>            |
| <b>Total other comprehensive income</b>                                  |      | <u>(25,107)</u>    | <u>(33,049)</u>            |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |      | <u>499,330</u>     | <u>571,200</u>             |

**General Accident Insurance Company Jamaica Limited**  
**Company Statement of Financial Position**  
**Year ended 31 December 2023**  
*(expressed in Jamaican dollars unless otherwise indicated)*



|   | Note | 31 December<br>2023<br>\$'000 | 31 December<br>2022<br>Restated<br>\$'000 | 1 January<br>2022<br>Restated<br>\$'000 |
|---|------|-------------------------------|---|---|
| <b>ASSETS</b>                                     |      |                               |   |   |
| Cash and cash equivalents                         | 18   | 661,040                       | 357,700                                   | 684,622                                 |
| Taxation recoverable                              |      | -                             | -   | 2,859                                   |
| Insurance contract assets                         | 32   | -                             | 23,982                                    | -                                       |
| Reinsurance contract assets                       | 19   | 1,946,357                     | 1,941,825                                 | 1,986,550                               |
| Other receivables                                 | 20   | 1,107,581                     | 878,867                                   | 751,211                                 |
| Due from related parties                          | 9    | 273,475                       | 104,905                                   | 86,532                                  |
| Lease receivables                                 | 22   | 44,725                        | 66,312                                    | 67,320                                  |
| Right of use assets                               | 30   | 221,785                       | 25,035                                    | 66,256                                  |
| Investment securities                             | 23   | 2,024,300                     | 2,406,130                                 | 2,343,371                               |
| Investment in subsidiary                          | 24   | 607,517                       | 607,517                                   | 558,905                                 |
| Investment property                               | 25   | 367,000                       | 343,000                                   | 265,000                                 |
| Real estate investment                            | 26   | 228,750                       | 189,912                                   | 189,912                                 |
| Property, plant and equipment                     | 27   | 383,237                       | 345,311                                   | 235,800                                 |
| Intangible assets                                 | 28   | 8,927                         | 2,832                                     | 6,623                                   |
| <b>Total assets</b>                               |      | <u>7,874,694</u>              | <u>7,293,328</u>                          | <u>7,244,961</u>                        |
| <b>LIABILITIES</b>                                |      |                               |   |   |
| Taxation payable                                  |      | 104,851                       | 42,846                                    | -                                       |
| Due to related parties                            |      | -                             | 16,577                                    | -                                       |
| Other liabilities                                 | 29   | 293,159                       | 346,135                                   | 416,735                                 |
| Lease liabilities                                 | 30   | 217,959                       | 28,198                                    | 85,286                                  |
| Deferred tax liabilities                          | 31   | 44,486                        | 21,762                                    | 23,045                                  |
| Insurance contract liabilities                    | 32   | 3,644,825                     | 3,537,779                                 | 3,767,912                               |
| Reinsurance contract liabilities                  | 19   | -                             | 27,421                                    | -                                       |
| <b>Total liabilities</b>                          |      | <u>4,305,280</u>              | <u>4,020,718</u>                          | <u>4,292,978</u>                        |
| <b>SHAREHOLDERS' EQUITY</b>                       |      |                               |   |   |
| Share capital                                     | 33   | 470,358                       | 470,358                                   | 470,358                                 |
| Capital reserves                                  |      | 152,030                       | 152,030                                   | 152,030                                 |
| Property revaluation reserve                      |      | -                             | -   | 46,363                                  |
| Fair value reserve                                | 35   | (10,101)                      | 15,006                                    | 48,055                                  |
| Retained earnings                                 |      | 2,957,127                     | 2,635,216                                 | 2,235,177                               |
| <b>Total shareholders' equity</b>                 |      | <u>3,569,414</u>              | <u>3,272,610</u>                          | <u>2,951,983</u>                        |
| <b>Total liabilities and shareholders' equity</b> |      | <u>7,874,694</u>              | <u>7,293,328</u>                          | <u>7,244,961</u>                        |

Approved by the Board of Directors on 19 April 2024 and signed on its behalf by:

Paul B. Scott

Chairman

Sharon Donaldson-Levine

Director

# General Accident Insurance Company Jamaica Limited

## Company Statement of Changes in Equity

Year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)



| Note  | Share<br>Capital<br>\$'000 | Capital<br>Reserves<br>\$'000 | Property<br>Revaluation<br>Reserve<br>\$'000 | Fair Value<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total<br>\$'000 |
|---|----------------------------|-------------------------------|--|---------------------------------|--------------------------------|-----------------|
| As at 31 December 2021                          | 470,358                    | 152,030                       | 46,363                                       | 48,055                          | 2,153,512                      | 2,870,318       |
| Effects of changes due to IFRS 17               | -                          | -                             | -  | -                               | 81,665                         | 81,665          |
| As at 1 January 2022, as restated               | 470,358                    | 152,030                       | 46,363                                       | 48,055                          | 2,235,177                      | 2,951,983       |
| <b>Comprehensive income:</b>                    |                            |                               |  |                                 |                                |                 |
| Net profit for the year, as restated            | -                          | -                             | -  | -                               | 604,249                        | 604,249         |
| Other comprehensive income                      | -                          | -                             | -  | (33,049)                        | -                              | (33,049)        |
| <b>Total comprehensive income</b>               | -                          | -                             | -  | (33,049)                        | 604,249                        | 571,200         |
| <b>Transactions with owners</b>                 |                            |                               |  |                                 |                                |                 |
| Transfer to retained earnings                   | -                          | -                             | (46,363)                                     | -                               | 46,363                         | -               |
| Dividends                                       | 17                         | -                             | -  | -                               | (250,573)                      | (250,573)       |
| <b>Balance at 31 December 2022, as restated</b> | 470,358                    | 152,030                       | -  | 15,006                          | 2,635,216                      | 3,272,610       |
| <b>Comprehensive income:</b>                    |                            |                               |  |                                 |                                |                 |
| Net profit for the year                         | -                          | -                             | -  | -                               | 524,437                        | 524,437         |
| Other comprehensive income                      | -                          | -                             | -  | (25,107)                        | -                              | (25,107)        |
| <b>Total comprehensive income</b>               | -                          | -                             | -  | (25,107)                        | 524,437                        | 499,330         |
| <b>Transactions with owners</b>                 |                            |                               |  |                                 |                                |                 |
| Transfer to retained earnings                   | -                          | -                             | -  | -                               | -                              | -               |
| Dividends                                       | 17                         | -                             | -  | -                               | (202,526)                      | (202,526)       |
| <b>Balance at 31 December 2023</b>              | 470,358                    | 152,030                       | -  | (10,101)                        | 2,957,127                      | 3,569,414       |



**General Accident Insurance Company Jamaica Limited**  
 Company Statement of Cash Flows  
 Year ended 31 December 2023  
 (expressed in Jamaican dollars unless otherwise indicated)



|   | Note  | 2023<br>\$'000  | Restated<br>2022<br>\$'000 |
|---|-------|-----------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>             |       |                 |                            |
| Net profit  |       | 524,437         | 604,249                    |
| Adjustments for items not affecting cash:               |       |                 |                            |
| Depreciation  | 27,30 | 122,652         | 96,592                     |
| Interest expense  |       | 12,206          | 4,817                      |
| Amortisation of intangible assets                       | 28    | 3,267           | 3,791                      |
| Amortisation of investment premium                      |       | (1,958)         | (1,659)                    |
| Gains on revaluation of investment property             | 11    | (38,838)        | (75,024)                   |
| Gains on revaluation of real estate investment          |       | (24,000)        | -                          |
| ECL on debt investments                                 |       | (533)           | -                          |
| Adjustment to property, plant and equipment             | 27    | -               | (108)                      |
| Gain on disposal of property, plant and equipment       | 12    | -               | (321)                      |
| Fair value losses/(gains) on shares classified as FVTPL | 11    | 2,869           | (131,097)                  |
| Interest income   | 11    | (195,247)       | (168,772)                  |
| Dividend income   | 11    | (27,267)        | (16,143)                   |
| Current taxation  | 15    | 158,020         | 81,741                     |
| Deferred taxation                                       | 15    | 22,724          | (1,283)                    |
| Foreign exchange losses/(gains)                         |       | 5,347           | (38,824)                   |
|   |       | <u>563,679</u>  | <u>357,959</u>             |
| Changes in operating assets and liabilities:            |       |                 |                            |
| Insurance contract assets                               |       | 23,982          | (23,982)                   |
| Reinsurance contract assets                             |       | (4,532)         | 44,724                     |
| Insurance contract liabilities                          |       | 107,046         | (230,135)                  |
| Reinsurance contract liabilities                        |       | (27,421)        | 27,421                     |
| Other receivables                                       |       | (228,714)       | (76,149)                   |
| Other liabilities                                       |       | (52,976)        | (122,104)                  |
| Due from/to related parties                             |       | (185,147)       | (1,797)                    |
| Cash generated from/(used in) operations                |       | <u>195,917</u>  | <u>(24,063)</u>            |
| Tax paid and deducted at source                         |       | <u>(96,015)</u> | <u>(34,753)</u>            |
| Net cash provided by/(used in) operating activities     |       | <u>99,902</u>   | <u>(58,816)</u>            |
| <b>Cash Flows from Investing Activities</b>             |       |                 |                            |
| Investments, net  |       | 400,387         | 88,028                     |
| Leases receivable                                       |       | 21,587          | 1,008                      |
| Acquisition of investment property                      |       | -               | (2,976)                    |
| Acquisition of property, plant and equipment            | 27    | (96,344)        | (158,424)                  |
| Investment in subsidiary                                | 24    | -               | (48,612)                   |
| Acquisition of intangibles                              |       | (9,362)         | -                          |
| Proceeds from disposal of property, plant and equipment |       | -               | 407                        |
| Dividend received                                       |       | 27,267          | 16,143                     |
| Interest received                                       |       | 165,921         | 155,005                    |
| Net cash provided by investing activities               |       | <u>509,456</u>  | <u>50,579</u>              |
| <b>Sub-total c/f</b>                                    |       | <u>609,358</u>  | <u>(8,237)</u>             |

**General Accident Insurance Company Jamaica Limited**  
 Company Statement of Cash Flows (Continued)  
 Year ended 31 December 2023  
 (expressed in Jamaican dollars unless otherwise indicated)



|   | 2023<br>\$'000 | Restated<br>2022<br>\$'000 |
|---|----------------|----------------------------|
| Note  |                |                            |
| <b>Sub-total b/f</b>  | 609,358        | (8,237)                    |
| <b>Cash Flows from Financing Activities</b>                   |                |                            |
| Lease payments  | (89,279)       | (67,921)                   |
| Dividends paid  | 17 (202,526)   | (250,573)                  |
| Net cash used in by financing activities                      | (291,805)      | (318,494)                  |
| Increase/(decrease) in cash and cash equivalents              | 317,553        | (326,731)                  |
| Effect of exchange rate changes on cash and cash equivalents  | (14,213)       | (191)                      |
| Cash and cash equivalents at beginning of year                | 357,700        | 684,622                    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 18)</b> | <u>661,040</u> | <u>357,700</u>             |

## 1. Identification and Activities

General Accident Insurance Company Jamaica Limited (the company) is incorporated and domiciled in Jamaica and listed on the Jamaica Stock Exchange. The company is an 80% subsidiary of Musson (Jamaica) Limited (Musson). The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10. The company's parent company, Musson, is incorporated and domiciled in Jamaica.

The company is licensed to operate as a general insurance company under the Insurance Act, 2001. Its principal activity is the underwriting of commercial and personal property and casualty insurance.

The company has two subsidiaries whose principal activities are also to provide property and casualty insurance (Note 2(b)). The company together with its subsidiaries are referred to as 'the Group'.

## 2. Summary of Material Accounting Policies

The principal financial accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

### ***Accounting pronouncements effective in 2023 which are relevant to the Group's operations.***

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year and are relevant to the Group's operations. The adoption of these new pronouncements has impacted the Group as discussed below.

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. There was no impact on the financial statement from adoption of this amendment.
- Amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. There was no impact on the financial statements from adoption of this amendment.

## 2. Summary of Material Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### **Accounting pronouncements effective in 2023 which are relevant to the Group's operations (continued)**

- IFRS 17, 'Insurance contracts', (effective for annual periods beginning on or after 1 January 2023). This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The Company chose the premium allocation approach which is permitted for the liability for remaining coverage for short duration contracts. The standard permits a wide variety of practices in accounting for insurance contracts and fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. Contracts are measured using the building blocks of discount probability – weighted cash flows and an explicit risk adjustment which is recognised as revenue over the coverage period. This standard provides a common global insurance accounting standard leading to consistency in recognition, measurement, presentation and disclosure. Further details of the Group's accounting policies are noted in 2(x) & (y) below.

#### **Standards, interpretations and amendments to published standards that are not yet effective**

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2024 or later periods but were not effective at the statement of financial position date. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following, as shown below, may be immediately relevant to its operations.

- Amendment to IFRS 16, 'Leases' - Leases on sale and leaseback (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Group does not expect any impact from the adoption of this amendment.
- Amendments to IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group does not expect any impact from the adoption of this amendment.
- IFRS Sustainability Disclosure Standards - In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards: (a) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements standard), and (b) IFRS S2 Climate-related Disclosures (Climate standard). 14. IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted. This is subject to the adoption of the standards by local jurisdictions. The Group does not assess the impact that will arise from the adoption of these standards. It also awaits guidance from regulators within the jurisdictions it operates.
- Amendment to IAS 7 and IFRS 7 which will require entities to disclose additional information in the notes about supplier finance arrangement. The amendment is not expected to impact the Group.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

## **2. Summary of Material Accounting Policies (Continued)**

### **(b) Basis of consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2. Summary of Material Accounting Policies (Continued)

### (b) Basis of consolidation (continued)

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The company's subsidiaries are listed below, which together with the company are referred to as 'the Group'

| Entity   | Country of Incorporation and place of business | Nature of business         | Proportion of ordinary shares held by the Group % | Proportion of ordinary shares held by non-controlling interests% |
|--|--|----------------------------|---|--|
| General Accident Insurance Company (Trinidad) Limited (i)  | Trinidad and Tobago                            | General Insurance Services | 75  | 25   |
| General Accident Insurance Company (Barbados) Limited (ii) | Barbados                                       | General Insurance Services | 80  | 20   |

(i) In December 2023, the company increased its shareholding in General Accident Insurance Company (Trinidad) Limited (GENACTT) from 65% to 75%.

(ii) General Accident Insurance Company (Barbados) Limited (GENACBB) was incorporated in 2019 but was not capitalised until February 2020. The company commenced trading in March 2020.

### (c) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax and is recognised as follows:

#### **Insurance services**

Gross premiums written are recognised on a pro-rated basis over the life of the policies written.

Commissions payable on premium income and commissions receivable on reinsurance of risks are charged and credited to profit or loss, respectively, over the life of the policies.

#### **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

#### **Dividend**

Dividend income for equities is recognised when the right to receive payment is established.

## 2. Summary of Material Accounting Policies (Continued)

### (d) Revenue and income recognition (continued)

#### **Rental income**

Rental income is recognised on an accrual basis.

### (e) Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost. For purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks.

### (f) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Jamaican dollars which is also the Group's functional currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currencies and classified at amortised cost are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the profit or loss, and other changes are recognised in other comprehensive income (OCI).

### (g) Financial instruments

Financial instruments carried on the statement of financial position include investments, due to and from related parties, reinsurance assets, loans and other receivables, cash and short term investments, other liabilities and insurance contract liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair values of the Group's financial instruments are discussed in Note 6.

### (h) Financial assets

#### (i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost.

The classification is based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The Group will reclassify debt investments when and only when its business model for managing those assets changes.

## 2. Summary Material Accounting Policies (Continued)

### (i) Financial assets (continued)

#### (ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments is based on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets are included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains/(losses). Impairment losses are presented as separate line item in profit or loss.
- FVOCI – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established.



## 2. Summary of Material Accounting Policies (Continued)

### (j) Financial Assets (continued)

Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### (iii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost (include cash and cash equivalent, excluding bank balances) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4 for further details.

### (k) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

### (l) Leases

The Group's leases originate from the rental agreements for various office buildings.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leases asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- i) Fixed payments (including in-substance fixed payments), less any lease incentives receivables
- ii) Variable lease payments that are based on an index or a rate
- iii) Amounts expected to be payable by the lessee under residual value guarantees
- iv) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses existing borrowing rates from our existing banks, as no entity within the Group have existing borrowings.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or a rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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## **2. Summary of Material Accounting Policies (Continued)**

### **(m) Leases (continued)**

Right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease term is determined as the non-cancellable period of the lease and takes account of extension and termination options if it is reasonably certain to be exercised. Majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

### **(n) Property, plant and equipment**

Land is stated at historical cost. All other property, plant and equipment are stated at historical annual cost less accumulated depreciation and impairment. Depreciation is computed on the straight-line method at rates estimated to write off the assets over their expected useful lives as follows:

|                                   |             |
|-----------------------------------|-------------|
| Buildings                         | 5% and 2.5% |
| Furniture, fixtures and equipment | 10%         |
| Motor vehicles                    | 20%         |

Property, plant and equipment are reviewed periodically for impairment. 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 proceeds with carrying amount and are included in operating profit.

Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

## **2. Summary of Material Accounting Policies (Continued)**

### **(o) Intangible assets**

#### *Computer software*

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life, which is between three to five years.

#### *Renewal rights*

Renewal rights are recorded at cost and represent the value of consideration paid to acquire policies in force with high renewal probability. These costs are amortised over the estimated useful life of the rights, which ranges from 4- 5 years.

#### *Distribution relationships*

Distribution relationships are recorded at cost and represent the value of consideration paid to acquire existing intermediary distribution channels. These costs are amortised over the estimated useful life these relationships which is approximately 8 years.

#### *Licence*

Licences are recorded at cost and represent the value of consideration paid to acquire regulatory licence to operate in a regulatory environment. Licences have an indefinite useful life and is assessed annually for impairment and are carried at cost less accumulated impairment losses.

### **(p) Impairment of long-lived assets**

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### **(q) Investment properties**

Investment property comprise significant portions of freehold residential buildings that are held for long-term rental yield and/or for capital appreciation.

Investment properties are treated as a long-term investment, initially recognized at cost and subsequently carried at fair value, based on fair market valuation exercise conducted annually by independent qualified values. Changes in fair values are recorded in the income statement.

### **(r) Real estate investment**

Real estate investment represents the Group's beneficial interest in properties which are leased to third parties and held in trust for a group of investors under a Trust Deed. The Group shares in the rental income from the lease of properties as well as fair value appreciation on the properties based on valuations carried out by independent valuers from time to time. The Group's share of lease income and appreciation is recorded in the statement of comprehensive income.

### **(s) Other liabilities**

Other liabilities are recognised at fair value and subsequently measured at amortised cost.

## 2. Summary of Material Accounting Policies (Continued)

### (t) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in net profit or loss in the statement of comprehensive income except where they relate to items recorded in other comprehensive income or equity, in which case they are also charged or credited to other comprehensive income or equity.

#### (i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at date of the statement of financial position, and any adjustment to tax payable and tax losses in respect of the previous years.

#### (ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

### (u) Employee benefits

#### (i) Pension obligations

The Group participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the Group are recorded as an expense in profit or loss.

#### (ii) Accrued vacation

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

#### (iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

#### (iv) Profit-sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2. Summary of Material Accounting Policies (Continued)

### (v) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as an appropriation in the Group's financial statements in the period in which the dividends are approved by the Board of Directors.

### (w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### (x) Insurance and reinsurance contracts classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group issues non-life insurance to individuals and businesses. Non-life insurance products offered include property (engineering, fire and homeowners), personal accident, liability, marine and motor. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

### (y) Insurance and reinsurance contracts accounting treatment

#### i. Separating components from insurance and reinsurance contracts

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components, the Group applied IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

#### ii. Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Group previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e. the lowest common denominator.

## **2. Summary of Material Accounting Policies (Continued)**

### **(y) Insurance and reinsurance contracts accounting treatment (continued)**

#### **ii. Level of aggregation (continued)**

However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e. legal or management).

The Group has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- a. A group of contracts that are onerous at initial recognition
- b. A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently
- c. A group of the remaining contracts in the portfolio

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- a. Pricing information
- b. Results of similar contracts it has recognised
- c. Environmental factors, e.g. a change in the market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

#### **iii. Recognition**

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- a. The beginning of the coverage period of the group of contracts
- b. The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- c. For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

## **2. Summary of Material Accounting Policies (Continued)**

### **(y) Insurance and reinsurance contracts accounting treatment (continued)**

#### iii. Recognition (continued)

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- a. The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- b. The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before the date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

#### iv. Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- a. The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- b. Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

**2. Summary of Material Accounting Policies (Continued)**

**(y) Insurance and reinsurance contracts accounting treatment (continued)**

v. Measurement – Premium Allocation Approach

|   | IFRS 17 Options   | Adopted Approach  |
|---|---|---|
| Premium Allocation Approach (PAA) Eligibility   | Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model   | Coverage period for property insurance and liability reinsurance assumed is one year or less and so qualifies automatically for PAA. Both marine and personal accident insurance include contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA. |
| Insurance acquisition cash flows for insurance contracts issued                             | Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group.  | For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.  |
| Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money | For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group<br><br>Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC. | For all business, there is no allowance as the premiums are received within one year of the coverage period.  |
| Liability for Incurred Claims, (LIC) adjusted for time value of money                       | Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.  | For some claims within the property product line, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money. For all other business, the LFIC is adjusted for the time value of money and financial risk related to these cashflows.  |
| Insurance finance income and expense  | There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.   | For the personal accident product line, the impact on LIC of changes in discount rates will be captured within OCI, in line with the accounting for assets backing this product line.<br><br>For all other business, the change in LIC as a result of changes in discount rates will be captured within profit or loss.   |



## **2. Summary of Material Accounting Policies (Continued)**

### **(y) Insurance and reinsurance contracts accounting treatment (continued)**

#### vi. Measurement – Premium Allocation Approach (continued)

##### (a) Insurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

##### (b) Reinsurance contracts held – initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

## 2. Summary of Material Accounting Policies (Continued)

### (y) Insurance and reinsurance contracts accounting treatment (continued)

#### vi. Measurement – Premium Allocation Approach (continued)

##### (c) Insurance contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows, with the exception of property insurance product line for which the Group chooses to expense insurance acquisition cash flows as they occur
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

##### (d) Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

## 2. Summary of Material Accounting Policies (Continued)

### (y) Insurance and reinsurance contracts accounting treatment (continued)

#### iv. Measurement – Premium Allocation Approach (continued)

##### (e) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

With the exception of the property insurance product line, for which the Group chooses to expense insurance acquisition cash flows as they occur, the Group uses a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
  - to that group; and
  - to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Group revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

## **2. Summary of Material Accounting Policies (Continued)**

### **(y) Insurance and reinsurance contracts accounting treatment (continued)**

#### v. Measurement – Premium Allocation Approach (continued)

##### (f) Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

#### vi. Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

#### (a) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

## **2. Summary of Material Accounting Policies (Continued)**

### **(y) Insurance and reinsurance contracts accounting treatment (continued)**

#### vii. Presentation (continued)

##### (b) Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

##### (c) Loss-recovery components

As described in section 2.(y)(vii)(b) above, where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

##### (d) Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses on insurance contracts issued for its personal accident product line between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the personal accident insurance portfolios are predominantly measured FVOCI. For all other business, the Group does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL.

##### (e) Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of comprehensive income.

### **3. Responsibilities of the Appointed Actuary and External Auditors**

The Board of Directors, pursuant to the Insurance Act, appoints the Actuary. His responsibility is to carry out an annual valuation of the Group's claims liabilities and insurance reserves in accordance with accepted actuarial practice and regulatory requirements and report thereon to the shareholders. In performing the valuation, the Actuary analyses past experience with respect to number of claims, claims payment and changes in estimates of outstanding liabilities.

The shareholders, pursuant to the Companies Act, appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and his report on claims liabilities and insurance reserves.



#### **4. Insurance and Financial Risk Management**

##### **(a) Insurance risk**

The Group's activities expose it to a variety of insurance and financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) **Investment and Loan Committee**

The Investment and Loan Committee is responsible for monitoring and approving investment strategies for the Group.

(ii) **Finance Department**

The Finance Department is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Group.

(iii) **Conduct Review Committee**

The Conduct Review Committee is responsible for monitoring the Group's adherence to regulatory and statutory requirements.

(iv) **Audit Committee**

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(v) **Remuneration Committee**

The remuneration committee is responsible for reviewing and recommending for approval, the remuneration arrangements of the directors and senior officers.

The most important types of risk are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group issues contracts that transfer insurance risk. This section summarises these risks and the way the Group manages them.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques

**4. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (continued)**

The Group principally issues the following types of non-life insurance contracts: Engineering; Fire; General Accident; Liability; Marine; and Motor. The most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification portfolios across the insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately. The Group also purchases reinsurance as part of its risk mitigation programme.

Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The following table show the concentration of net insurance contract liabilities by type of contract:

| \$'000              | The Group        |                  |                  |                  |                  |                  |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                     | 2023             |                  |                  | 2022             |                  |                  |
|                     | Insurance        | Reinsurance held | Net              | Insurance        | Reinsurance held | Net              |
| Engineering         | 127,338          | 89,435           | 37,903           | 59,976           | 54,007           | 5,969            |
| Fire                | 68,266           | 59,066           | 9,200            | 517,796          | 469,186          | 48,610           |
| General Accident    | 91,967           | 51,898           | 40,069           | 62,070           | 36,397           | 25,673           |
| Liability           | 299,028          | 100,155          | 198,873          | 248,665          | 30,549           | 218,116          |
| Marine              | 7,388            | 5,476            | 1,912            | 5,120            | 3,714            | 1,406            |
| Motor               | 2,405,478        | 547,166          | 1,858,312        | 2,985,523        | 879,584          | 2,105,939        |
| <b>Gross amount</b> | <b>2,999,465</b> | <b>853,196</b>   | <b>2,146,269</b> | <b>3,879,150</b> | <b>1,473,437</b> | <b>2,405,713</b> |

| \$'000              | The Company      |                  |                  |                  |                  |                  |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                     | 2023             |                  |                  | 2022             |                  |                  |
|                     | Insurance        | Reinsurance held | Net              | Insurance        | Reinsurance held | Net              |
| Engineering         | 126,407          | 88,859           | 37,548           | 59,976           | 54,007           | 5,969            |
| Fire                | 45,995           | 39,293           | 6,702            | 506,348          | 457,879          | 48,469           |
| General Accident    | 90,433           | 50,824           | 39,609           | 60,962           | 35,432           | 25,530           |
| Liability           | 293,074          | 100,041          | 193,033          | 245,806          | 30,549           | 215,257          |
| Marine              | 5,527            | 3,774            | 1,753            | 698              | 398              | 300              |
| Motor               | 1,533,483        | 472,302          | 1,061,181        | 2,007,123        | 820,959          | 1,186,164        |
| <b>Gross amount</b> | <b>2,094,919</b> | <b>755,093</b>   | <b>1,339,826</b> | <b>2,880,913</b> | <b>1,399,224</b> | <b>1,481,689</b> |

The amounts above are shown net of recoveries for claims incurred of \$465,230,000 (2022 - \$318,018,000).



#### **4. Insurance and Financial Risk Management (Continued)**

##### **(a) Insurance risk (continued)**

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the types of insurance risks accepted to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Management maintains an appropriate balance between commercial and personal policies and type of policies based on guidelines set by the Board of Directors. Insurance risk arising from the Group's insurance contracts are, however, concentrated within Jamaica, Trinidad and Tobago and Barbados.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Where applicable, contracts are underwritten by reference to the commercial replacement value of the properties or other assets and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for other assets and contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. This is however subject to the policy limit. Liability claims are settled over a long period of time and a portion of the claims provision relates to incurred but not reported (IBNR) claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing the claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the date of financial position. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the date of the statement of financial position.

In calculating the estimated cost of unpaid claims (both reported and not), the Group uses estimation techniques that are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

**4. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (continued)**

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) is analysed by type of risk for current and prior year premiums earned.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Management sets policy and retention limits based on guidelines set by the Board of Directors. The policy limit and maximum net retention of any one risk for each class of insurance for the year are as follows:

|                                | 2023              |                            | 2022              |                            |
|--------------------------------|-------------------|----------------------------|-------------------|----------------------------|
|                                | Policy Limit '000 | Maximum Net Retention '000 | Policy Limit '000 | Maximum Net Retention '000 |
| <b>Jamaica</b>                 |                   |                            |                   |                            |
| Commercial property –          |                   |                            |                   |                            |
| Fire and consequential loss    | US\$8,000         | US\$1,600                  | US\$8,000         | US\$800                    |
| Personal property              | US\$8,000         | US\$800                    | US\$8,000         | US\$800                    |
| Engineering                    | US\$6,500         | US\$125                    | US\$5,000         | US\$125                    |
| Liability                      | J\$93,000         | J\$7,500                   | J\$93,000         | J\$7,500                   |
| Marine, aviation and transport | US\$2,000         | US\$125                    | US\$2,000         | US\$125                    |
| Motor                          | J\$93,000         | J\$7,500                   | J\$93,000         | J\$7,500                   |
| Miscellaneous Accident –       |                   |                            |                   |                            |
| All Risk                       | J\$30,000         | J\$2,000                   | J\$30,000         | J\$2,000                   |
| Burglary                       | J\$10,000         | J\$2,000                   | J\$10,000         | J\$2,000                   |
| Cash/Money                     | J\$5,000          | J\$1,000                   | J\$5,000          | J\$1,000                   |
| Fidelity                       | J\$5,000          | J\$1,000                   | J\$5,000          | J\$1,000                   |
| Bonds                          | J\$100,000        | J\$20,000                  | J\$100,000        | J\$20,000                  |
| Goods in Transit               | J\$7,500          | J\$1,500                   | J\$5,000          | J\$1,000                   |
| Personal Accident              | J\$10,000         | J\$2,000                   | J\$10,000         | J\$2,000                   |

4. Insurance and Financial Risk Management (Continued)

|                                | 2023              |                            | 2022              |                            |
|--------------------------------|-------------------|----------------------------|-------------------|----------------------------|
|                                | Policy Limit '000 | Maximum Net Retention '000 | Policy Limit '000 | Maximum Net Retention '000 |
| <b>Trinidad and Tobago</b>     |                   |                            |                   |                            |
| Commercial property –          |                   |                            |                   |                            |
| Fire and consequential loss    | TT\$50,000        | TT\$5,000                  | TT\$50,000        | TT\$5,000                  |
| Personal property              | TT\$50,000        | TT\$5,000                  | TT\$50,000        | TT\$5,000                  |
| Engineering                    | TT\$44,200        | TT\$850                    | TT\$54,400        | TT\$850                    |
| Liability                      | TT\$11,400        | TT\$1,600                  | TT\$5,200         | TT\$800                    |
| Motor                          | TT\$11,400        | TT\$1,600                  | TT\$5,200         | TT\$800                    |
| Marine, aviation and transport | US\$2,000         | US\$125                    | US\$2,000         | US\$125                    |
| Miscellaneous Accident –       |                   |                            |                   |                            |
| All Risk                       | TT\$2,010         | TT\$134                    | TT\$2,010         | TT\$134                    |
| Burglary                       | TT\$435           | TT\$87                     | TT\$435           | TT\$87                     |
| Cash/Money                     | TT\$335           | TT\$67                     | TT\$335           | TT\$67                     |
| Fidelity                       | TT\$335           | TT\$67                     | TT\$335           | TT\$67                     |
| Bonds                          | TT\$2,500         | TT\$500                    | TT\$2,500         | TT\$500                    |
| Goods in Transit               | TT\$335           | TT\$67                     | TT\$335           | TT\$67                     |
| Personal Accident              | TT\$670           | TT\$ 134                   | TT\$670           | TT\$134                    |
| <b>Barbados</b>                |                   |                            |                   |                            |
| Commercial property –          |                   |                            |                   |                            |
| Fire and consequential loss    | BB\$16,000        | BB\$1,600                  | BB\$16,000        | BB\$1,600                  |
| Personal property              | BB\$16,000        | BB\$1,600                  | BB\$16,000        | BB\$1,600                  |
| Engineering                    | BB\$13,000        | BB\$250                    | BB\$16,000        | BB\$1,600                  |
| Liability                      | BB\$22,500        | BB\$150                    | BB\$22,500        | BB\$150                    |
| Motor                          | BB\$22,500        | BB\$150                    | BB\$22,500        | BB\$150                    |
| Miscellaneous Accident –       |                   |                            |                   |                            |
| All Risk                       | BB\$750           | BB\$50                     | BB\$600           | BB\$40                     |
| Burglary                       | BB\$350           | BB\$50                     | BB\$140           | BB\$20                     |
| Cash/Money                     | BB\$350           | BB\$50                     | BB\$140           | BB\$20                     |
| Fidelity                       | BB\$140           | BB\$20                     | BB\$140           | BB\$20                     |
| Bonds                          | BB\$2,000         | BB\$400                    | BB\$2,000         | BB\$400                    |
| Goods in Transit               | BB\$140           | BB\$20                     | BB\$140           | BB\$20                     |
| Personal Accident              | BB\$200           | BB\$40                     | BB\$200           | BB\$40                     |

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

**Sensitivity analysis to underwriting risk variables**

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following table presents information on how reasonably possible changes in assumptions made by the Group with regard to how underwriting risk variables impact insurance liabilities before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

|                               | Group                         |               |  |
|-------------------------------|-------------------------------|---------------|--|
|                               | LIC as at 31<br>December 2023 | Impact on LIC | Impact on profit<br>before income<br>tax |
|                               | \$'000                        | \$'000        | \$'000                                   |
| Liability for incurred claims | 3,612,194                     | -             | -  |
| Increase development by 10%   | -                             | 127,170       | 127,170                                  |
| Decrease development by 10%   | -                             | (101,731)     | (101,731)                                |

|                               | Group                         |               |  |
|-------------------------------|-------------------------------|---------------|--|
|                               | LIC as at 31<br>December 2022 | Impact on LIC | Impact on profit<br>before income<br>tax |
|                               | \$'000                        | \$'000        | \$'000                                   |
| Liability for incurred claims | 3,952,436                     | -             | -  |
| Increase development by 10%   | -                             | 143,313       | 143,313                                  |
| Decrease development by 10%   | -                             | (114,659)     | (114,659)                                |

**4. Insurance and Financial Risk Management (Continued)**

**(a) Insurance risk (continued)**

***Sensitivity Analysis of Actuarial Liabilities (Continued)***

|                               | <b>Company</b>                        |                      |   |
|-------------------------------|---------------------------------------|----------------------|---|
|                               | <b>LIC as at 31<br/>December 2023</b> | <b>Impact on LIC</b> | <b>Impact on profit<br/>before income<br/>tax</b> |
|                               | <b>\$'000</b>                         | <b>\$'000</b>        | <b>\$'000</b>                                     |
| Liability for incurred claims | 2,600,674                             | -                    | -   |
| Increase development by 10%   | -                                     | 90,254               | 90,254  |
| Decrease development by 10%   | -                                     | (72,203)             | (72,203)  |

|                               | <b>Company</b>                        |                      |   |
|-------------------------------|---------------------------------------|----------------------|---|
|                               | <b>LIC as at 31<br/>December 2022</b> | <b>Impact on LIC</b> | <b>Impact on profit<br/>before income<br/>tax</b> |
|                               | <b>\$'000</b>                         | <b>\$'000</b>        | <b>\$'000</b>                                     |
| Liability for incurred claims | 2,913,249                             | -                    | -   |
| Increase development by 10%   | -                                     | 96,880               | 96,880  |
| Decrease development by 10%   | -                                     | (77,504)             | (77,504)  |

#### 4. Insurance and Financial Risk Management (Continued)

##### (a) Insurance risk (continued)

###### *Development Claim Liabilities*

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Group's claims liability for accident years 2015 - 2022 has changed at successive year-ends, up to 2022. Updated date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in

|      |  | 2016     | 2016<br>And<br>Prior | 2017    | 2017<br>and<br>prior | 2018    | 2018<br>and<br>prior | 2019    |
|------|--|----------|----------------------|---------|----------------------|---------|----------------------|---------|
|      |  | \$'000   | \$'000               | \$'000  | \$'000               | \$'000  | \$'000               | \$'000  |
| 2016 | Paid during year                                       | 379,721  | 1,257,450            |         |                      |         |                      |         |
|      | UCAE, end of year                                      | 550,051  | 2,508,687            |         |                      |         |                      |         |
|      | IBNR, end of year                                      | 200,066  | 1,233,790            |         |                      |         |                      |         |
|      | Ratio: excess<br>(deficiency)                          |          |                      |         |                      |         |                      |         |
| 2017 | Paid during year                                       | 411,945  | 921,098              | 407,102 | 1,328,200            |         |                      |         |
|      | UCAE, end of year                                      | 424,106  | 2,102,721            | 658,944 | 2,761,665            |         |                      |         |
|      | IBNR, end of year                                      | 384,889  | 1,095,774            | 426,773 | 1,522,547            |         |                      |         |
|      | Ratio: excess<br>(deficiency)                          | (62.77%) | (10.08%)             |         |                      |         |                      |         |
| 2018 | Paid during year                                       | 84,396   | 417,899              | 419,091 | 836,990              | 704,090 | 1,541,080            |         |
|      | UCAE, end of year                                      | 364,568  | 1,713,282            | 403,829 | 2,117,111            | 702,263 | 2,819,374            |         |
|      | IBNR, end of year                                      | 200,408  | 491,259              | 251,701 | 742,960              | 361,653 | 1,104,613            |         |
|      | Ratio: excess<br>(deficiency)                          | (41.49%) | 5.32%                | 1.02%   | 13.70%               |         |                      |         |
| 2019 | Paid during year                                       | 149,021  | 897,118              | 158,262 | 1,055,380            | 495,868 | 1,551,248            | 642,092 |
|      | UCAE, end of year                                      | 211,293  | 780,949              | 258,251 | 1,039,200            | 367,971 | 1,407,171            | 724,954 |
|      | IBNR, end of year                                      | 138,151  | 274,149              | 172,455 | 446,604              | 217,437 | 664,041              | 352,877 |
|      | Ratio: excess<br>(deficiency)                          | (32.62%) | 12.06%               | 7.15%   | 21.15%               | (1.63%) | 7.68%                |         |
| 2020 | Paid during year                                       | 120,131  | 447,397              | 146,510 | 593,907              | 146,478 | 740,385              | 621,611 |
|      | UCAE, end of year                                      | 179,586  | 520,920              | 244,074 | 764,994              | 498,845 | 1,263,839            | 498,791 |
|      | IBNR, end of year                                      | 70,651   | 73,022               | 91,988  | 165,010              | 148,783 | 313,793              | 159,783 |
|      | Ratio: excess<br>(deficiency)                          | 35.41%   | (12.43%)             | (2.38%) | (20.26%)             | 7.15%   | (5.22%)              | 18.77%  |
| 2021 | Paid during year                                       | 69,548   | 179,422              | 100,762 | 280,184              | 74,660  | 354,844              | 84,965  |
|      | UCAE, end of year                                      | 167,737  | 330,123              | 142,130 | 472,253              | 265,274 | 737,527              | 266,214 |
|      | IBNR, end of year                                      | 51,722   | 184,700              | 72,827  | 257,527              | 120,474 | 378,001              | 57,080  |
|      | Ratio: excess<br>(deficiency)                          | (23.58%) | (25.43%)             | (9.03%) | (10.21%)             | (0.31%) | (0.86%)              | (7.64%) |
| 2022 | Paid during year                                       | 15,563   | 50,982               | 13,051  | 64,033               | 50,012  | 114,045              | 60,930  |
|      | UCAE, end of year                                      | 105,213  | 254,657              | 100,151 | 354,808              | 151,723 | 506,531              | 188,318 |
|      | IBNR, end of year                                      | 1,439    | 5,857                | 12,958  | 18,815               | 14,542  | 33,357               | 22,691  |
|      | Ratio: excess<br>(deficiency)                          | (26.00%) | 17.18%               | 52.12%  | 46.17%               | 13.83%  | 18.23%               | 1.66%   |
| 2023 | Paid during year                                       | 16,120   | 55,696               | 16,142  | 71,838               | 37,324  | 109,162              | 55,988  |
|      | UCAE, end of year                                      | 66,758   | 171,556              | 63,680  | 235,236              | 94,475  | 329,711              | 107,919 |
|      | IBNR, end of year                                      | 4,289    | 7,211                | 1,021   | 8,232                | 3,330   | 11,562               | 7,759   |
|      | Effects of discount,<br>risk adj, other end<br>of year | (5,131)  | (13,299)             | (5,709) | (19,008)             | (7,748) | (26,756)             | (9,041) |
|      | Ratio: excess<br>(deficiency)                          | 24.19%   | 17.59%               | (5.94%) | (6.38%)              | (3.17%) | (1.08%)              | 7.66%   |

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ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate unpaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to the development calculations.

| 2019<br>and<br>prior | 2020     | 2020<br>and<br>prior | 2021     | 2021<br>and<br>prior | 2022      | 2022<br>and<br>prior | 2023      | 2023<br>and<br>prior |
|----------------------|----------|----------------------|----------|----------------------|-----------|----------------------|-----------|----------------------|
| \$'000               | \$'000   | \$'000               | \$'000   | \$'000               | \$'000    | \$'000               | \$'000    | \$'000               |
| 2,193,340            |          |                      |          |                      |           |                      |           |                      |
| 2,132,125            |          |                      |          |                      |           |                      |           |                      |
| 1,016,918            |          |                      |          |                      |           |                      |           |                      |
| <hr/>                |          |                      |          |                      |           |                      |           |                      |
| 1,361,996            | 677,161  | 2,039,157            |          |                      |           |                      |           |                      |
| 1,762,630            | 734,770  | 2,497,400            |          |                      |           |                      |           |                      |
| 473,576              | 337,154  | 810,730              |          |                      |           |                      |           |                      |
| 9.50%                |          |                      |          |                      |           |                      |           |                      |
| 439,809              | 577,580  | 1,017,389            | 682,569  | 1,699,958            |           |                      |           |                      |
| 1,003,741            | 461,939  | 1,465,680            | 671,032  | 2,136,712            |           |                      |           |                      |
| 435,081              | 81,527   | 516,608              | 392,469  | 909,077              |           |                      |           |                      |
| (0.36%)              | 4.58%    | 1.17%                |          |                      |           |                      |           |                      |
| 174,975              | 141,872  | 316,847              | 698,217  | 1,015,064            | 753,449   | 1,768,513            |           |                      |
| 694,849              | 289,280  | 984,129              | 82,383   | 1,066,512            | 1,158,026 | 2,224,538            |           |                      |
| 56,048               | 67,944   | 123,992              | 138,806  | 262,798              | 387,741   | 650,539              |           |                      |
| 14.01%               | (0.44%)  | 19.50%               | 19.78%   | 26.04%               |           |                      |           |                      |
| 165,150              | 67,894   | 233,044              | 209,818  | 442,862              | 778,947   | 1,221,809            | 1,157,821 | 2,379,630            |
| 437,630              | 146,738  | 584,368              | 205,011  | 789,379              | 522,376   | 1,311,755            | 585,176   | 1,896,931            |
| 19,321               | 13,540   | 32,861               | (23,474) | 9,387                | (23,828)  | (14,441)             | 480,946   | 466,505              |
| (35,797)             | (12,963) | (48,760)             | (12,705) | (61,465)             | (37,218)  | (98,683)             | (118,485) | (217,168)            |
| 14.10%               | 4.36%    | 4.24%                | 27.34%   | 17.28%               | 43.78%    | 30.24%               |           |                      |

#### 4. Insurance and Financial Risk Management (Continued)

##### (a) Insurance risk (continued)

###### *Development Claim Liabilities*

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Company's ability ultimate claims liability for accident years 2016 - 2023 has changed at successive year-ends, up to 2022. Updated amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year,

|             |  | 2016     | 2016<br>and<br>prior | 2017     | 2017<br>and<br>prior | 2018    | 2018<br>and<br>prior | 2019    |
|-------------|--|----------|----------------------|----------|----------------------|---------|----------------------|---------|
|             |  | \$'000   | \$'000               | \$'000   | \$'000               | \$'000  | \$'000               | \$'000  |
| <b>2016</b> | Paid during year                                       | 316,867  | 686,604              |          |                      |         |                      |         |
|             | UCAE, end of year                                      | 395,079  | 977,817              |          |                      |         |                      |         |
|             | IBNR, end of year                                      | 90,131   | 147,810              |          |                      |         |                      |         |
|             | Ratio: excess<br>(deficiency)                          | -        | -                    |          |                      |         |                      |         |
| <b>2017</b> | Paid during year                                       | 354,039  | 594,475              | 376,268  | 970,743              |         |                      |         |
|             | UCAE, end of year                                      | 231,093  | 709,192              | 491,870  | 1,201,062            |         |                      |         |
|             | IBNR, end of year                                      | 34,818   | 72,549               | 128,131  | 200,680              |         |                      |         |
|             | Ratio: excess<br>(deficiency)                          | (27.77%) | (22.26%)             |          |                      |         |                      |         |
| <b>2018</b> | Paid during year                                       | 64,897   | 203,060              | 357,070  | 560,130              | 657,745 | 1,217,875            |         |
|             | UCAE, end of year                                      | 151,792  | 441,021              | 217,186  | 658,207              | 610,706 | 1,268,913            |         |
|             | IBNR, end of year                                      | 16,902   | 47,716               | 39,187   | 86,903               | 112,632 | 199,535              |         |
|             | Ratio: excess<br>(deficiency)                          | (21.11%) | (14.27%)             | 1.06%    | 6.88%                |         |                      |         |
| <b>2019</b> | Paid during year                                       | 30,938   | 128,028              | 70,661   | 198,689              | 391,239 | 589,928              | 593,953 |
|             | UCAE, end of year                                      | 89,194   | 253,501              | 122,988  | 376,489              | 294,613 | 671,102              | 693,840 |
|             | IBNR, end of year                                      | (863)    | 4,747                | 7,542    | 12,289               | 24,022  | 36,311               | 168,069 |
|             | Ratio: excess<br>(deficiency)                          | 10.92%   | 5.17%                | (9.96%)  | (18.13%)             | (1.86%) | (11.65%)             |         |
| <b>2020</b> | Paid during year                                       | 23,741   | 76,043               | 29,570   | 105,613              | 89,000  | 194,613              | 577,520 |
|             | UCAE, end of year                                      | 77,776   | 210,713              | 97,345   | 308,058              | 217,201 | 525,259              | 391,730 |
|             | IBNR, end of year                                      | 2,481    | 10,832               | 2,581    | 13,413               | 11,894  | 25,307               | 35,763  |
|             | Ratio: excess<br>(deficiency)                          | 14.15%   | 8.66%                | (10.12%) | (15.40%)             | (1.94%) | (9.08%)              | 16.60%  |
| <b>2021</b> | Paid during year                                       | 24,531   | 48,893               | 25,329   | 74,222               | 55,988  | 130,210              | 132,087 |
|             | UCAE, end of year                                      | 63,689   | 162,464              | 65,004   | 227,468              | 144,380 | 371,848              | 222,793 |
|             | IBNR, end of year                                      | 2,371    | 7,660                | 6,780    | 14,440               | 5,903   | 20,343               | 18,887  |
|             | Ratio: excess<br>(deficiency)                          | 16.28%   | 8.44%                | (10.58%) | (15.78%)             | (5.09%) | (11.00%)             | 10.37%  |
| <b>2022</b> | Paid during year                                       | 17,265   | 38,639               | 19,698   | 58,337               | 29,065  | 87,402               | 46,664  |
|             | UCAE, end of year                                      | 41,976   | 125,893              | 43,986   | 169,879              | 79,213  | 249,092              | 137,917 |
|             | IBNR, end of year                                      | 7,263    | 15,661               | 8,393    | 24,054               | 15,127  | 39,181               | 10,414  |
|             | Ratio: excess<br>(deficiency)                          | (16.37%) | (9.33%)              | 68.12%   | 14.44%               | 27.19%  | 12.12%               | (4.95%) |
| <b>2023</b> | Paid during year                                       | 13,970   | 41,141               | 14,558   | 55,699               | 26,324  | 82,023               | 49,401  |
|             | UCAE, end of year                                      | 24,432   | 86,042               | 34,277   | 120,319              | 61,700  | 182,019              | 95,561  |
|             | IBNR, end of year                                      | 4,289    | 7,211                | 1,021    | 8,232                | 3,330   | 11,562               | 7,759   |
|             | Effects of discount,<br>risk adj, other<br>end of year | (2,576)  | (8,766)              | (3,912)  | (12,678)             | (5,810) | (18,488)             | (8,578) |
|             | Ratio: excess<br>(deficiency)                          | 15.02%   | 8.70%                | (10.94%) | (15.73%)             | (9.22%) | (12.99%)             | 5.46%   |



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to estimate the ultimate value of claims. The table below illustrates how the Company's estimate of the unpaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as used in the development calculations.

| 2019<br>and<br>prior | 2020     | 2020<br>and<br>prior | 2021     | 2021<br>and<br>prior | 2022     | 2022<br>And<br>Prior | 2023     | 2023<br>And<br>Prior |
|----------------------|----------|----------------------|----------|----------------------|----------|----------------------|----------|----------------------|
| \$'000               | \$'000   | \$'000               | \$'000   | \$'000               | \$'000   | \$'000               | \$'000   | \$'000               |
| 1,183,881            |          |                      |          |                      |          |                      |          |                      |
| 1,364,942            |          |                      |          |                      |          |                      |          |                      |
| 204,380              |          |                      |          |                      |          |                      |          |                      |
| <u>772,133</u>       | 619,746  | 1,391,879            |          |                      |          |                      |          |                      |
| 916,989              | 631,504  | 1,548,493            |          |                      |          |                      |          |                      |
| 61,070               | 191,432  | 252,502              |          |                      |          |                      |          |                      |
| 11.53%               |          |                      |          |                      |          |                      |          |                      |
| <u>262,297</u>       | 508,866  | 771,163              | 618,721  | 1,389,884            |          |                      |          |                      |
| 594,641              | 341,734  | 936,375              | 599,123  | 1,535,498            |          |                      |          |                      |
| 39,230               | 34,819   | 74,049               | 184,364  | 258,413              |          |                      |          |                      |
| 6.31%                | 7.59%    | (1.08%)              |          |                      |          |                      |          |                      |
| <u>134,066</u>       | 121,797  | 255,863              | 606,318  | 862,181              | 586,448  | 1,448,629            |          |                      |
| 387,009              | 201,030  | 588,039              | 348,120  | 936,159              | 596,050  | 1,532,209            |          |                      |
| 49,595               | 21,421   | 71,016               | 38,522   | 109,538              | 292,437  | 401,975              |          |                      |
| (2.28%)              | (3.67%)  | 6.38%                | (26.74%) | (6.30%)              |          |                      |          |                      |
| <u>131,424</u>       | 49,447   | 180,871              | 191,478  | 372,349              | 602,300  | 974,649              | 707,382  | 1,682,031            |
| 277,580              | 117,245  | 394,825              | 184,454  | 579,279              | 367,009  | 946,288              | 237,358  | 1,183,646            |
| 19,321               | 13,541   | 32,862               | (23,475) | 9,387                | (23,811) | (14,424)             | 329,326  | 314,902              |
| (27,066)             | (11,490) | (38,556)             | (13,381) | (51,937)             | (27,051) | (78,988)             | (79,735) | (158,723)            |
| 1.75%                | (1.46%)  | (9.18%)              | 22.37%   | 1.63%                | 6.42%    | (1.43%)              |          |                      |

**4. Insurance and Financial Risk Management (Continued)**

**(b) Reinsurance risk**

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

Retention limits represent the level of risk retained by the cedant insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit or as agreed. The retention programs used by the Group are summarised below:

(a) Facultative reinsurance treaties are accepted on a per risk basis.

(b) The group has treaty arrangements as follows:

(i) Property:

|                          | Jamaica |           | Barbados |           | Trinidad |           |
|--------------------------|---------|-----------|----------|-----------|----------|-----------|
|                          | Ceded   | Retention | Ceded    | Retention | Ceded    | Retention |
| Property & Allied Perils |         |           |          |           |          |           |
| Homeowners               | 90%     | 10%       | 85%      | 15%       | 90%      | 10%       |
| Other Property           | 80%     | 20%       | 85%      | 15%       | 90%      | 10%       |

(ii) Motor 60%:40% Quota Share of premiums i.e. 60% ceded premiums and 40% retained.

(iii) Excess of loss treaty for motor and third-party liability, which covers losses in excess of J\$7,500,000 for any one loss or event.

(iv) Excess of loss treaty for motor and third-party liability, which covers losses in excess of TT\$800,000 for any one loss or event.

(v) First surplus and a quota share treaty for engineering business with retention of US\$125,000.

(vi) First surplus treaty for miscellaneous accident, losses covered in excess of J\$2,000,000.

(vii) Catastrophe excess of loss treaty which covers losses in excess of J\$150,000,000 for any one catastrophic event as defined.

The Group reinsures with several reinsurers. Of significance are Munich Reinsurance, R & V Reinsurance, Scor Reinsurance and Swiss Reinsurance Company. All other reinsurers carry lines under 10%. The Group's business model supports the placement of specialty risk directly in the overseas market on a per risk basis. In keeping with the Group's risk policy, placement of these risks are with several reinsurers. A.M Best (Best) and Standard & Poor's (S & P) ratings for the major reinsurers are as follows:

|                            | A.M Best |      | S & P |      |
|----------------------------|----------|------|-------|------|
|                            | 2023     | 2022 | 2023  | 2022 |
| Munich Reinsurance Company | A+       | A+   | AA-   | AA-  |
| R & V Reinsurance          | -        | -    | A+    | AA-  |
| Scor Reinsurance Company   | A+       | A+   | A+    | AA-  |
| Swiss Reinsurance Company  | A+       | A+   | AA-   | AA-  |

(d) The amount of reinsurance recoveries recognised during the period is as follows:

|                  | Group            |                | Company        |                |
|------------------|------------------|----------------|----------------|----------------|
|                  | 2023<br>\$'000   | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| Engineering      | 81,633           | 35,290         | 44,986         | 34,422         |
| Fire             | 226,285          | (93,601)       | 194,810        | (99,255)       |
| General Accident | 41,704           | 138,066        | 23,005         | 139,361        |
| Liability        | (7,626)          | 11,975         | (10,845)       | 10,256         |
| Marine           | 8,415            | (22,821)       | 3,725          | (22,759)       |
| Motor            | 681,429          | 465,215        | 633,710        | 439,377        |
|                  | <u>1,031,840</u> | <u>534,124</u> | <u>889,391</u> | <u>501,402</u> |

#### **4. Insurance and Financial Risk Management (Continued)**

##### **(c) Financial risk**

The Group is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, market risk, cash flow risk, currency risk, price risk and credit risk.

These risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are credit risk, interest rate risk and market risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Group's financial performance.

##### **(i) Credit risk**

The Group takes on exposure to credit risk, which is the risk that its reinsurers, brokers, customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is an important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from reinsurance assets, investment contracts, lease receivables and loans receivable.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

##### ***Credit review process***

The Group's senior management meets on a monthly basis to discuss the ability of customers and other counterparties to meet repayment obligations.

##### **(i) Reinsurance**

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group's senior management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

##### **(ii) Loans and leases receivable**

The Group's management of exposure to loans and leases receivable is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering credit facilities. Customers are required to provide a letter of guarantee and proof of collateral to be held as security.

#### 4. Insurance and Financial Risk Management (Continued)

##### (c) Financial risk (continued)

##### (i) Credit risk (continued)

##### **Credit review process (continued)**

##### (iii) Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

##### **Impairment of Financial Assets**

The following financial assets that are subject to expected credit loss model:

- Debt investments carried at amortised cost.
- Lease receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, all bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions and the identified impairment loss was immaterial.

##### *Debt securities*

The following table summarises the Group's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

|                                   | Group            |                  | Company          |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | 2023<br>\$'000   | 2022<br>\$'000   | 2023<br>\$'000   | 2022<br>\$'000   |
| Government of Jamaica             | 13,716           | 31,717           | 13,716           | 31,717           |
| Government of Trinidad and Tobago | 298,284          | 813,791          | -                | -                |
| Other Government                  | 30,566           | 329,802          | 30,566           | 329,802          |
| Certificate of deposits           | 1,714,774        | 1,406,485        | 874,404          | 1,315,495        |
| Corporate                         | 108,066          | 118,962          | 108,066          | 104,975          |
|                                   | <u>2,165,406</u> | <u>2,700,757</u> | <u>1,026,752</u> | <u>1,781,989</u> |

##### *Significant increase in credit risk*

- Qualitative assessment – Credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. Issuer-specific default risk estimates incorporate forward-looking information directly. In calculating the probability of default, the Group uses credit ratings along with rating outlooks from recognised rating agencies, as well as issuer-specific default risk estimates where available and appropriate. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardise across different rating systems and to clearly demarcate significant changes in credit risk over time.

A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categorised as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

**4. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (continued)**

**(i) Credit risk (continued)**

*Expected credit loss measurement*

The Group assesses on a forward-looking basis the ECL associated with debt investments. The ECL recognised by the Group reflects an unbiased and probability weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost at the reporting date. The ECL is the product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The PD presents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is calculated on a 12 month or a lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is a percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

All of the Group's debt investments at amortised cost is considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. There were no transfers between stages from the date of adoption to the reporting date.

The loss allowance for debt investments at amortised cost as at 31 December 2023 reconciles to the opening loss allowance on 1 January 2023 as at 31 December 2023 as follows:

|   | <u>The Group</u> |               | <u>The Company</u> |               |
|---|------------------|---------------|--------------------|---------------|
|   | <u>2023</u>      | <u>2022</u>   | <u>2023</u>        | <u>2022</u>   |
|   | <u>\$'000</u>    | <u>\$'000</u> | <u>\$'000</u>      | <u>\$'000</u> |
| Opening loss allowance as at 1 January  | 3,723            | 10,523        | 3,680              | 5,876         |
| Decrease in loss allowance recognised in profit or loss<br>in the statement of comprehensive income during the year | (533)            | (6,800)       | (533)              | (2,196)       |
| Closing loss allowance as at 31 December  | <u>3,190</u>     | <u>3,723</u>  | <u>3,147</u>       | <u>3,680</u>  |

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

*Sensitivity analysis*

Set out below are the changes in ECL as at 31 December 2023 that would result from a reasonably possible change in the PDs used by the Group:

| 31 December 2023                   | Impact on ECL            |                |                  |                 |                  |                 |
|------------------------------------|--------------------------|----------------|------------------|-----------------|------------------|-----------------|
|                                    | The Group                |                |                  |                 | The Company      |                 |
|                                    | Actual PD ranges applied | % Change in PD | Higher threshold | Lower threshold | Higher threshold | Lower threshold |
| Financial Assets                   |                          |                |                  |                 | \$'000           | \$'000          |
| Debt instruments at amortised cost | 1% - 4%                  | +/- 20%        | 638              | (638)           | 629              | (629)           |

| 31 December 2022                   | Impact on ECL            |                |                  |                 |                  |                 |
|------------------------------------|--------------------------|----------------|------------------|-----------------|------------------|-----------------|
|                                    | The Group                |                |                  |                 | The Company      |                 |
|                                    | Actual PD ranges applied | % Change in PD | Higher threshold | Lower threshold | Higher threshold | Lower threshold |
| Financial Assets                   |                          |                |                  |                 | \$'000           | \$'000          |
| Debt instruments at amortised cost | 1% - 4%                  | +/- 20%        | 745              | (745)           | 736              | (736)           |

#### **4. Insurance and Financial Risk Management (Continued)**

##### **(c) Financial risk (continued)**

##### **(ii) Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil claims and other liabilities incurred.

##### ***Liquidity risk management process***

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;
- (iii) Optimising cash returns on investments;
- (iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- (v) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

**4. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (continued)**

**(ii) Liquidity risk (continued)**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Financial assets and financial liabilities cash flows

The tables below present the undiscounted cash flows of the Group's financial assets and liabilities based on contractual repayment obligations:

|                                    | Group            |                  |                  |                    |                  |                      | Total            |
|------------------------------------|------------------|------------------|------------------|--------------------|------------------|----------------------|------------------|
|                                    | Within 1 Month   | Within 3 Months  | 3 to 12 Months   | 1 to 5 Years       | Over 5 Years     | No Specific Maturity |                  |
|                                    | \$'000           | \$'000           | \$'000           | \$'000             | \$'000           | \$'000               | \$'000           |
| <b>At 31 December 2023:</b>        |                  |                  |                  |                    |                  |                      |                  |
| Cash and short-term investments    | 836,745          | 242,846          | -                | -                  | -                | -                    | 1,079,591        |
| Reinsurance contract assets        | 94,163           | 587,534          | 1,358,961        | -                  | -                | -                    | 2,040,658        |
| Insurance contract assets          | 12,246           | 829              | 12,058           | -                  | -                | -                    | 25,133           |
| Other receivables                  | 38,074           | 5,036            | 984,046          | -                  | -                | 232,867              | 1,260,023        |
| Due from related parties           | -                | -                | -                | -                  | -                | 8,334                | 8,334            |
| Loan receivable                    | 737              | 1,453            | 6,193            | 22,270             | 95,824           | -                    | 126,477          |
| Lease receivable                   | 6,405            | 6,461            | 24,827           | 9,525              | -                | -                    | 47,218           |
| Real estate investment             | -                | -                | -                | -                  | -                | 228,750              | 228,750          |
| Investment securities              | 206,437          | 177,591          | 614,982          | 975,928            | 262,280          | 976,286              | 3,213,504        |
| <b>Total financial assets</b>      | <b>1,194,807</b> | <b>1,021,750</b> | <b>3,001,067</b> | <b>1,007,723</b>   | <b>358,104</b>   | <b>1,446,237</b>     | <b>8,029,688</b> |
| Other liabilities                  | -                | -                | -                | -                  | -                | 231,130              | 231,130          |
| Lease liabilities                  | 2,797            | 4,701            | 44,183           | 204,690            | -                | -                    | 256,371          |
| Insurance contract liabilities     | 1,126,267        | 99,265           | 1,108,954        | 2,802,038          | -                | -                    | 5,136,524        |
| Reinsurance contract liabilities   | 462              | 2,883            | 6,667            | -                  | -                | -                    | 10,012           |
| <b>Total financial liabilities</b> | <b>1,129,526</b> | <b>106,849</b>   | <b>1,159,804</b> | <b>3,006,728</b>   | <b>-</b>         | <b>231,130</b>       | <b>5,634,037</b> |
| <b>Net Liquidity Gap</b>           | <b>65,281</b>    | <b>914,901</b>   | <b>1,841,263</b> | <b>(1,999,005)</b> | <b>358,104</b>   | <b>1,215,107</b>     | <b>2,395,651</b> |
| <b>Cumulative gap</b>              | <b>65,281</b>    | <b>980,182</b>   | <b>2,821,445</b> | <b>822,440</b>     | <b>1,180,544</b> | <b>2,395,651</b>     |                  |



4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

*Liquidity risk management process (continued)*

|                                    | Group                       |                              |                             |                           |                           |                                   | Total<br>\$'000  |
|------------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------------|------------------|
|                                    | Within 1<br>Month<br>\$'000 | Within 3<br>Months<br>\$'000 | 3 to 12<br>Months<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Over<br>5 Years<br>\$'000 | No Specific<br>Maturity<br>\$'000 |                  |
| <b>At 31 December 2022:</b>        |                             |                              |                             |                           |                           |                                   |                  |
| Cash and short-term investments    | 778,819                     | 13,897                       | -                           | -                         | -                         | -                                 | 792,716          |
| Reinsurance contract assets        | 226,521                     | 568,534                      | 1,191,251                   | -                         | -                         | -                                 | 1,986,306        |
| Insurance contract assets          | 6,724                       | 2,235                        | 4,427                       | 18,224                    | -                         | -                                 | 31,610           |
| Other receivables                  | 14,181                      | 13,475                       | 46,669                      | -                         | -                         | 874,623                           | 948,948          |
| Due from related parties           | -                           | -                            | -                           | -                         | -                         | 8,049                             | 8,049            |
| Loan receivable                    | 1,858                       | 3,715                        | 16,715                      | 89,149                    | 66,861                    | -                                 | 178,298          |
| Lease receivable                   | 2,783                       | 4,487                        | 20,191                      | 72,852                    | 6,969                     | -                                 | 107,282          |
| Real estate investment             | -                           | -                            | -                           | -                         | 189,912                   | -                                 | 189,912          |
| Investment securities              | 466,001                     | 486,165                      | 1,118,738                   | 625,681                   | 172,226                   | 584,884                           | 3,453,695        |
| <b>Total financial assets</b>      | <b>1,496,887</b>            | <b>1,092,508</b>             | <b>2,397,991</b>            | <b>805,906</b>            | <b>435,968</b>            | <b>1,467,556</b>                  | <b>7,696,816</b> |
| Other liabilities                  | 126,777                     | 19,968                       | 130,847                     | -                         | -                         | -                                 | 277,592          |
| Due to related parties             | -                           | -                            | -                           | -                         | -                         | 16,577                            | 16,577           |
| Lease liabilities                  | 6,302                       | 6,755                        | 36,387                      | 7,153                     | -                         | -                                 | 56,597           |
| Insurance contract liabilities     | 1,030,226                   | 342,344                      | 678,246                     | 2,791,989                 | -                         | -                                 | 4,842,805        |
| Reinsurance contract liabilities   | 5,851                       | 14,686                       | 30,771                      | -                         | -                         | -                                 | 51,308           |
| <b>Total financial liabilities</b> | <b>1,169,156</b>            | <b>383,753</b>               | <b>876,251</b>              | <b>2,799,142</b>          | <b>-</b>                  | <b>16,577</b>                     | <b>5,244,879</b> |
| <b>Net Liquidity Gap</b>           | <b>327,731</b>              | <b>708,755</b>               | <b>1,521,740</b>            | <b>(1,993,236)</b>        | <b>435,968</b>            | <b>1,450,979</b>                  | <b>2,451,937</b> |
| <b>Cumulative gap</b>              | <b>327,731</b>              | <b>1,036,486</b>             | <b>2,558,226</b>            | <b>564,990</b>            | <b>1,000,958</b>          | <b>2,451,937</b>                  |                  |

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

*Liquidity risk management process (continued)*

|                                    | Company           |                    |                   |                  |                 |                            | Total            |
|------------------------------------|-------------------|--------------------|-------------------|------------------|-----------------|----------------------------|------------------|
|                                    | Within 1<br>Month | Within 3<br>Months | 3 to 12<br>Months | 1 to 5<br>Years  | Over<br>5 Years | No<br>Specific<br>Maturity |                  |
|                                    | \$'000            | \$'000             | \$'000            | \$'000           | \$'000          | \$'000                     |                  |
| <b>At 31 December 2023:</b>        |                   |                    |                   |                  |                 |                            |                  |
| Cash and short-term investments    | 513,167           | 147,873            | -                 | -                | -               | -                          | 661,040          |
| Reinsurance contract assets        | 89,812            | 560,383            | 1,296,162         | -                | -               | -                          | 1,946,357        |
| Other receivables                  | 8,030             | 5,036              | 984,046           | -                | -               | 19,362                     | 1,016,474        |
| Due from related parties           | -                 | -                  | -                 | -                | -               | 273,475                    | 273,475          |
| Lease receivable                   | 6,405             | 6,461              | 24,827            | 9,525            | -               | -                          | 47,218           |
| Real estate investment             | -                 | -                  | -                 | -                | -               | 228,750                    | 228,750          |
| Investment securities              | 196,120           | 157,423            | 607,743           | 121,275          | 16,003          | 971,953                    | 2,070,517        |
| <b>Total financial assets</b>      | <b>813,534</b>    | <b>877,176</b>     | <b>2,912,778</b>  | <b>130,800</b>   | <b>16,003</b>   | <b>1,493,540</b>           | <b>6,243,831</b> |
| Other liabilities                  | 180,541           | 14,911             | 97,707            | -                | -               | -                          | 293,159          |
| Lease liabilities                  | 285               | 285                | 34,305            | 213,682          | -               | -                          | 248,557          |
| Insurance contract liabilities     | 799,188           | 70,437             | 786,902           | 1,988,298        | -               | -                          | 3,644,825        |
| <b>Total financial liabilities</b> | <b>980,014</b>    | <b>85,633</b>      | <b>918,914</b>    | <b>2,201,980</b> | <b>-</b>        | <b>-</b>                   | <b>4,186,541</b> |
| Net Liquidity Gap                  | (166,480)         | 791,543            | 1,993,864         | (2,071,180)      | 16,003          | 1,493,540                  | 2,057,290        |
| Cumulative gap                     | (166,480)         | 625,063            | 2,618,927         | 547,747          | 563,750         | 2,057,290                  | -                |

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Liquidity risk management process (continued)

|                                    | Company          |                 |                  |                    |                |                      | Total            |
|------------------------------------|------------------|-----------------|------------------|--------------------|----------------|----------------------|------------------|
|                                    | Within 1 Month   | Within 3 Months | 3 to 12 Months   | 1 to 5 Years       | Over 5 Years   | No Specific Maturity |                  |
|                                    | \$'000           | \$'000          | \$'000           | \$'000             | \$'000         | \$'000               |                  |
| <b>At 31 December 2022:</b>        |                  |                 |                  |                    |                |                      |                  |
| Cash and short-term investments    | 350,215          | 13,897          | -                | -                  | -              | -                    | 364,112          |
| Reinsurance contract assets        | 485,456          | 679,639         | 776,730          | -                  | -              | -                    | 1,941,825        |
| Insurance contract assets          | 5,996            | 8,394           | 9,592            | -                  | -              | -                    | 23,982           |
| Other receivables                  | 14,181           | 13,475          | 46,669           | -                  | -              | 734,206              | 808,531          |
| Due from related parties           | -                | -               | -                | -                  | -              | 104,905              | 104,905          |
| Lease receivable                   | 2,783            | 4,487           | 20,191           | 72,852             | 6,969          | -                    | 107,282          |
| Real estate investment             | -                | -               | -                | -                  | 189,912        | -                    | 189,912          |
| Investment securities              | 370,183          | 269,778         | 1,099,885        | 63,469             | 146,685        | 580,055              | 2,530,055        |
| <b>Total financial assets</b>      | <b>1,228,814</b> | <b>989,670</b>  | <b>1,953,067</b> | <b>136,321</b>     | <b>343,566</b> | <b>1,419,166</b>     | <b>6,070,604</b> |
| Other liabilities                  | 195,320          | 19,968          | 130,847          | -                  | -              | -                    | 346,135          |
| Due to related parties             | -                | -               | -                | -                  | -              | 16,577               | 16,577           |
| Lease liabilities                  | 5,578            | 5,307           | 17,924           | 559                | -              | -                    | 29,368           |
| Insurance contract liabilities     | 884,445          | 530,667         | 707,556          | 1,415,111          | -              | -                    | 3,537,779        |
| Reinsurance contract liabilities   | 6,855            | 4,113           | 5,484            | 10,969             | -              | -                    | 27,421           |
| <b>Total financial liabilities</b> | <b>1,092,198</b> | <b>560,055</b>  | <b>861,811</b>   | <b>1,426,639</b>   | <b>-</b>       | <b>16,577</b>        | <b>3,957,280</b> |
| <b>Net Liquidity Gap</b>           | <b>136,616</b>   | <b>429,615</b>  | <b>1,091,256</b> | <b>(1,290,318)</b> | <b>343,566</b> | <b>1,402,589</b>     | <b>2,113,324</b> |
| <b>Cumulative gap</b>              | <b>136,616</b>   | <b>566,231</b>  | <b>1,657,487</b> | <b>367,169</b>     | <b>710,735</b> | <b>2,113,324</b>     | <b>-</b>         |

Assets available to meet all of the liabilities and to cover financial liabilities include cash and bank balances and investment securities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from its parent company and other financial institutions.

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates and prices of quoted equities. Market risk is monitored by the finance department which carries out research and monitors the price movement of financial assets on the local and international markets.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

**4. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (continued)**

**(iii) Market risk**

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

**Concentrations of currency risk**

The tables below summarise the Group's exposure to foreign currency exchange rate risk at 31 December:

|                                    | <b>The Group</b>              |                        |                         |                        |                          |
|------------------------------------|-------------------------------|------------------------|-------------------------|------------------------|--------------------------|
|                                    | <b>Jamaican\$<br/>J\$'000</b> | <b>TTD<br/>J\$'000</b> | <b>US\$<br/>J\$'000</b> | <b>BBD<br/>J\$'000</b> | <b>Total<br/>J\$'000</b> |
| <b>At 31 December 2023:</b>        |                               |                        |                         |                        |                          |
| <b>Financial Assets</b>            |                               |                        |                         |                        |                          |
| Cash and short term investments    | 384,445                       | 230,435                | 317,055                 | 147,656                | 1,079,591                |
| Reinsurance contract assets        | 1,946,357                     | 34,800                 | -                       | 59,501                 | 2,040,658                |
| Insurance contract assets          | -                             | 21,030                 | -                       | 4,103                  | 25,133                   |
| Other receivables                  | 1,176,359                     | 10,168                 | 43,073                  | 30,423                 | 1,260,023                |
| Loan receivables                   | -                             | 126,477                | -                       | -                      | 126,477                  |
| Lease receivables                  | 44,725                        | -                      | -                       | -                      | 44,725                   |
| Due from related parties           | 8,334                         | -                      | -                       | -                      | 8,334                    |
| Real estate investment             | 228,750                       | -                      | -                       | -                      | 228,750                  |
| Investment securities              | 1,557,365                     | 1,219,300              | 390,622                 | -                      | 3,167,287                |
| <b>Total financial assets</b>      | <b>5,346,335</b>              | <b>1,642,210</b>       | <b>750,750</b>          | <b>241,683</b>         | <b>7,980,978</b>         |
| <b>Financial Liabilities</b>       |                               |                        |                         |                        |                          |
| Reinsurance contract liabilities   | -                             | 304                    | -                       | 9,708                  | 10,012                   |
| Other liabilities                  | 153,962                       | 70,658                 | -                       | 6,510                  | 231,130                  |
| Due to related parties             | -                             | -                      | -                       | -                      | -                        |
| Lease liabilities                  | -                             | 13,561                 | 217,959                 | 4,193                  | 235,713                  |
| Insurance contract liabilities     | 3,644,825                     | 1,356,725              | -                       | 134,974                | 5,136,524                |
| <b>Total financial liabilities</b> | <b>3,798,787</b>              | <b>1,441,248</b>       | <b>217,959</b>          | <b>155,385</b>         | <b>5,613,379</b>         |
| <b>Net financial position</b>      | <b>1,547,548</b>              | <b>200,962</b>         | <b>532,791</b>          | <b>86,298</b>          | <b>2,367,599</b>         |

**4. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (continued)**

**(iii) Market risk (continued)**

**Currency risk (continued)**

The tables below summarise the Group's exposure to foreign currency exchange rate risk at 31 December:

|                                       | <b>The Group</b>              |                        |                         |                        |                          |
|---------------------------------------|-------------------------------|------------------------|-------------------------|------------------------|--------------------------|
|                                       | <b>Jamaican\$<br/>J\$'000</b> | <b>TTD<br/>J\$'000</b> | <b>US\$<br/>J\$'000</b> | <b>BBD<br/>J\$'000</b> | <b>Total<br/>J\$'000</b> |
| <b>At 31 December 2022:</b>           |                               |                        |                         |                        |                          |
| <b>Financial Assets</b>               |                               |                        |                         |                        |                          |
| Cash and short term investments       | 237,894                       | 218,608                | 180,610                 | 149,192                | 786,304                  |
| Reinsurance contract assets           | 1,833,858                     | 62,126                 | 83,970                  | 6,352                  | 1,986,306                |
| Insurance contract assets             | 23,982                        |                        | -                       | 4,847                  | 31,610                   |
| Other receivables                     | 920,472                       | 27,858                 | -                       | -                      | 948,330                  |
| Loan receivables                      | -                             | 136,226                | -                       | -                      | 136,226                  |
| Lease receivables                     | 66,312                        | -                      | -                       | -                      | 66,312                   |
| Due from related parties              | 8,049                         | -                      | -                       | -                      | 8,049                    |
| Real estate investment                | 189,912                       | -                      | -                       | -                      | 189,912                  |
| Investment securities                 | 1,846,508                     | 997,328                | 485,890                 | -                      | 3,329,726                |
| <b>Total financial assets</b>         | <b>5,126,987</b>              | <b>1,444,927</b>       | <b>750,470</b>          | <b>160,391</b>         | <b>7,482,775</b>         |
| <b>Financial Liabilities</b>          |                               |                        |                         |                        |                          |
| Reinsurance contract liabilities      | 27,421                        | 8,916                  | -                       | 14,971                 | 51,308                   |
| Other liabilities                     | 222,459                       | 42,519                 | 5,912                   | 6,701                  | 277,591                  |
| Due to related parties                | -                             | -                      | 16,577                  | -                      | 16,577                   |
| Lease liabilities                     | 15,802                        | 13,584                 | 12,396                  | 12,139                 | 53,921                   |
| <b>Insurance contract liabilities</b> | <b>3,094,258</b>              | <b>1,206,919</b>       | <b>443,521</b>          | <b>98,106</b>          | <b>4,842,804</b>         |
| <b>Total financial liabilities</b>    | <b>3,359,940</b>              | <b>1,271,938</b>       | <b>478,406</b>          | <b>131,917</b>         | <b>5,242,201</b>         |
| <b>Net financial position</b>         | <b>1,767,047</b>              | <b>172,989</b>         | <b>272,064</b>          | <b>28,474</b>          | <b>2,240,574</b>         |

**4. Insurance and Financial Risk Management (Continued)**

**(c) Financial risk (continued)**

**(iii) Market risk (continued)**

**Currency risk (continued)**

The tables below summarise the Company's exposure to foreign currency exchange rate risk at 31 December:

|                                    | <b>Company</b>                |                         |                         |                         | <b>Total<br/>J\$'000</b> |
|------------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
|                                    | <b>Jamaican\$<br/>J\$'000</b> | <b>US\$<br/>J\$'000</b> | <b>TT\$<br/>J\$'000</b> | <b>BB\$<br/>J\$'000</b> |                          |
| <b>At 31 December 2023:</b>        |                               |                         |                         |                         |                          |
| <b>Financial Assets</b>            |                               |                         |                         |                         |                          |
| Cash and short term investments    | 384,445                       | 276,595                 | -                       | -                       | 661,040                  |
| Reinsurance contract assets        | 1,946,357                     | -                       | -                       | -                       | 1,946,357                |
| Other receivables                  | 973,401                       | 43,396                  | -                       | -                       | 1,016,797                |
| Lease receivables                  | 44,725                        | -                       | -                       | -                       | 44,725                   |
| Due from related parties           | 8,334                         | 234,376                 | 17,702                  | 13,063                  | 273,475                  |
| Real estate investment             | 228,750                       | -                       | -                       | -                       | 228,750                  |
| Investment securities              | 1,557,365                     | 390,622                 | 76,313                  | -                       | 2,024,300                |
| <b>Total financial assets</b>      | <b>5,143,377</b>              | <b>944,989</b>          | <b>94,015</b>           | <b>13,063</b>           | <b>6,195,444</b>         |
| <b>Financial Liabilities</b>       |                               |                         |                         |                         |                          |
| Other liabilities                  | 293,159                       | -                       | -                       | -                       | 293,159                  |
| Lease liabilities                  | -                             | 217,959                 | -                       | -                       | 217,959                  |
| Insurance contract liabilities     | 3,644,825                     | -                       | -                       | -                       | 3,644,825                |
| <b>Total financial liabilities</b> | <b>3,937,984</b>              | <b>217,959</b>          | <b>-</b>                | <b>-</b>                | <b>4,155,943</b>         |
| <b>Net financial position</b>      | <b>1,205,393</b>              | <b>727,030</b>          | <b>94,015</b>           | <b>13,063</b>           | <b>2,039,501</b>         |

#### 4. Insurance and Financial Risk Management (Continued)

##### (c) Financial risk (continued)

##### (iii) Market risk (continued)

##### Currency risk (continued)

The tables below summarise the Company's exposure to foreign currency exchange rate risk at 31 December:

|                                    | Company               |                 |                 |                 |                  |
|------------------------------------|-----------------------|-----------------|-----------------|-----------------|------------------|
|                                    | Jamaican\$<br>J\$'000 | US\$<br>J\$'000 | TT\$<br>J\$'000 | BB\$<br>J\$'000 | Total<br>J\$'000 |
| <b>At 31 December 2022:</b>        |                       |                 |                 |                 |                  |
| <b>Financial Assets</b>            |                       |                 |                 |                 |                  |
| Cash and short term investments    | 236,664               | 121,036         | -               | -               | 357,700          |
| Reinsurance contract assets        | 23,982                | -               | -               | -               | 23,982           |
| Insurance contract assets          | 1,859,021             | 82,804          | -               | -               | 1,941,825        |
| Other receivables                  | 808,531               | -               | -               | -               | 808,531          |
| Lease receivables                  | 8,049                 | 74,039          | 14,332          | 8,485           | 104,905          |
| Due from related parties           | 66,312                | -               | -               | -               | 66,312           |
| Real estate investment             | 189,912               | -               | -               | -               | 189,912          |
| Investment securities              | 1,846,508             | 485,890         | 73,732          | -               | 2,406,130        |
| <b>Total financial assets</b>      | <b>5,038,979</b>      | <b>763,769</b>  | <b>88,064</b>   | <b>8,485</b>    | <b>5,899,297</b> |
| <b>Financial Liabilities</b>       |                       |                 |                 |                 |                  |
| Reinsurance contract liabilities   | 27,421                | -               | -               | -               | 27,421           |
| Other liabilities                  | -                     | 16,577          | -               | -               | 16,577           |
| Due to related parties             | 340,223               | 5,912           | -               | -               | 346,135          |
| Lease liabilities                  | 15,802                | 12,396          | -               | -               | 28,198           |
| Insurance contract liabilities     | 3,094,258             | 443,521         | -               | -               | 3,537,779        |
| <b>Total financial liabilities</b> | <b>3,477,704</b>      | <b>478,406</b>  | <b>-</b>        | <b>-</b>        | <b>3,956,110</b> |
| <b>Net financial position</b>      | <b>1,561,275</b>      | <b>285,363</b>  | <b>88,064</b>   | <b>8,485</b>    | <b>1,943,187</b> |

The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis shows the impact of translating outstanding foreign currency denominated monetary items, assuming changes in currency rates shown in the table below. The sensitivity analysis includes cash and short-term deposits, investment securities, premium and other receivables and claims liabilities. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on pre-tax profit below is the total of the individual sensitivities done for each of the assets/liabilities. There was no impact on the other components of equity.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Foreign currency sensitivity

| The Group             |                              |   |                              |   |
|-----------------------|------------------------------|---|------------------------------|---|
|                       | % Change in<br>Currency Rate | Increase/<br>(decrease) in<br>Pre-tax<br>Profit<br>2023<br>\$'000 | % Change in<br>Currency Rate | Increase/<br>(decrease) in<br>Pre-tax<br>Profit<br>2022<br>\$'000 |
|                       | 2023                         | 2023  | 2022                         | 2022  |
| USD – J\$ Revaluation | 1%                           | (5,328)   | 1%                           | (2,622)   |
| USD – J\$ Devaluation | 4%                           | 21,312  | 4%                           | 10,489  |
| TT – J\$ Revaluation  | 4%                           | (8,038)   | 4%                           | (2,949)   |
| TT – J\$ Devaluation  | 6%                           | 12,058  | 6%                           | 4,424   |

| The Company           |                              |   |                              |   |
|-----------------------|------------------------------|---|------------------------------|---|
|                       | % Change in<br>Currency Rate | Increase/<br>(decrease) in<br>Pre-tax<br>Profit<br>2023<br>\$'000 | % Change in<br>Currency Rate | Increase/<br>(decrease) in<br>Pre-tax<br>Profit<br>2022<br>\$'000 |
|                       | 2023                         | 2023  | 2022                         | 2022  |
| USD – J\$ Revaluation | 1%                           | (7,267)   | 1%                           | (2,944)   |
| USD – J\$ Devaluation | 4%                           | 29,068  | 4%                           | 11,778  |
| TT – J\$ Revaluation  | 4%                           | (3,761)   | 4%                           | (2,949)   |
| TT – J\$ Devaluation  | 6%                           | 5,641   | 6%                           | 4,424   |
| BB – J\$ Devaluation  | 4%                           | (523)   | 4%                           | (339)   |
| BB – J\$ Devaluation  | 6%                           | 784   | 6%                           | 509   |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarise the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.



4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

|                                     | The Group        |                  |                  |                  |                  |                      | Total            |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|----------------------|------------------|
|                                     | Within 1 Month   | Within 3 Months  | 3 to 12 Months   | 1 to 5 Years     | Over 5 Years     | Non-Interest Bearing |                  |
|                                     | \$'000           | \$'000           | \$'000           | \$'000           | \$'000           | \$'000               |                  |
| <b>At 31 December 2023:</b>         |                  |                  |                  |                  |                  |                      |                  |
| Cash and short term investments     | 836,745          | 242,846          | -                | -                | -                | -                    | 1,079,591        |
| Reinsurance contract assets         | -                | -                | -                | -                | -                | 2,040,658            | 2,040,658        |
| Insurance contract assets           | -                | -                | -                | -                | -                | 25,133               | 25,133           |
| Other receivables                   | 38,428           | 5,005            | 907,609          | -                | -                | 308,981              | 1,260,023        |
| Due from related parties            | -                | -                | -                | -                | -                | 8,334                | 8,334            |
| Loan receivables                    | 737              | 1,453            | 6,193            | 22,270           | 95,824           | -                    | 126,477          |
| Lease receivable                    | 6,062            | 5,860            | 23,434           | 9,369            | -                | -                    | 44,725           |
| Real estate investment              | -                | -                | -                | -                | -                | 228,750              | 228,750          |
| Investment securities               | 200,047          | 173,398          | 596,116          | 962,163          | 263,610          | 971,953              | 3,167,287        |
| <b>Total financial assets</b>       | <b>1,082,019</b> | <b>428,562</b>   | <b>1,533,352</b> | <b>993,802</b>   | <b>359,434</b>   | <b>3,583,809</b>     | <b>7,980,978</b> |
| Reinsurance contract liabilities    | -                | -                | -                | -                | -                | 10,012               | 10,012           |
| Other liabilities                   | -                | -                | -                | -                | -                | 231,130              | 231,130          |
| Lease liabilities                   | 2,744            | 4,610            | 36,630           | 191,729          | -                | -                    | 235,713          |
| Insurance contract liabilities      | -                | -                | -                | -                | -                | 5,136,524            | 5,136,524        |
| <b>Total financial liabilities</b>  | <b>2,744</b>     | <b>4,610</b>     | <b>36,630</b>    | <b>191,729</b>   | <b>-</b>         | <b>5,377,666</b>     | <b>5,613,379</b> |
| <b>Total interest repricing gap</b> | <b>1,079,275</b> | <b>423,952</b>   | <b>1,496,722</b> | <b>802,073</b>   | <b>359,434</b>   | <b>(1,793,857)</b>   | <b>2,367,599</b> |
| <b>Cumulative gap</b>               | <b>1,079,225</b> | <b>1,503,227</b> | <b>2,999,949</b> | <b>3,802,022</b> | <b>4,161,456</b> | <b>2,367,599</b>     |                  |
| <b>At December 2022</b>             |                  |                  |                  |                  |                  |                      |                  |
| Cash and short term investments     | 761,033          | 25,271           | -                | -                | -                | -                    | 786,304          |
| Reinsurance contract assets         | -                | -                | -                | -                | -                | 1,986,306            | 1,986,306        |
| Insurance contract assets           | -                | -                | -                | -                | -                | 31,610               | 31,610           |
| Other receivables                   | 14,181           | 13,475           | 46,051           | -                | -                | 874,623              | 948,330          |
| Loan receivables                    | 1,063            | 2,144            | 9,962            | 62,907           | 60,150           | -                    | 136,226          |
| Lease receivable                    | 1,559            | 2,095            | 10,443           | 45,619           | 6,596            | -                    | 66,312           |
| Due from related parties            | -                | -                | -                | -                | -                | 8,049                | 8,049            |
| Real estate investment              | -                | -                | -                | -                | -                | 189,912              | 189,912          |
| Investment securities               | 447,810          | 469,233          | 1,040,627        | 619,498          | 43,369           | 709,189              | 3,329,726        |
| <b>Total financial assets</b>       | <b>1,225,646</b> | <b>512,218</b>   | <b>1,107,083</b> | <b>728,024</b>   | <b>110,115</b>   | <b>3,799,689</b>     | <b>7,482,775</b> |
| Reinsurance contract liabilities    | -                | -                | -                | -                | -                | 51,308               | 51,308           |
| Other liabilities                   | -                | -                | -                | -                | -                | 277,592              | 277,592          |
| Lease liabilities                   | 5,925            | 6,340            | 34,793           | 6,863            | -                | -                    | 53,921           |
| Due to related parties              | -                | -                | -                | -                | -                | 16,577               | 16,577           |
| Insurance contract liabilities      | -                | -                | -                | -                | -                | 4,842,804            | 4,842,804        |
| <b>Total financial liabilities</b>  | <b>5,925</b>     | <b>6,340</b>     | <b>34,793</b>    | <b>6,863</b>     | <b>-</b>         | <b>5,188,281</b>     | <b>5,242,202</b> |
| <b>Total interest repricing gap</b> | <b>1,219,721</b> | <b>505,878</b>   | <b>1,072,290</b> | <b>721,161</b>   | <b>110,115</b>   | <b>(1,388,592)</b>   | <b>2,240,573</b> |
| <b>Cumulative gap</b>               | <b>1,219,721</b> | <b>1,725,599</b> | <b>2,797,889</b> | <b>3,519,050</b> | <b>3,629,165</b> | <b>2,240,573</b>     |                  |

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

|                                     | The Company                 |                              |                             |                           |                           |                                   | Total<br>\$'000  |
|-------------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------------|------------------|
|                                     | Within 1<br>Month<br>\$'000 | Within 3<br>Months<br>\$'000 | 3 to 12<br>Months<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Over<br>5 Years<br>\$'000 | Non-Interest<br>Bearing<br>\$'000 |                  |
| <b>At 31 December 2023:</b>         |                             |                              |                             |                           |                           |                                   |                  |
| Cash and short-term investments     | 513,167                     | 147,873                      | -                           | -                         | -                         | -                                 | 661,040          |
| Reinsurance contract assets         | -                           | -                            | -                           | -                         | -                         | 1,946,357                         | 1,946,357        |
| Other receivables                   | 8,005                       | 5,005                        | 907,932                     | -                         | -                         | 95,855                            | 1,016,797        |
| Due from related parties            | -                           | -                            | -                           | -                         | -                         | 273,475                           | 273,475          |
| Lease receivables                   | 6,062                       | 5,860                        | 23,434                      | 9,369                     | -                         | -                                 | 44,725           |
| Real estate investment              | -                           | -                            | -                           | -                         | -                         | 228,750                           | 228,750          |
| Investment securities               | 189,730                     | 153,230                      | 588,877                     | 107,510                   | 13,000                    | 971,953                           | 2,024,300        |
| <b>Total financial assets</b>       | <b>716,964</b>              | <b>311,968</b>               | <b>1,520,243</b>            | <b>116,879</b>            | <b>13,000</b>             | <b>3,516,390</b>                  | <b>6,195,444</b> |
| Other liabilities                   | -                           | -                            | -                           | -                         | -                         | 293,159                           | 293,159          |
| Lease liabilities                   | 270                         | 270                          | 26,868                      | 190,551                   | -                         | -                                 | 217,959          |
| Insurance contract liabilities      | -                           | -                            | -                           | -                         | -                         | 3,644,825                         | 3,644,825        |
| <b>Total financial liabilities</b>  | <b>270</b>                  | <b>270</b>                   | <b>26,868</b>               | <b>190,551</b>            | <b>-</b>                  | <b>3,937,984</b>                  | <b>4,155,943</b> |
| <b>Total interest repricing gap</b> | <b>716,694</b>              | <b>311,698</b>               | <b>1,493,375</b>            | <b>(73,672)</b>           | <b>13,000</b>             | <b>(421,594)</b>                  | <b>2,039,501</b> |
| <b>Cumulative gap</b>               | <b>716,694</b>              | <b>1,028,392</b>             | <b>2,521,767</b>            | <b>2,448,095</b>          | <b>2,461,095</b>          | <b>2,039,501</b>                  |                  |
| <b>At 31 December 2022:</b>         |                             |                              |                             |                           |                           |                                   |                  |
| Cash and short-term investments     | 332,429                     | 25,271                       | -                           | -                         | -                         | -                                 | 357,700          |
| Reinsurance contract assets         | -                           | -                            | -                           | -                         | -                         | 1,941,825                         | 1,941,825        |
| Insurance contract assets           | -                           | -                            | -                           | -                         | -                         | 23,982                            | 23,982           |
| Other receivables                   | 14,181                      | 13,475                       | 46,669                      | -                         | -                         | 734,206                           | 808,531          |
| Due from related parties            | -                           | -                            | -                           | -                         | -                         | 104,905                           | 104,905          |
| Lease receivables                   | 1,559                       | 2,095                        | 10,443                      | 45,619                    | 6,596                     | -                                 | 66,312           |
| Real estate investment              | -                           | -                            | -                           | -                         | -                         | 189,912                           | 189,912          |
| Investment securities               | 352,035                     | 252,846                      | 1,021,774                   | 57,286                    | 13,000                    | 709,189                           | 2,406,130        |
| <b>Total financial assets</b>       | <b>700,204</b>              | <b>293,687</b>               | <b>1,078,886</b>            | <b>102,905</b>            | <b>19,596</b>             | <b>3,704,019</b>                  | <b>5,899,297</b> |
| Reinsurance contract liabilities    | -                           | -                            | -                           | -                         | -                         | 27,421                            | 27,421           |
| Other liabilities                   | -                           | -                            | -                           | -                         | -                         | 346,135                           | 346,135          |
| Lease liabilities                   | 5,274                       | 5,039                        | 17,355                      | 530                       | -                         | -                                 | 28,198           |
| Due to related parties              | -                           | -                            | -                           | -                         | -                         | 16,577                            | 16,577           |
| Insurance contract liabilities      | -                           | -                            | -                           | -                         | -                         | 3,537,779                         | 3,537,779        |
| <b>Total financial liabilities</b>  | <b>5,274</b>                | <b>5,039</b>                 | <b>17,355</b>               | <b>530</b>                | <b>-</b>                  | <b>3,927,912</b>                  | <b>3,956,110</b> |
| <b>Total interest repricing gap</b> | <b>694,930</b>              | <b>288,648</b>               | <b>1,061,531</b>            | <b>102,375</b>            | <b>19,596</b>             | <b>(223,893)</b>                  | <b>1,943,187</b> |
| <b>Cumulative gap</b>               | <b>694,930</b>              | <b>983,578</b>               | <b>2,045,109</b>            | <b>2,147,484</b>          | <b>2,167,080</b>          | <b>1,943,187</b>                  |                  |

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

**Interest rate sensitivity**

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit or loss and shareholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on income based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate financial assets and liabilities for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on pre-tax profit and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities. It should be noted that the changes in the pre-tax profit and other components of equity as shown in the analysis are non-linear.

| The Group               |   |   |                         |   |   |  |
|-------------------------|---|---|-------------------------|---|---|--|
| Change in Basis points: | Increase/(decrease) in Profit before Taxation | Increase/(decrease) in Other Components of Equity | Change in Basis points: | Increase/(decrease) in Profit before Taxation | Increase/(decrease) in Other Components of Equity |  |
| 2023                    | 2023  | 2023  | 2022                    | 2022  | 2022  |  |
| JMD/USD                 | \$'000  | \$'000  | JMD/USD                 | \$'000  | \$'000  |  |
| -25/-25                 | (110)   | -   | -50/-50                 | (230)   | -   |  |
| +25/+25                 | 110   | -   | +100/+50                | 320   | -   |  |

| The Company             |   |   |                         |   |   |  |
|-------------------------|---|---|-------------------------|---|---|--|
| Change in Basis points: | Increase/(decrease) in Profit before Taxation | Increase/(decrease) in Other Components of Equity | Change in Basis points: | Increase/(decrease) in Profit before Taxation | Increase/(decrease) in Other Components of Equity |  |
| 2023                    | 2023  | 2023  | 2022                    | 2022  | 2022  |  |
| JMD/USD                 | \$'000  | \$'000  | JMD/USD                 | \$'000  | \$'000  |  |
| -25/-25                 | (55)  | -   | -50/-50                 | (90)  | -   |  |
| +25/+25                 | 55  | -   | +100/+50                | 180   | -   |  |

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

Price risk

The Group is exposed to equity securities and real estate price risk because of investments held by the Group. These investments are classified on the statement of financial position as fair value through other comprehensive income, fair value through profit or loss.

The table below summarizes the impact of increases/(decreases) on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity prices had increased/decreased by 10% (2022 - 10%) with all other variables held constant.

| The Group       |  |  |   |   |   |   |          |
|-----------------|--|--|---|---|---|---|----------|
|                 | Equity Securities  |  |   |   | Real estate investment  |   |          |
|                 | Increase/<br>(decrease)<br>in Profit<br>before<br>Taxation<br>2023<br>\$'000 | Increase/<br>(decrease)<br>in Profit<br>before<br>Taxation<br>2022<br>\$'000 | Effect on<br>Other<br>Components<br>of Equity:<br>2023<br>JMD/USD | Effect on<br>Other<br>Components<br>of Equity<br>2022<br>\$'000 | Effect on<br>Other<br>Components<br>of Equity<br>2023<br>\$'000 | Effect on<br>Other<br>Components<br>of Equity<br>2022<br>\$'000 |          |
|                 | Change in index:   |  |   |   |   |   |          |
|                 | 10% (2023 -10%)  | (16,751)   | (16,515)  | (80,445)  | (41,491)  | (22,875)  | (18,991) |
| 10% (2023 +10%) | 16,751   | 16,515   | 80,445  | 41,491  | 22,875  | 18,991  |          |

| The Group and Company |  |  |   |   |   |   |          |
|-----------------------|--|--|---|---|---|---|----------|
|                       | Equity Securities  |  |   |   | Real estate investment  |   |          |
|                       | Increase/<br>(decrease)<br>in Profit<br>before<br>Taxation<br>2023<br>\$'000 | Increase/<br>(decrease)<br>in Profit<br>before<br>Taxation<br>2022<br>\$'000 | Effect on<br>Other<br>Components<br>of Equity:<br>2023<br>JMD/USD | Effect on<br>Other<br>Components<br>of Equity<br>2022<br>\$'000 | Effect on<br>Other<br>Components<br>of Equity<br>2023<br>\$'000 | Effect on<br>Other<br>Components<br>of Equity<br>2022<br>\$'000 |          |
|                       | Change in index:   |  |   |   |   |   |          |
|                       | 10% (2022 -10%)  | (16,751)   | (16,515)  | (80,445)  | (41,491)  | (22,875)  | (18,991) |
| 10% (2022 + 10%)      | 16,751   | 16,515   | 80,445  | 41,491  | 22,875  | 18,991  |          |

## **5. Capital Management**

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- (a) To comply with the capital requirements set by the regulators of the insurance markets where the Group operates;
- (b) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- (c) To maintain a strong capital base to support the development of its business.

### Regulations in Jamaica

To assist in evaluating the business and current strategies, a risk-based capital approach is used in the form of the Minimum Capital Test (MCT) as stipulated by the Jamaican regulator, the Financial Services Commission (FSC). The MCT is calculated by management. A revised calculation of the MCT came into effect on 22 December 2022 as prescribed by the Insurance (Amendment) Regulations, 2023. The revised calculation stipulated a required MCT of 150% for 2023 and 175% for 2022. The Company's ratio was 161% as at 31 December 2023.

### Regulations in Trinidad and Tobago

General Accident Insurance (Trinidad and Tobago) Limited (formerly Motor One Limited) is regulated by The Central Bank of Trinidad and Tobago under the Insurance Act 2018 which became effective 1 January 2022. Under the Act, the company is required to maintain a Minimum Regulatory Capital Ratio of 110%. As at year end the company was in compliant with its Capital Ratio.

### Regulations in Barbados

General Accident Insurance (Barbados) Limited is regulated by The Financial Services Commission with legislative guidance from the Financial Services Act, the Insurance Act and the Exempt Insurance Act. The company is required to have a margin of solvency determined as the greater of BB\$500,000 or 20% of its net written premium for the financial year. Based on the net admissible assets as at the financial year end, the company is deemed solvent.

## 6. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In accordance with IFRS 13, the Group discloses fair value measurements for items carried on the statement of financial position at fair value, by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities are disclosed as Level 1.
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are disclosed as Level 2.
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) are disclosed as Level 3.

The following table presents the Group's assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Group had no transfers between levels during the year.

|                                     | <b>Group</b>   |                |                |                      |
|-------------------------------------|----------------|----------------|----------------|----------------------|
|                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total balance</b> |
| <b>At 31 December 2023</b>          | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>        |
| <b>Assets</b>                       |                |                |                |                      |
| Equity securities                   | 976,286        | -              | -              | 976,286              |
| Investment property                 | -              | -              | 433,578        | 433,578              |
| Real estate investment              | -              | -              | 228,750        | 228,750              |
| Total assets measured at fair value | 976,286        | -              | 662,328        | 1,638,614            |
|                                     | <b>Company</b> |                |                |                      |
|                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>         |
| <b>At 31 December 2023</b>          | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>        |
| <b>Assets</b>                       |                |                |                |                      |
| Equity securities                   | 971,953        | -              | -              | 971,953              |
| Investment property                 | -              | -              | 367,000        | 367,000              |
| Real estate investment              | -              | -              | 228,750        | 228,750              |
| Total assets measured at fair value | 971,953        | -              | 595,750        | 1,567,703            |



**6. Fair Value Estimation (Continued)**

|                                     | <b>The Group</b>   |                |                |                          |
|-------------------------------------|--------------------|----------------|----------------|--------------------------|
|                                     | <b>Level 1</b>     | <b>Level 2</b> | <b>Level 3</b> | <b>Total<br/>balance</b> |
|                                     | <b>\$'000</b>      | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>            |
| <b>At 31 December 2022</b>          |                    |                |                |                          |
| <b>Assets</b>                       |                    |                |                |                          |
| Equity securities                   | 584,884            | -              | -              | 584,884                  |
| Investment property                 | -                  | -              | 407,507        | 407,507                  |
| Real estate investment              | -                  | -              | 189,912        | 189,912                  |
| Total assets measured at fair value | 584,884            | -              | 597,419        | 1,182,303                |
| <br>                                |                    |                |                |                          |
|                                     | <b>The Company</b> |                |                |                          |
|                                     | <b>Level 1</b>     | <b>Level 2</b> | <b>Level 3</b> | <b>Total<br/>balance</b> |
|                                     | <b>\$'000</b>      | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>            |
| <b>At 31 December 2022</b>          |                    |                |                |                          |
| <b>Assets</b>                       |                    |                |                |                          |
| Equity securities                   | 580,055            | -              | -              | 580,055                  |
| Investment property                 | -                  | -              | 343,000        | 343,000                  |
| Real estate investment              | -                  | -              | 189,912        | 189,912                  |
| Total assets measured at fair value | 580,055            | -              | 532,912        | 1,112,967                |

Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

However, market prices are not available for all financial assets held by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following methods have been used to value financial instruments:

- (a) Investment securities classified as fair value through other comprehensive income and fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;
- (b) The fair value of short-term assets and liabilities maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- (c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts, as these instruments are expected to reprice at the prevailing market rates;
- (d) Financial assets at amortised cost are assumed to approximate fair value as these are issued at terms and conditions available in the market for similar transactions.

## 6. Fair Value Estimation (Continued)

### **Fair Value of Investment Properties and Real Estate Fund**

An independent valuation of the Group's Investment Properties and Real Estate Fund was performed by valuers to determine the fair value as at 31 December 2023. The revaluation surplus has been credited to other comprehensive income.

Valuation process of the Group On an annual basis the Group engages external, independent and qualified valuers to determine the fair value of its Investment Properties and Real Estate Fund.

#### *Sales Comparison Approach*

The comparison method of valuation was taken in account by examining values of similar properties in and around surrounding areas. This approach incorporates unobservable inputs which in the valuer's judgement reflects suitable adjustments regarding size, age, condition, time of sale, quality of land and buildings and improvements. The higher the price per square foot the higher the fair value.

#### *Income Approach*

The projected net income of the subject properties are discounted using an appropriate capitalisation rate. The most significant input to this valuation is the rental rate per square foot and the capitalisation rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher rental rate per square foot the higher the fair value. The higher the capitalisation rate the lower the fair value. The average rent per square foot ranges between \$US8 - \$US14.

#### Sensitivity Analysis

Some of the investment properties and real estate investments held by the Group are measured using an income approach which considers rental rates and a capitalization rate. The capitalization factor is largely an unobservable input that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates used in the valuations range from 4% to 7%.

Should the capitalization factors increase/decrease by 1 percentage point, it would result in decrease/increase in the carrying value of investment properties and real estate investments, with all other factors remaining constant, of \$6,623,000 (2022 - \$5,974,000) for the Group and company.

## 7. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### (a) **Measurement of insurance contracts**

In applying IFRS 17 to measure liability for claims incurred, the Group discounts cashflows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. The areas of judgement and estimate that impact the measurement of insurance contracts are shown below.

#### (i) *Discount rate*

Discount rates are composed of an observable component, an assumed ultimate discount rate and interpolation between the two.



## 7. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

### (a) *Measurement of insurance contracts (Continued)*

#### (i) *Discount rate (Continued)*

During the observable period, a top down approach was used, where the discount is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. Reference portfolios were selected to reflect the currency of the liabilities, the Group's investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available in the markets. The yields are adjusted from to remove both expected and unexpected credit risk and, where applicable, other asset characteristics that are not related to the insurance contract liabilities. These adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio. Observable market information is available for 20 years. The FSC has provided yields at six-month intervals so no interpolation is required. The yield curves that were used to discount the estimates of future cash flows are 1 year (2023: 5.82%; 2022: 7.75%), 5 years (2023: 6.77%; 2022: 6.10%) and 10 years (2023: 8.80%; 2022: 6.70%)

#### (ii) *Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group has estimated the risk adjustment using a margin approach, calibrated to the cost of capital and target confidence levels. The margin approach involves applying shocks to the insurance assumptions used to project expected cash flows so as to produce an increase in the fulfilment cash flows. Shocks are selected using the projected cost of insurance risk capital such that the resulting risk adjustment falls within the Group's target confidence level range. The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level at 70% (2022 - 70%).

#### (iii) *Liability for incurred claims*

The determination of the liability for incurred claims represents the liability for future claims payable by the Group based on contracts for the insurance business in force at the date of the statement of financial position using several methods, including the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. These liabilities represent the amounts that will, in the opinion of the actuary, be sufficient to pay future claims relating to contracts of insurance in force, as well as meet the other expenses incurred in connection with such contracts. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

Claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims, allows the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims.

## 7. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

### (b) *Income taxes*

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### (c) *Fair value of financial assets determined using valuation techniques*

As described in Note 6, where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### (d) *Measurement of expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI requires that use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as

- i) Determining criteria for significant increase in credit risk
- ii) Choosing appropriate models and assumptions for the measurement of ECL
- iii) Establishing the number and relative weightings of forward-looking scenarios

Further details about judgements and estimates by the Group are set out in 4 (c)

## 8. Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Group is organised into six operating segments. These segments represent the different types of risks that are written by the entity through various forms of brokers, agents and direct marketing programs, which are located in Jamaica, Trinidad and Barbados. Management identifies its reportable operating segments by product line consistent with the reports used by the board of directors. These segments and their respective operations are as follows:

- (a) Motor - Losses involving motor vehicles, this includes liabilities to third parties.
- (b) Fire and allied perils - Loss, damage or destruction to insured property used for residential and commercial purposes as specified on the policy schedule, resulting from fire and allied perils, burglary, theft, or accidental damage. This includes liability to third parties and domestic employees.
- (c) Marine - Loss or damage to goods from the perils of the seas and other perils whilst in transit from destination to destination by sea, air or land and from warehouse to warehouse.
- (d) Liability - Legal liability of the insured to third parties for accidental bodily injury, death and/or loss of or damage to property occurring in connection with the insured's business, subject to a limit of indemnity. In the case of an employee liability this is legal liability of the insured to pay compensation to its employees in respect of death, injury or disease sustained during and in the course of their employment, subject to a limit of indemnity.
- (e) Engineering and machinery breakdown - Loss or damage by fire and allied perils including burglary, theft and accidental damage to specified equipment, including loss or damage resulting from electrical and mechanical breakdown subject to maintenance.
- (f) Miscellaneous Accidents - This operating segment covers the following policies:
  - Fidelity Guarantee - Loss of money or goods owned by the insured (or for which the insured is responsible) as a result of fraud or dishonesty by an employee.
  - Goods in Transit - Loss, destruction or damage to insured goods by fire and allied perils, including loss or damage from accidental collision or overturning and whilst in, on or being loaded or unloaded from any road vehicle or whilst temporarily housed overnight during the ordinary course of transit.
  - Loss of money - Loss, damage or destruction of money including hold-up on premises during and out of business hours and in transit.
  - Plate glass - Accident breakage to plate glass windows and doors of buildings.
  - Personal accident - Compensation for bodily injury caused by violent, visible, external and accidental means, which injury shall solely and independently of any other cause result in death or dismemberment within 12 months of such injury. Subject to the limits specified on the policy schedule.
  - *Burglary* - Loss of or damage to the insured's property involving forcible and/or violent entry into or exit from the building including damage to the premises.

# General Accident Insurance Company Jamaica Limited

Notes to Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)



## 8. Segment Information (Continued)

The segment information provided to the board of directors for the reportable segments for the year ended 31 December 2023 is as follows:

|  | Group                 |                |                    |                     |                  |                 |                 |
|--|-----------------------|----------------|--------------------|---------------------|------------------|-----------------|-----------------|
|  | Engineering<br>\$'000 | Fire<br>\$'000 | Accident<br>\$'000 | Liability<br>\$'000 | Marine<br>\$'000 | Motor<br>\$'000 | Total<br>\$'000 |
| <b>2023</b>                                  |                       |                |                    |                     |                  |                 |                 |
| Insurance Revenue                            | 435,110               | 2,500,809      | 129,240            | 445,713             | 130,191          | 4,934,645       | 8,575,708       |
| Insurance service expense                    | (296,605)             | (559,027)      | (137,389)          | (381,837)           | (46,963)         | (4,215,396)     | (5,637,217)     |
| Net expenses from reinsurance contracts held | (160,572)             | (1,691,816)    | (18,347)           | (227,413)           | (68,343)         | (75,894)        | (2,242,385)     |
| Insurance service results                    | (22,067)              | 249,966        | (26,496)           | (163,537)           | 14,885           | 643,355         | 696,106         |

|  | Group                 |                |                    |                     |                  |                 |                 |
|--|-----------------------|----------------|--------------------|---------------------|------------------|-----------------|-----------------|
|  | Engineering<br>\$'000 | Fire<br>\$'000 | Accident<br>\$'000 | Liability<br>\$'000 | Marine<br>\$'000 | Motor<br>\$'000 | Total<br>\$'000 |
| <b>2022</b>                                  |                       |                |                    |                     |                  |                 |                 |
| Insurance Revenue                            | 406,186               | 1,780,383      | 143,262            | 381,852             | 102,181          | 3,852,691       | 6,666,555       |
| Insurance service expense                    | (171,842)             | (420,405)      | (202,865)          | (129,294)           | (1,114)          | (3,225,531)     | (4,151,051)     |
| Net expenses from reinsurance contracts held | (213,703)             | (1,473,183)    | 74,612             | (170,067)           | (83,192)         | (30,745)        | (1,896,278)     |
| Insurance service results                    | 20641                 | (113,205)      | 15,009             | 82,491              | 17,875           | 596,415         | 619,226         |

Total capital expenditure was as follows:

|                               | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------|----------------|----------------|
| Property, plant and equipment | 120,599        | 174,540        |
| Intangible assets             | 19,173         | 720            |
|                               | <u>139,772</u> | <u>175,260</u> |

Assets, liabilities and capital expenditure are not reported by segment to the Board of Directors.

**9. Related Party Transactions and Balances**

(a) Related party transactions are as follows:

|  | Group            |                | Company          |                |
|--|------------------|----------------|------------------|----------------|
|  | 2023<br>\$'000   | 2022<br>\$'000 | 2023<br>\$'000   | 2022<br>\$'000 |
| Dividend income                        |                  |                |                  |                |
| Affiliated companies                   | 30,119           | 16,143         | 30,119           | 16,143         |
|  | <u>30,119</u>    | <u>16,143</u>  | <u>30,119</u>    | <u>16,143</u>  |
| Interest income -                      |                  |                |                  |                |
| Fellow subsidiary                      | 10,946           | 6,323          | 10,946           | 6,323          |
| Parent                                 | 300              | -              | 300              | -              |
|  | <u>11,246</u>    | <u>6,323</u>   | <u>11,246</u>    | <u>6,323</u>   |
| Rental and lease payments-             |                  |                |                  |                |
| Affiliated company                     | <u>68,605</u>    | <u>43,961</u>  | <u>68,605</u>    | <u>43,961</u>  |
| Insurance revenue -                    |                  |                |                  |                |
| Key management                         | 1,450            | 3,055          | 1,450            | 2,903          |
| Parent company                         | 54,712           | 33,845         | 54,712           | 33,845         |
| Fellow subsidiaries                    | 681,228          | 427,769        | 681,228          | 427,769        |
| Affiliates                             | 413,219          | 254,231        | 389,058          | 210,107        |
|  | <u>1,150,609</u> | <u>718,900</u> | <u>1,126,448</u> | <u>674,624</u> |
| Insurance service expense -            |                  |                |                  |                |
| Parent company                         | 558,189          | 13,011         | 558,189          | 13,011         |
| Fellow subsidiaries                    | 8,550            | 489,904        | 8,550            | 489,904        |
| Affiliates                             | 32,411           | 24,961         | 32,411           | 17,798         |
|  | <u>599,150</u>   | <u>527,876</u> | <u>599,150</u>   | <u>520,713</u> |
| Dividends declared -                   |                  |                |                  |                |
| Key management                         | 1,163            | 3,057          | 1,163            | 3,057          |
| Parent company                         | 162,022          | 200,458        | 162,022          | 200,458        |
|  | <u>163,185</u>   | <u>203,515</u> | <u>163,185</u>   | <u>203,515</u> |
| Key management compensation -          |                  |                |                  |                |
| Salaries and other short-term benefits | <u>201,211</u>   | <u>217,039</u> | <u>151,429</u>   | <u>190,693</u> |
| Post employment benefits               | <u>25,801</u>    | <u>12,153</u>  | <u>25,801</u>    | <u>12,153</u>  |
| Directors emoluments                   |                  |                |                  |                |
| Directors' emoluments (included above) | <u>4,744</u>     | <u>3,862</u>   | <u>2,430</u>     | <u>2,423</u>   |
| Directors' fees (included above)       | <u>4,744</u>     | <u>3,862</u>   | <u>2,430</u>     | <u>2,423</u>   |

**9. Related Party Transactions and Balances (Continued)**

(b) The statement of financial position includes the following balances with group companies:

|   | <u>The Group</u> |               | <u>The Company</u> |                |
|---|------------------|---------------|--------------------|----------------|
|   | <u>2023</u>      | <u>2022</u>   | <u>2023</u>        | <u>2022</u>    |
|   | <u>\$'000</u>    | <u>\$'000</u> | <u>\$'000</u>      | <u>\$'000</u>  |
| Due from related parties -              |                  |               |                    |                |
| Subsidiary                              | -                | -             | 265,141            | 96,856         |
| Affiliated company                      | 8,334            | 8,049         | 8,334              | 8,049          |
|   | <u>8,334</u>     | <u>8,049</u>  | <u>273,475</u>     | <u>104,905</u> |
| Due to related party                    |                  |               |                    |                |
| Parent                                  | -                | 16,577        | -                  | 16,577         |
|   | <u>-</u>         | <u>16,577</u> | <u>-</u>           | <u>16,577</u>  |
| Investment securities -                 |                  |               |                    |                |
| Shares in affiliated entities (Note 23) | 950,006          | 560,362       | 950,006            | 560,362        |

Included in the investments of the Group are shares in related parties. At 31 December 2023, these shares represented 9.7% of the total assets (2022 – 4.43%).

Affiliates represent companies that are associated with the parent company, which are not subsidiaries of the parent company and also entities over which the directors have significant influence.

No provisions made for receivables from related parties for either year.

# General Accident Insurance Company Jamaica Limited

Notes to Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)



## 10. Insurance service expenses

|  | The Group        |                  | The Company      |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2023             | 2022             | 2023             | 2022             |
|  | \$'000           | \$'000           | \$'000           | \$'000           |
| Incurring claims                                 | 3,022,862        | 1,916,656        | 2,398,928        | 1,760,406        |
| Commission expense                               | 1,003,438        | 674,469          | 708,620          | 556,191          |
| Amortization of insurance acquisition cash flows | 1,048,583        | 1,079,102        | 780,395          | 777,043          |
| Other acquisition cost                           | 562,334          | 480,824          | 407,777          | 359,440          |
|  | <u>5,637,217</u> | <u>4,151,051</u> | <u>4,295,720</u> | <u>3,453,080</u> |

## 11. Net investment income

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2023           | 2022           | 2023           | 2022           |
|  | \$'000         | \$'000         | \$'000         | \$'000         |
| Interest income                                    |                |                |                |                |
| Lease receivable                                   | 4,824          | 18,331         | 4,824          | 18,331         |
| Loan due from fellow subsidiary                    | 6,122          | 6,323          | 6,122          | 6,323          |
| Loan due from parent                               | 300            | -              | 300            | -              |
| Cash and deposits and investment securities        | 220,668        | 163,808        | 184,001        | 144,118        |
|  | <u>231,914</u> | <u>188,462</u> | <u>195,247</u> | <u>168,772</u> |
| Bond premium amortisation                          | (1,958)        | (1,557)        | (1,958)        | (1,660)        |
|  | <u>229,956</u> | <u>186,905</u> | <u>193,289</u> | <u>167,112</u> |
| Dividend income                                    | 27,267         | 16,143         | 27,267         | 16,143         |
| Real estate investment income (Note 26)            | 38,838         | -              | 38,838         | -              |
| Rental income from investment property             | 23,604         | 24,291         | 23,604         | 24,291         |
| Revaluation gains on investment property (Note 25) | 24,000         | 77,973         | 24,000         | 75,142         |
| Unrealised fair value gains on equities            | (2,868)        | 131,098        | (2,869)        | 131,098        |
| Loss allowance reversed on investments             | -              | -              | -              | -              |
|  | <u>340,797</u> | <u>436,410</u> | <u>304,129</u> | <u>413,786</u> |

## 12. Other operating income

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023           | 2022           | 2023           | 2022           |
|   | \$'000         | \$'000         | \$'000         | \$'000         |
| Foreign exchange gains                            | 70,077         | 2,933          | 70,077         | 2,933          |
| Gain on disposal of property, plant and equipment | 1,165          | 321            | 1,165          | 321            |
| Fronting fee                                      | 160,719        | 153,456        | 160,719        | 153,456        |
| Miscellaneous income                              | 55,606         | 36,111         | 21,004         | 8,505          |
|   | <u>287,567</u> | <u>192,821</u> | <u>252,965</u> | <u>165,215</u> |

**13. Expenses by Nature**

Management and other expenses by nature are as follows:

| The Group                                       | 2023  |                                      |                          |                  |
|---|---|--------------------------------------|--------------------------|------------------|
|   | Expenses attributed to insurance acquisition cash flows | Other directly attributable expenses | Other operating expenses | Total            |
|   | \$'000  | \$'000                               | \$'000                   | \$'000           |
| Advertising costs                               | 58,084  | 26,062                               | 15,711                   | 99,857           |
| Asset tax                                       | -   | -                                    | 16,646                   | 16,646           |
| Audit fees                                      | -   | 13,494                               | 4,586                    | 18,080           |
| Bank charges and fees                           | 27,879  | 10,203                               | 2,820                    | 40,902           |
| Computer expenses                               | 71,580  | 32,313                               | 14,275                   | 118,168          |
| Directors' fees                                 | -   | 2,372                                | 2,372                    | 4,744            |
| Depreciation and amortisation (Note (27,28,30)) | 97,883  | 32,467                               | 56,695                   | 187,045          |
| ECL allowance                                   | 1,974   | 277                                  | 277                      | 2,528            |
| Insurance                                       | 13,789  | 54,400                               | 1,965                    | 70,154           |
| Irrecoverable VAT                               | 8,330   | 7,380                                | 3,168                    | 18,878           |
| Other operating expenses                        | 44,719  | 15,760                               | 74,463                   | 134,942          |
| Professional fees                               | 47,038  | 68,147                               | 30,179                   | 145,364          |
| Printing and stationery                         | 19,179  | 9,153                                | 5,451                    | 33,783           |
| Registration fees                               | 17,073  | 13,029                               | 4,023                    | 34,125           |
| Rent  | 25,752  | 7,393                                | 3,497                    | 36,642           |
| Repairs and maintenance                         | 45,247  | 15,796                               | 17,049                   | 78,092           |
| Security  | 11,391  | 3,104                                | 2,520                    | 17,015           |
| Staff costs (Note 14)                           | 743,904   | 230,063                              | 217,498                  | 1,191,465        |
| Transportation expenses                         | 9,161   | 3,841                                | 2,157                    | 15,159           |
| Utilities                                       | 42,697  | 17,080                               | 11,152                   | 70,929           |
|   | <u>1,285,680</u>  | <u>562,334</u>                       | <u>486,504</u>           | <u>2,334,518</u> |



**13. Expenses by Nature (Continued)**

Management and other expenses by nature are as follows:

| The Group                                       | 2022  |                                      |                          |                  |
|---|---|--------------------------------------|--------------------------|------------------|
|   | Expenses attributed to insurance acquisition cash flows | Other directly attributable expenses | Other operating expenses | Total            |
|   | \$'000  | \$'000                               | \$'000                   | \$'000           |
| Advertising costs                               | 57,137  | 24,350                               | 14,689                   | 96,176           |
| Asset tax                                       | -   | -                                    | 18,199                   | 18,199           |
| Audit fees                                      | -   | 13,149                               | 3,287                    | 16,436           |
| Bank charges and fees                           | 18,191  | 3,527                                | 1,725                    | 23,443           |
| Computer expenses                               | 61,261  | 27,761                               | 12,976                   | 101,998          |
| Directors fees                                  | -   | 1,931                                | 1,931                    | 3,862            |
| Depreciation and amortisation (Note (27,28,30)) | 77,265  | 26,214                               | 48,257                   | 151,736          |
| ECL allowance                                   | 6,648   | 192                                  | 192                      | 7,032            |
| Insurance                                       | 7,219   | 38,982                               | 12,144                   | 58,345           |
| Irrecoverable VAT                               | 6,158   | 5,456                                | 2,354                    | 13,968           |
| Other operating expenses                        | 37,639  | 15,049                               | 426                      | 53,114           |
| Professional fees                               | 36,420  | 46,116                               | 19,808                   | 102,344          |
| Printing and stationery                         | 18,009  | 9,720                                | 5,764                    | 33,493           |
| Registration fees                               | 13,706  | 10,348                               | 3,342                    | 27,396           |
| Rent  | 16,450  | 5,236                                | 2,493                    | 24,179           |
| Repairs and maintenance                         | 41,229  | 14,209                               | 15,983                   | 71,421           |
| Security  | 8,749   | 2,205                                | 1,718                    | 12,672           |
| Staff costs (Note 14)                           | 691,631   | 217,946                              | 206,843                  | 1,116,420        |
| Transportation expenses                         | 7,449   | 2,888                                | 1,783                    | 12,120           |
| Utilities                                       | 38,684  | 15,545                               | 10,048                   | 64,277           |
|   | <u>1,143,845</u>  | <u>480,824</u>                       | <u>383,962</u>           | <u>2,008,631</u> |

**13. Expenses by Nature (Continued)**

Management and other expenses by nature are as follows:

| The Company                                     | 2023  |   |                                |                  |
|---|---|---|--------------------------------|------------------|
|   | Expenses<br>attributed to<br>insurance<br>acquisition<br>cash flows | Other<br>directly<br>attributable<br>expenses | Other<br>operating<br>expenses | Total            |
|   | \$'000  | \$'000  | \$'000                         | \$'000           |
| Advertising costs                               | 41,305  | 18,490  | 13,073                         | 72,868           |
| Asset tax                                       | -   | -   | 16,646                         | 16,646           |
| Audit fees                                      | -   | 8,713   | 3,267                          | 11,980           |
| Bank charges and fees                           | 18,126  | 4,457   | 1,530                          | 24,113           |
| Computer expenses                               | 56,592  | 27,249  | 11,921                         | 95,762           |
| Directors' fees                                 | -   | 1,215   | 1,215                          | 2,430            |
| Depreciation and amortisation (Note (27,28,30)) | 77,414  | 25,133  | 23,373                         | 125,920          |
| ECL allowance                                   | 1,419   | -   | -                              | 1,419            |
| Insurance                                       | 12,479  | 2,181   | 1,635                          | 16,295           |
| Other operating expenses                        | 40,382  | 15,100  | 61,306                         | 116,788          |
| Professional fees                               | 36,934  | 47,593  | 7,576                          | 92,103           |
| Printing and stationery                         | 11,469  | 4,362   | 2,642                          | 18,473           |
| Registration fees                               | 15,039  | 12,012  | 3,006                          | 30,057           |
| Rent  | 8,737   | 1,413   | 1,021                          | 11,171           |
| Repairs and maintenance                         | 37,272  | 13,167  | 15,658                         | 66,097           |
| Security  | 6,624   | 2,150   | 1,884                          | 10,658           |
| Staff costs (Note 14)                           | 538,198   | 210,193                                       | 188,465                        | 936,856          |
| Transportation expenses                         | 7,536   | 2,940   | 1,914                          | 12,390           |
| Utilities                                       | 27,907  | 11,409  | 7,664                          | 46,980           |
|   | <u>937,433</u>  | <u>407,777</u>                                | <u>363,796</u>                 | <u>1,709,006</u> |

**13. Expenses by Nature (Continued)**

Management and other expenses by nature are as follows:

| The Company                                     | 2022  |                                      |                          |                  |
|---|---|--------------------------------------|--------------------------|------------------|
|   | Expenses attributed to insurance acquisition cash flows | Other directly attributable expenses | Other operating expenses | Total            |
|   | \$'000  | \$'000                               | \$'000                   | \$'000           |
| Advertising costs                               | 42,137  | 17,590                               | 12,437                   | 72,164           |
| Asset tax                                       | -   | -                                    | 18,199                   | 18,199           |
| Audit fees                                      | -   | 8,713                                | 2,178                    | 10,891           |
| Bank charges and fees                           | 13,863  | 3,090                                | -                        | 16,953           |
| Computer expenses                               | 47,337  | 22,863                               | 10,040                   | 80,240           |
| Directors' fees                                 | -   | 1,215                                | 1,215                    | 2,430            |
| Depreciation and amortisation (Note (27,28,30)) | 62,418  | 20,235                               | 17,730                   | 100,383          |
| ECL allowance                                   | 6,263   | -                                    | -                        | 6,263            |
| Insurance                                       | 6,349   | 1,953                                | 1,465                    | 9,767            |
| Other operating expenses                        | 41,264  | 11,910                               | 19,997                   | 73,171           |
| Professional fees                               | 25,329  | 32,639                               | 5,196                    | 63,164           |
| Printing and stationery                         | 8,580   | 3,263                                | 1,977                    | 13,820           |
| Registration fees                               | 11,700  | 9,345                                | 2,339                    | 23,384           |
| Rent  | 3,956   | 639                                  | 462                      | 5,057            |
| Repairs and maintenance                         | 33,701  | 12,114                               | 14,591                   | 60,406           |
| Security  | 3,650   | 1,185                                | 1,038                    | 5,873            |
| Staff costs (Note 14)                           | 514,050   | 200,975                              | 180,567                  | 895,592          |
| Transportation expenses                         | 3,120   | 1,225                                | 902                      | 5,247            |
| Utilities                                       | 25,074  | 10,486                               | 6,857                    | 42,417           |
|   | <u>848,791</u>  | <u>359,440</u>                       | <u>297,190</u>           | <u>1,505,421</u> |

**14. Staff Costs**

|                         | The Group        |                  | The Company    |                |
|-------------------------|------------------|------------------|----------------|----------------|
|                         | 2023             | 2022             | 2023           | 2022           |
|                         | \$'000           | \$'000           | \$'000         | \$'000         |
| Wages and salaries      | 893,817          | 865,897          | 678,145        | 676,086        |
| Statutory contributions | 83,332           | 76,789           | 68,414         | 63,419         |
| Pension costs           | 20,538           | 18,081           | 20,332         | 17,913         |
| Other                   | 193,778          | 155,653          | 169,965        | 138,174        |
|                         | <u>1,191,465</u> | <u>1,116,420</u> | <u>936,856</u> | <u>895,592</u> |

**15. Taxation**

The company's shares became listed on the Junior Market of the Jamaica Stock Exchange on 21 September 2011.

On September 27, 2023, the company graduated to the Main Market. The remissions to which the company was entitled expired in 2022 and as such, the tax rate for the company now stands at 33.33% for the year 2023.

- (b) Taxation is based on the profit for the year adjusted for taxation purposes and represents income tax at 33 ⅓%:

|                               | <u>The Group</u> |                | <u>The Company</u> |               |
|-------------------------------|------------------|----------------|--------------------|---------------|
|                               | <b>2023</b>      | <b>2022</b>    | <b>2023</b>        | <b>2022</b>   |
|                               | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>      | <b>\$'000</b> |
| Current income tax            | 172,554          | 87,664         | 158,020            | 81,741        |
| Deferred income tax (Note 32) | 19,673           | 23,273         | 22,724             | (1,283)       |
|                               | <u>192,227</u>   | <u>110,937</u> | <u>180,744</u>     | <u>80,458</u> |

- (c) The tax charge on the Group's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

|                   | <u>The Group</u> |               | <u>The Company</u> |               |
|-------------------|------------------|---------------|--------------------|---------------|
|                   | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|                   | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| Profit before tax | 740,495          | 891,331       | 705,181            | 684,707       |

|   | <u>The Group</u> |                | <u>The Company</u> |               |
|---|------------------|----------------|--------------------|---------------|
|   | <b>2023</b>      | <b>2022</b>    | <b>2023</b>        | <b>2022</b>   |
|   | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>      | <b>\$'000</b> |
| Tax calculated at applicable tax rate               | 248,832          | 236,045        | 235,060            | 161,836       |
| Adjusted for the effects of:                        |                  |                |                    |               |
| Income not subject to tax                           | (58,387)         | (92,081)       | (71,687)           | (69,587)      |
| Expenses not deductible for tax                     | 12,959           | 20,437         | 24,407             | 8,154         |
| Tax losses for which no deferred tax was recognised | (8,468)          | (49,192)       | -                  | -             |
| Net effect of other charges and allowances          | (2,709)          | (4,272)        | (7,036)            | (19,945)      |
|   | <u>192,227</u>   | <u>110,937</u> | <u>180,744</u>     | <u>80,458</u> |

## 16. Earnings Per Share

The calculation of earnings per share is based on the net profit for the year and 1,031,250,000 ordinary shares in issue.

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| Net profit from continuing operations attributable to owners (\$'000) | 540,176     | 730,742     |
| Weighted average number of ordinary shares in issue ('000)            | 1,031,250   | 1,031,250   |
| Earnings per share (\$)   | <u>0.52</u> | <u>0.71</u> |

The net profit and retained earnings of the Group are reflected in the accounts of the company and its subsidiaries as follows:

Net profit

|              | <b>2023</b>    | <b>2022</b>    |
|--------------|----------------|----------------|
|              | <b>\$'000</b>  | <b>\$'000</b>  |
| Company      | 524,437        | 604,249        |
| Subsidiaries | <u>23,831</u>  | <u>176,145</u> |
|              | <u>548,268</u> | <u>780,394</u> |

Retained earnings.

|              | <b>2023</b>      | <b>2022</b>      |
|--------------|------------------|------------------|
|              | <b>\$'000</b>    | <b>\$'000</b>    |
| Company      | 2,957,127        | 2,635,216        |
| Subsidiaries | <u>10,662</u>    | <u>(5,077)</u>   |
|              | <u>2,967,789</u> | <u>2,630,139</u> |

## 17. Dividends per Share

The dividends paid in 2023 and 2022 were as follows:

|   | <b>2023</b>    | <b>2022</b>    |
|---|----------------|----------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Interim dividends: -                        |                |                |
| 19.639 cents per stock unit – December 2023 | 202,526        | -              |
| 24.298 cents per stock unit – December 2022 | <u>-</u>       | <u>250,573</u> |
|   | <u>202,526</u> | <u>250,573</u> |

## 18. Cash and Cash Equivalents

|                        | <u>The Group</u> |                | <u>The Company</u> |                |
|------------------------|------------------|----------------|--------------------|----------------|
|                        | <b>2023</b>      | <b>2022</b>    | <b>2023</b>        | <b>2022</b>    |
|                        | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>      | <b>\$'000</b>  |
| Cash and bank balances | 836,745          | 666,352        | 513,167            | 332,429        |
| Short-term deposits    | <u>242,846</u>   | <u>119,952</u> | <u>147,873</u>     | <u>25,271</u>  |
|                        | <u>1,079,591</u> | <u>786,304</u> | <u>661,040</u>     | <u>357,700</u> |

**18. Cash and Cash Equivalents (Continued)**

Short term deposits comprise term deposits and repurchase agreements with an average maturity of 90 days (2022 – 90 days) and include interest receivable of \$601,863 (2022 – \$2,673,000).

The weighted average effective interest rate on short term investments and deposits were as follows:

|      | <u>The Group</u> |             | <u>The Company</u> |             |
|------|------------------|-------------|--------------------|-------------|
|      | <b>2023</b>      | <b>2022</b> | <b>2023</b>        | <b>2022</b> |
|      | %                | %           | %                  | %           |
| US\$ | 4.0              | 2.5         | 4.0                | 2.5         |

The weighted average effective interest rates on cash balances for the year were as follows:

|      | <u>The Group</u> |             | <u>The Company</u> |             |
|------|------------------|-------------|--------------------|-------------|
|      | <b>2023</b>      | <b>2022</b> | <b>2023</b>        | <b>2022</b> |
|      | %                | %           | %                  | %           |
| US\$ | 0.5              | 0.5         | 0.5                | 0.5         |
| BB\$ | 0.5              | 0.5         | -                  | -           |
| J\$  | 1.0              | 1.0         | 1.0                | 1.0         |

**19. Reinsurance contract assets and liabilities**

| Reinsurance contracts held  | The Group                     |            |                                    |                             |             |                               |            |                                    |                             |             |
|---|-------------------------------|------------|------------------------------------|-----------------------------|-------------|-------------------------------|------------|------------------------------------|-----------------------------|-------------|
|   | Remaining coverage            |            | Incurred claims                    |                             | Total-2023  | Remaining coverage            |            | Incurred claims                    |                             | Total-2022  |
|   | Excluding loss-recovery comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. risk |             | Excluding loss-recovery comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. risk |             |
|   | \$'000                        | \$'000     | \$'000                             | \$'000                      | \$'000      | \$'000                        | \$'000     | \$'000                             | \$'000                      | \$'000      |
| Reinsurance contract assets as at 1 January   | 321,752                       | -          | 1,547,325                          | 65,921                      | 1,934,998   | (174,262)                     | -          | 2,102,664                          | 106,681                     | 2,035,083   |
| Reinsurance expenses  | (3,270,478)                   | -          | (3,746)                            | -                           | (3,274,224) | (2,426,486)                   | -          | (3,914)                            | -                           | (2,430,400) |
| Incurring claims recovery   | -                             | -          | 1,059,118                          | (27,279)                    | 1,031,839   | -                             | -          | 574,882                            | (40,760)                    | 534,122     |
| Finance income/expenses from reinsurance contracts held recognised                    | -                             | -          | 20,804                             | -                           | 20,804      | -                             | -          | 14                                 | -                           | 14          |
| <b>Cash flows</b>   |                               |            |                                    |                             |             |                               |            |                                    |                             |             |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 3,476,362                     | -          | -                                  | -                           | 3,476,362   | 2,922,500                     | -          | -                                  | -                           | 2,922,500   |
| Recoveries from reinsurance   | -                             | -          | (1,159,133)                        | -                           | (1,159,133) | -                             | -          | (1,126,321)                        | -                           | (1,126,321) |
| Reinsurance contract assets as at 31 December   | 527,636                       | -          | 1,464,368                          | 38,642                      | 2,030,646   | 321,752                       | -          | 1,547,325                          | 65,921                      | 1,934,998   |

19. Reinsurance contract assets and liabilities (Continued)

| Reinsurance contracts held  | The Company                   |            |                                    |                             |                  |                               |            |                                    |                             |                  |
|---|-------------------------------|------------|------------------------------------|-----------------------------|------------------|-------------------------------|------------|------------------------------------|-----------------------------|------------------|
|   | Remaining coverage            |            | Incurred claims                    |                             | Total-2023       | Remaining coverage            |            | Incurred claims                    |                             | Total-2022       |
|   | Excluding loss-recovery comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. risk |                  | Excluding loss-recovery comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. risk |                  |
|   | \$'000                        | \$'000     | \$'000                             | \$'000                      | \$'000           | \$'000                        | \$'000     | \$'000                             | \$'000                      | \$'000           |
| <b>Reinsurance contract assets as at 1 January</b>                                    | <b>407,251</b>                | -          | <b>1,445,689</b>                   | <b>61,464</b>               | <b>1,914,404</b> | <b>(128,168)</b>              | -          | <b>2,012,627</b>                   | 102,091                     | <b>1,986,550</b> |
| Reinsurance expenses  | (2,785,021)                   | -          | (3,286)                            | -                           | (2,788,307)      | (2,129,491)                   | -          | (3,380)                            | -                           | (2,132,871)      |
| Incurred claims recovery  | -                             | -          | 944,154                            | (26,961)                    | 917,193          | -                             | -          | 542,028                            | (40,627)                    | 501,401          |
| Finance income/expenses from reinsurance contracts held recognised                    | -                             | -          | 18,504                             | -                           | 18,504           | -                             | -          | 4,253                              | -                           | 4,253            |
| <b>Cash flows</b>   |                               |            |                                    |                             |                  |                               |            |                                    |                             |                  |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 2,966,008                     | -          | -                                  | -                           | 2,966,008        | 2,664,910                     | -          | -                                  | -                           | 2,664,910        |
| Recoveries from reinsurance   | -                             | -          | (1,081,445)                        | -                           | (1,081,445)      | -                             | -          | (1,109,839)                        | -                           | (1,109,839)      |
| <b>Reinsurance contract assets as at 31 December</b>                                  | <b>588,238</b>                | -          | <b>1,323,616</b>                   | <b>34,503</b>               | <b>1,946,357</b> | <b>407,251</b>                | -          | <b>1,445,689</b>                   | <b>61,464</b>               | <b>1,914,404</b> |

20. Other Receivables

|                             | The Group        |                  | The Company      |                |
|-----------------------------|------------------|------------------|------------------|----------------|
|                             | 2023             | 2022             | 2023             | 2022           |
|                             | \$'000           | \$'000           | \$'000           | \$'000         |
| Prepayments                 | 97,676           | 73,689           | 42,784           | 70,336         |
| Bond collateral recoverable | 654,322          | 652,804          | 670,495          | 652,804        |
| Other receivables           | 605,701          | 295,526          | 394,302          | 155,727        |
|                             | <u>1,357,699</u> | <u>1,022,019</u> | <u>1,107,581</u> | <u>878,867</u> |

Included in bond collateral recoverable are amounts due from third parties that are fully collateralised. Included in other receivables is \$180,688,000 due from related parties.

**21. Loans Receivables**

|                                    | <b>The Group</b> |                |
|------------------------------------|------------------|----------------|
|                                    | <b>2023</b>      | <b>2022</b>    |
|                                    | <b>\$'000</b>    | <b>\$'000</b>  |
| Mortgage loan                      | 126,477          | 136,226        |
| Current portion of loan receivable | 8,383            | 13,168         |
| Non-current portion.               | 118,094          | 123,058        |
|                                    | <u>126,477</u>   | <u>136,226</u> |

This is a mortgage loan secured on property located at 120 and 122 Eastern Main Road, Barataria in Trinidad and is repayable by fixed monthly instalments over a period twelve (12) years with the following terms and conditions:

- (i) Variable interest rate based on commercial banks' average lending rate as published by the Central Bank of Trinidad and Tobago with a floor of 5% adjustable at each anniversary date. The initial interest rate is 7%.
- (ii) Balloon repayment of capital from the assignment of monies due and payable under the share purchase agreement on the acquisition of subsidiary.
- (iii) Assignment of insurance policy on property.

**22. Lease receivables**

|  | <b>The Group and Company</b> |                |
|--|------------------------------|----------------|
|  | <b>2023</b>                  | <b>2022</b>    |
|  | <b>\$'000</b>                | <b>\$'000</b>  |
| Gross investment in finance leases                             |                              |                |
| Not later than one year  | 37,694                       | 27,431         |
| Later than one year and not later than five years              | 9,524                        | 72,852         |
| Later than five years  | -                            | 6,999          |
|  | <u>47,218</u>                | <u>107,282</u> |
| Less: Unearned income  | (2,493)                      | (40,970)       |
|  | <u>44,725</u>                | <u>66,312</u>  |
| Net investment in finance leases may be classified as follows: |                              |                |
| Note later than one year                                       | 35,357                       | 14,097         |
| Later than one year and not later than five years              | 9,368                        | 45,619         |
| Later than five years  | -                            | 6,596          |
|  | <u>44,725</u>                | <u>66,312</u>  |



**23. Investment Securities**

|  | <b>The Group</b> |                  | <b>The Company</b> |                  |
|--|------------------|------------------|--------------------|------------------|
|  | <b>2023</b>      | <b>2022</b>      | <b>2023</b>        | <b>2022</b>      |
|  | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>      | <b>\$'000</b>    |
| <b>Debt securities -</b>                               |                  |                  |                    |                  |
| At amortised cost:                                     |                  |                  |                    |                  |
| Government Jamaica Securities                          | 13,716           | 31,717           | 13,716             | 31,717           |
| Government of Trinidad and Tobago                      | 298,284          | 813,791          | -                  | -                |
| Certificate of Deposits                                | 1,453,272        | 1,111,627        | 612,902            | 1,020,637        |
| United States Dollar Corporate Bonds                   | -                | 118,961          | -                  | 104,975          |
| United States Dollar Long Term Deposits                | 112,622          | 294,858          | 112,622            | 294,858          |
| Other Government Securities                            | 287,512          | 329,803          | 287,512            | 329,803          |
|  | 2,165,406        | 2,700,757        | 1,026,752          | 1,781,990        |
| Interest receivable                                    | 25,595           | 44,085           | 25,595             | 44,085           |
| Equity investment at fair value through profit or loss | 167,507          | 165,395          | 167,507            | 165,395          |
| Equity investments at fair value through OCI           | 808,779          | 419,489          | 804,446            | 414,660          |
|  | <u>3,167,287</u> | <u>3,329,726</u> | <u>2,024,300</u>   | <u>2,406,130</u> |

Weighted average effective interest rate:

|                                      | <b>The Group</b> |             | <b>The Company</b> |             |
|--------------------------------------|------------------|-------------|--------------------|-------------|
|                                      | <b>2023</b>      | <b>2022</b> | <b>2023</b>        | <b>2022</b> |
|                                      | <b>%</b>         | <b>%</b>    | <b>%</b>           | <b>%</b>    |
| Government of Jamaica Securities     | 6.19             | 6.19        | 6.19               | 6.19        |
| Government of Trinidad and Tobago    | 3                | 3           | 1                  | 1           |
| Certificate of Deposits              | 7.76             | 6.55        | 7.76               | 6.55        |
| United States Long Term Deposits     | 4.78             | 3.95        | 4.78               | 3.95        |
| United States Dollar Corporate Bonds | 8.50             | 7.00        | 8.50               | 7.0         |
| Other Government Securities          | 4.63             | 4.63        | 4.63               | 4.63        |

Included in investments are Government of Jamaica securities valued at \$18,000,000 and a Certificate of Deposit for \$30,900,000 (2022 - \$30,000,000.00) which have been pledged with the FSC, pursuant to Section 8(1)(b) of the Insurance Regulations, 2001.

Investments pledged with the Barbados FSC, pursuant to Exempt Insurance Act amounted to BBD \$250,000.

The Group's holdings in equity investments for 2023 and 2022 includes investment in affiliated companies (Note 9).

**24. Investment in Subsidiaries**

|  | <u>The Company</u>    |                       |
|--|-----------------------|-----------------------|
|  | <b>2023</b>           | <b>2022</b>           |
|  | <b>\$'000</b>         | <b>\$'000</b>         |
| General Accident Insurance (Trinidad and Tobago) Limited<br>(75%), 491,910 Ordinary shares | 441,624               | 441,624               |
| General Accident Insurance (Barbados) Limited<br>(80%) 2,400,000 Ordinary shares           | <u>165,893</u>        | <u>165,893</u>        |
|  | <u><u>607,517</u></u> | <u><u>607,517</u></u> |

**25. Investment Property**

|  | <u>The Group</u>      |                       | <u>The Company</u>    |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | <b>2023</b>           | <b>2022</b>           | <b>2023</b>           | <b>2022</b>           |
|  | <b>\$'000</b>         | <b>\$'000</b>         | <b>\$'000</b>         | <b>\$'000</b>         |
| At 1 January                                       | 407,507               | 328,149               | 343,000               | 265,000               |
| Additions  | -                     | 2,976                 | -                     | 2,976                 |
| Revaluation (credited to profit or loss) (Note 11) | 24,000                | 77,973                | 24,000                | 75,024                |
| Translation differences                            | <u>2,071</u>          | <u>(1,591)</u>        | <u>-</u>              | <u>-</u>              |
| At 31 December                                     | <u><u>433,578</u></u> | <u><u>407,507</u></u> | <u><u>367,000</u></u> | <u><u>343,000</u></u> |

Property income and direct expenses including repairs and maintenance in relation to investment properties are as follows:

|               | <u>The Group</u> |                | <u>The Company</u> |                |
|---------------|------------------|----------------|--------------------|----------------|
|               | <b>2023</b>      | <b>2022</b>    | <b>2023</b>        | <b>2022</b>    |
|               | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>      | <b>\$'000</b>  |
| Rental income | 31,381           | 25,279         | 23,604             | 24,291         |
| Direct costs  | <u>(6,152)</u>   | <u>(5,647)</u> | <u>(6,152)</u>     | <u>(5,647)</u> |

The properties of the Group were valued at current market value. The Trinidad properties were valued as at December 2023 by Bhanmati Seecharan in Trinidad. In December 2023, NAI Jamaica Langford and Brown did the valuations for Jamaica. Both parties are independent qualified property appraisers and valuers. The values for the properties have been established using the sales comparison method, which considers the values of similar properties in and around surrounding areas.

The valuation of investment property has been classified as Level 3 of the fair value hierarchy under IFRS 13, *Fair Value Measurement*. The valuations have been performed using a comparable sales approach but, as there have been a limited number of similar sales in the location, unobservable inputs determined based on the valuers' judgement regarding size, age, condition were utilised.

**26. Real Estate Investment**

|  | <b>The Group and Company</b> |                |
|--|------------------------------|----------------|
|  | <b>2023</b>                  | <b>2022</b>    |
|  | <b>\$'000</b>                | <b>\$'000</b>  |
| At 1 January                             | 189,912                      | 189,912        |
| Revaluation (credited to profit or loss) | 38,838                       | -              |
| Closing                                  | <u>228,750</u>               | <u>189,912</u> |

This represents the Group's beneficial interest in a property which is leased to third parties and held in trust for a group of investors under a Trust Deed managed by Scotia Investments Jamaica Limited.

The property is carried at fair value through the profit or loss statement and presented an increase in value at December 31, 2023.

The fair value of the investment is at level 3 in the fair value hierarchy, as is consistent with the requirements of IFRS 13 (Note 6).

**27. Property, Plant and Equipment**

|                         | <b>The Group</b>          |  |                       |                         |               |
|-------------------------|---------------------------|--|-----------------------|-------------------------|---------------|
|                         | <b>Land and Buildings</b> | <b>Furniture, Fixtures &amp; Equipment</b> | <b>Motor Vehicles</b> | <b>Work in Progress</b> | <b>Total</b>  |
|                         | <b>\$'000</b>             | <b>\$'000</b>                              | <b>\$'000</b>         | <b>\$'000</b>           | <b>\$'000</b> |
| <b>Cost -</b>           |                           |  |                       |                         |               |
| At 1 January 2021       | 601,972                   | 286,598                                    | 35,525                | -                       | 924,095       |
| Transfer                | -                         | (32,118)                                   | (16,643)              | -                       | (48,761)      |
| Additions               | 114,053                   | 60,487                                     | -                     | -                       | 174,540       |
| Disposals               | -                         | (68,676)                                   | (2,400)               | -                       | (71,076)      |
| Translation differences | (10,551)                  | (3,366)                                    | (161)                 | -                       | (14,078)      |
| At 31 December 2022     | 705,474                   | 242,925                                    | 16,321                | -                       | 964,720       |
| Additions               | 22,203                    | 42,997                                     | 55,399                | -                       | 120,599       |
| Translation differences | 12,947                    | 2,589                                      | 202                   | -                       | 15,738        |
| At 31 December 2023     | 740,624                   | 288,511                                    | 71,922                | -                       | 1,101,057     |
| <b>Depreciation -</b>   |                           |  |                       |                         |               |
| At 1 January 2021       | 64,542                    | 96,058                                     | 22,587                | -                       | 183,187       |
| Transfer                | (433)                     | (31,789)                                   | (16,647)              | -                       | (48,869)      |
| Charge for the year     | 15,951                    | 43,703                                     | 3,523                 | -                       | 63,177        |
| Relieved on disposal    | -                         | (68,590)                                   | (2,400)               | -                       | (70,990)      |
| Translation differences | (318)                     | (1,659)                                    | (48)                  | -                       | (2,025)       |
| At 31 December 2022     | 79,742                    | 37,723                                     | 7,015                 | -                       | 124,480       |
| Charge for the year     | 24,184                    | 48,493                                     | 7,154                 | -                       | 79,831        |
| Translation differences | 22                        | 464  | 89                    | -                       | 575           |
| At 31 December 2023     | 103,948                   | 86,680                                     | 14,258                | -                       | 204,886       |
| 31 December 2023        | 636,676                   | 201,831                                    | 57,664                | -                       | 896,171       |
| 31 December 2022        | 625,732                   | 205,202                                    | 9,306                 | -                       | 840,240       |

**27. Property, Plant and Equipment (Continued)**

|                     | <b>The Company</b>            |  |                           |               |
|---------------------|-------------------------------|--|---------------------------|---------------|
|                     | <b>Land and<br/>Buildings</b> | <b>Furniture,<br/>Fixtures &amp;<br/>Equipment</b> | <b>Motor<br/>Vehicles</b> | <b>Total</b>  |
|                     | <b>\$'000</b>                 | <b>\$'000</b>                                      | <b>\$'000</b>             | <b>\$'000</b> |
| Cost -              |                               |  |                           |               |
| At 1 January 2021   | 178,033                       | 192,442  | 27,756                    | 398,231       |
| Adjustments         | -                             | (32,118)   | (16,643)                  | (48,761)      |
| Additions           | 114,053                       | 44,371   | -                         | 158,424       |
| Disposal            |                               | (249)  | (2,400)                   | (2,649)       |
| At 31 December 2022 | 292,086                       | 204,446  | 8,713                     | 505,245       |
| Additions           | 22,204                        | 18,742   | 55,398                    | 96,344        |
| At 31 December 2023 | 314,290                       | 223,188  | 64,111                    | 601,589       |
| Depreciation -      |                               |  |                           |               |
| At 1 January 2021   | 53,545                        | 88,623   | 20,263                    | 162,431       |
| Adjustments         | (432)                         | (31,791)   | (16,646)                  | (48,869)      |
| Charge for the year | 14,250                        | 32,248   | 2,437                     | 48,935        |
| Disposal            | -                             | (163)  | (2,400)                   | (2,563)       |
| At 31 December 2022 | 67,363                        | 88,917   | 3,654                     | 159,934       |
| Charge for the year | 17,490                        | 34,888   | 6,040                     | 58,418        |
| At 31 December 2023 | 84,853                        | 123,805  | 9,694                     | 218,352       |
| Net Book Value -    |                               |  |                           |               |
| 31 December 2023    | 229,437                       | 99,383   | 54,417                    | 383,237       |
| 31 December 2022    | 224,723                       | 115,529  | 5,059                     | 345,311       |

**28. Intangible Assets**

|                         | <b>The Group</b>      |                                   |                |                |                          |               |
|-------------------------|-----------------------|-----------------------------------|----------------|----------------|--------------------------|---------------|
|                         | <b>Renewal Rights</b> | <b>Distribution Relationships</b> | <b>Licence</b> | <b>Website</b> | <b>Computer Software</b> | <b>Total</b>  |
|                         | <b>\$'000</b>         | <b>\$'000</b>                     | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>            | <b>\$'000</b> |
| <b>At Cost -</b>        |                       |                                   |                |                |                          |               |
| At 1 January 2021       | 38,221                | 12,070                            | 142,826        | 12,487         | 29,239                   | 234,843       |
| Additions               | -                     | -                                 | -              | -              | 720                      | 720           |
| Disposal                | -                     | -                                 | -              | -              | (16,322)                 | (16,322)      |
| Translation differences | -                     | -                                 | -              | -              | (195)                    | (195)         |
| At 31 December 2022     | 38,221                | 12,070                            | 142,826        | 12,487         | 13,442                   | 219,046       |
| Addition                | -                     | -                                 | -              | -              | 19,173                   | 19,173        |
| Translation differences | -                     | -                                 | -              | -              | 411                      | 411           |
| At 31 December 2023     | 38,221                | 12,070                            | 142,826        | 12,487         | 33,026                   | 238,630       |
| <b>Amortisation -</b>   |                       |                                   |                |                |                          |               |
| At 1 January 2021       | 22,932                | 4,527                             | -              | 7,247          | 20,123                   | 54,829        |
| Charge for the year     | 7,645                 | 1,508                             | -              | 3,122          | 1,883                    | 14,158        |
| Disposal                | -                     | -                                 | -              | -              | (16,322)                 | (16,322)      |
| Translation differences | -                     | -                                 | -              | -              | (49)                     | (49)          |
| At 31 December 2022     | 30,577                | 6,035                             | -              | 10,369         | 5,635                    | 52,616        |
| Charge for the year     | 7,644                 | 1,509                             | -              | 1,927          | 3,020                    | 14,100        |
| Translation differences | -                     | -                                 | -              | -              | 79                       | 79            |
| At 31 December 2023     | 38,221                | 7,544                             | -              | 12,296         | 8,734                    | 66,795        |
| <b>Net Book Value -</b> |                       |                                   |                |                |                          |               |
| 31 December 2023        | -                     | 4,526                             | 142,826        | 191            | 24,292                   | 171,835       |
| 31 December 2022        | 7,644                 | 6,035                             | 142,826        | 2,118          | 7,807                    | 166,430       |

**28. Intangible Assets (Continued)**

|                              | <b>The Company</b> |                              |               |
|------------------------------|--------------------|------------------------------|---------------|
|                              | <b>Website</b>     | <b>Computer<br/>Software</b> | <b>Total</b>  |
|                              | <b>\$'000</b>      | <b>\$'000</b>                | <b>\$'000</b> |
| At Cost -                    |                    |                              |               |
| At 31 December 2021 and 2022 | 12,487             | 5,560                        | 18,047        |
| Additions during year 2023   | -                  | 9,362                        | 9,362         |
| At 31 December 2023          | <u>12,487</u>      | <u>14,922</u>                | <u>27,409</u> |
| Amortisation                 |                    |                              |               |
| At 1 January 2022            | 7,247              | 4,177                        | 11,424        |
| Charge for the year          | 3,121              | 670                          | 3,791         |
| At 31 December 2022          | <u>10,368</u>      | <u>4,847</u>                 | <u>15,215</u> |
| Charge for the year          | 1,927              | 1,340                        | 3,267         |
| At 31 December 2023          | <u>12,295</u>      | <u>6,187</u>                 | <u>18,482</u> |
| Net Book Value -             |                    |                              |               |
| 31 December 2023             | <u>192</u>         | <u>8,735</u>                 | <u>8,927</u>  |
| 31 December 2022             | <u>2,119</u>       | <u>713</u>                   | <u>2,832</u>  |

**29. Other Liabilities**

|                                 | <b>The Group</b> |                | <b>The Company</b> |                |
|---------------------------------|------------------|----------------|--------------------|----------------|
|                                 | <b>2023</b>      | <b>2022</b>    | <b>2023</b>        | <b>2022</b>    |
|                                 | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>      | <b>\$'000</b>  |
| Statutory contributions payable | 5,728            | 4,365          | 5,728              | 4,365          |
| Accrued expenses                | 30,042           | 21,994         | 29,093             | 21,994         |
| Sales and premium tax payable   | 194,297          | 124,027        | 258,254            | 187,984        |
| Other payables                  | 1,063            | 127,206        | 84                 | 131,792        |
|                                 | <u>231,130</u>   | <u>277,592</u> | <u>293,159</u>     | <u>346,135</u> |

**30. Leases**

This note provides information for leases where the Group is a lessee.

(a) Right of use assets

|                                 | <b>Right of Use-Asset</b> |                    |
|---------------------------------|---------------------------|--------------------|
|                                 | <b>The Group</b>          | <b>The Company</b> |
|                                 | <b>\$'000</b>             | <b>\$'000</b>      |
| <b>Cost</b>                     |                           |                    |
| 1 January 2022                  | 279,797                   | 205,660            |
| Disposal (termination)          | (33,414)                  | (6,260)            |
| Additions                       | 42,209                    | 6,351              |
| Translation                     | (1,102)                   | -                  |
| 1 January 2023                  | 287,490                   | 205,751            |
| Disposal (termination)          | (174,942)                 | (151,454)          |
| Additions                       | 280,005                   | 260,390            |
| Translation                     | 1,821                     | 826                |
| 31 December 2023                | 394,374                   | 315,513            |
| <b>Accumulated Depreciation</b> |                           |                    |
| 1 January 2022                  | 197,633                   | 139,404            |
| Charge for the year             | 74,401                    | 47,657             |
| Disposal(termination)           | (33,414)                  | (6,345)            |
| Translation difference          | (890)                     | -                  |
| 1 January 2023                  | 237,730                   | 180,716            |
| Charge for the year             | 93,154                    | 64,234             |
| Disposal(termination)           | (174,171)                 | (151,454)          |
| Translation difference          | 860                       | 232                |
| 31 December 2023                | 157,573                   | 93,728             |
| <b>Net Book Value</b>           |                           |                    |
| 31 December 2022                | 49,760                    | 25,035             |
| 31 December 2023                | 236,801                   | 221,785            |



**30. Leases (Continued)**

Amounts recognized in the statement of financial position

|                     | <b>The Group</b> |               | <b>The Company</b> |               |
|---------------------|------------------|---------------|--------------------|---------------|
|                     | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|                     | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| Right-of-use assets |                  |               |                    |               |
| Motor Vehicles      | -                | 14,902        | -                  | 14,902        |
| Land and buildings  | 236,801          | 34,858        | 221,785            | 10,133        |
|                     | <u>236,801</u>   | <u>49,760</u> | <u>221,785</u>     | <u>25,035</u> |
| Lease liabilities   |                  |               |                    |               |
| Current             | 45,162           | 41,467        | 27,408             | 27,669        |
| Non-current         | 190,551          | 12,454        | 190,551            | 529           |
|                     | <u>235,713</u>   | <u>53,921</u> | <u>217,959</u>     | <u>28,198</u> |

(b) Lease liabilities

|  | <b>The Group</b> |               | <b>The Company</b> |               |
|--|------------------|---------------|--------------------|---------------|
|  | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|  | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| 1 January                              | 53,921           | 103,207       | 28,198             | 85,286        |
| Additions                              | 269,870          | 41,724        | 260,390            | 6,351         |
| Lease payments                         | (110,547)        | (94,190)      | (89,279)           | (67,921)      |
| Interest on lease liability            | 14,326           | 6,812         | 12,196             | 4,817         |
| Foreign exchange and other adjustments | 8,143            | (3,632)       | 6,454              | (335)         |
| 31 December                            | <u>235,713</u>   | <u>53,921</u> | <u>217,959</u>     | <u>28,198</u> |

(c) Amounts recognized in profit or loss

The statement of profit or loss shows the following amounts relating to right-of-use assets:

|  | <b>The Group</b> |               | <b>The Company</b> |               |
|--|------------------|---------------|--------------------|---------------|
|  | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|  | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| Depreciation charge of right-of-use assets |                  |               |                    |               |
| Motor vehicles                             | -                | 16,257        | -                  | 16,257        |
| Land and buildings                         | 93,154           | 58,144        | 64,234             | 31,401        |
|  | <u>93,154</u>    | <u>74,401</u> | <u>64,234</u>      | <u>47,658</u> |
| Interest expense                           | <u>14,326</u>    | <u>6,812</u>  | <u>12,196</u>      | <u>4,817</u>  |

**31. Deferred Income Taxes**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33.33%.

|                                 | <b>The Group</b> |               | <b>The Company</b> |               |
|---------------------------------|------------------|---------------|--------------------|---------------|
|                                 | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|                                 | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| Deferred income tax assets      | 7,342            | 4,895         | 7,342              | 4,895         |
| Deferred income tax liabilities | (100,940)        | (78,820)      | (51,828)           | (26,657)      |
| Net liabilities                 | (93,598)         | (73,925)      | (44,486)           | (21,762)      |

The net movement on the deferred income tax account is as follows:

|                              | <b>The Group</b> |               | <b>The Company</b> |               |
|------------------------------|------------------|---------------|--------------------|---------------|
|                              | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|                              | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| At the beginning of the year | (73,925)         | (50,652)      | (21,762)           | (23,045)      |
| Profit or loss (Note 15)     | (19,673)         | (23,273)      | (22,724)           | 1,283         |
| At end of year               | (93,598)         | (73,925)      | (44,486)           | (21,762)      |

**31. Deferred Income Taxes (Continued)**

Deferred income tax assets and liabilities are attributable to the following items:

|  | <b>The Group</b> |               | <b>The Company</b> |               |
|--|------------------|---------------|--------------------|---------------|
|  | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|  | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| <b>Deferred income tax assets</b>      |                  |               |                    |               |
| Accrued vacation                       | 7,342            | 4,895         | 7,342              | 4,895         |
|  | <u>7,342</u>     | <u>4,895</u>  | <u>7,342</u>       | <u>4,895</u>  |
|  |                  |               |                    |               |
|  | <b>The Group</b> |               | <b>The Company</b> |               |
|  | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>   |
|  | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| <b>Deferred income tax liabilities</b> |                  |               |                    |               |
| Unrealised foreign exchange gains      | -                | -             | -                  | -             |
| Accelerated depreciation               | 17,294           | 736           | 16,785             | 736           |
| Intangible assets                      | 48,603           | 52,163        | -                  | -             |
| Interest receivable                    | 35,043           | 25,921        | 35,043             | 25,921        |
|  | <u>100,940</u>   | <u>78,820</u> | <u>51,828</u>      | <u>26,657</u> |

The deferred tax movement in the profit or loss comprises the following temporary differences

|                                   | <b>The Group</b> |               | <b>The Company</b> |                |
|-----------------------------------|------------------|---------------|--------------------|----------------|
|                                   | <b>2023</b>      | <b>2022</b>   | <b>2023</b>        | <b>2022</b>    |
|                                   | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b>  |
| Accelerated depreciation          | 16,049           | (12,058)      | 16,049             | (12,058)       |
| Unrealised foreign exchange gains | -                | (3,885)       | -                  | (3,885)        |
| Intangible assets                 | (3,051)          | 24,556        | -                  | -              |
| Accrued vacation                  | (2,447)          | (1,123)       | (2,447)            | (1,123)        |
| Interest receivable               | 9,122            | 15,783        | 9,122              | 15,783         |
|                                   | <u>19,673</u>    | <u>23,273</u> | <u>22,724</u>      | <u>(1,283)</u> |

**32. Insurance contract assets and liabilities**

**Reconciliation of the insurance contract liabilities and assets**

The following tables present reconciliations of insurance contract liabilities and assets.

| Group   | LRC                  |            | LIC                                |                             | Total-2023  | LRC                  |            | LIC                                |                             | Total-2022  |
|---|----------------------|------------|------------------------------------|-----------------------------|-------------|----------------------|------------|------------------------------------|-----------------------------|-------------|
|   | Excluding loss comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. Risk |             | Excluding loss comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. Risk |             |
| <b>Insurance contract liabilities as at 1 January</b>           | 858,758              | -          | 3,783,098                          | 169,338                     | 4,811,194   | 573,234              | -          | 4,604,395                          | 234,248                     | 5,411,877   |
| <b>Insurance revenue</b>  | (8,575,708)          | -          | -                                  | -                           | (8,575,708) | (6,666,555)          | -          | -                                  | -                           | (6,666,555) |
| Incurred claims and other directly attributable expenses        | -                    | -          | 4,837,203                          | (36,309)                    | 4,800,894   | -                    | -          | 3,583,348                          | (64,910)                    | 3,518,438   |
| Insurance acquisition cash flows amortization                   | 836,323              | -          | -                                  | -                           | 836,323     | 632,613              | -          | -                                  | -                           | 632,613     |
| <b>Insurance service expenses</b>                               | 836,323              | -          | 4,837,203                          | (36,309)                    | 5,637,217   | 632,613              | -          | 3,583,348                          | (64,910)                    | 4,151,051   |
| <b>Insurance service result</b>                                 | (7,739,385)          | -          | 4,837,203                          | (36,309)                    | (2,938,491) | (6,033,942)          | -          | 3,583,348                          | (64,910)                    | (2,515,504) |
| Movement on discount  | -                    | -          | 118,275                            | -                           | 118,275     | -                    | -          | (26,822)                           | -                           | (26,822)    |
| <b>Total amounts recognised in comprehensive income</b>         | (7,739,385)          | -          | 4,955,478                          | (36,309)                    | (2,820,216) | (6,033,942)          | -          | 3,556,526                          | (64,910)                    | (2,542,326) |
| Investment components   | -                    | -          | -                                  | -                           | -           | -                    | -          | -                                  | -                           | -           |
| Insurance acquisition cash flows asset derecognised             | -                    | -          | 890                                | -                           | 890         | -                    | -          | 18,351                             | -                           | 18,351      |
| Other pre-recognition cash flows derecognised and other changes | -                    | -          | (4,377)                            | -                           | (4,377)     | -                    | -          | 7,320                              | -                           | 7,320       |
| <b>Cash flows</b>   |                      |            |                                    |                             |             |                      |            |                                    |                             |             |
| Premiums received   | 9,286,712            | -          | -                                  | -                           | 9,286,712   | 6,984,466            | -          | -                                  | -                           | 6,984,466   |
| Claims and other directly attributable expenses paid            | -                    | -          | (5,255,924)                        | -                           | (5,255,924) | -                    | -          | (4,403,494)                        | -                           | (4,403,494) |
| Insurance acquisition cash flows                                | (906,888)            | -          | -                                  | -                           | (906,888)   | (665,000)            | -          | -                                  | -                           | (665,000)   |
| <b>Total cash flows</b>   | 8,379,824            | -          | (5,255,924)                        | -                           | 3,123,900   | 6,319,466            | -          | (4,403,494)                        | -                           | 1,915,972   |
| <b>Insurance contract liabilities as at 31 December</b>         | 1,499,197            | -          | 3,479,165                          | 133,029                     | 5,111,391   | 858,758              | -          | 3,783,098                          | 169,338                     | 4,811,194   |



32. Insurance contract assets and liabilities (Continued)

Reconciliation of the insurance contract assets and liabilities (Continued)

| Company  | LRC                  |            | LIC                                |                             | Total-2023         | LRC                  |            | LIC                                |                             | Total-2022         |
|--|----------------------|------------|------------------------------------|-----------------------------|--------------------|----------------------|------------|------------------------------------|-----------------------------|--------------------|
|  | Excluding loss comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. Risk |                    | Excluding loss comp. | Loss comp. | Present value of future cash flows | Risk adj. for non-fin. Risk |                    |
| <b>Insurance contract liabilities as at 1 January</b>                        | <b>600,548</b>       | -          | <b>2,792,109</b>                   | <b>121,140</b>              | <b>3,513,797</b>   | <b>404,234</b>       | -          | <b>3,192,649</b>                   | <b>171,029</b>              | <b>3,767,912</b>   |
| <b>Insurance revenue</b>   | <b>(6,752,418)</b>   | -          | -                                  | -                           | <b>(6,752,418)</b> | <b>(5,518,241)</b>   | -          | -                                  | -                           | <b>(5,518,241)</b> |
| Incurred claims and other directly attributable expenses                     | -                    | -          | 3,730,215                          | (28,402)                    | 3,701,813          | -                    | -          | 2,974,778                          | (49,889)                    | 2,924,889          |
| Changes that relate to past service – changes in the FCF relating to the LIC | -                    | -          | -                                  | -                           | -                  | -                    | -          | -                                  | -                           | -                  |
| Insurance acquisition cash flows amortization                                | 593,907              | -          | -                                  | -                           | 593,907            | 528,191              | -          | -                                  | -                           | 528,191            |
| <b>Insurance service expenses</b>  | <b>593,907</b>       | -          | <b>3,730,215</b>                   | <b>(28,402)</b>             | <b>4,295,720</b>   | <b>528,191</b>       | -          | <b>2,974,778</b>                   | <b>(49,889)</b>             | <b>3,453,080</b>   |
| <b>Insurance service result</b>  | <b>(6,158,511)</b>   | -          | <b>3,730,215</b>                   | <b>(28,402)</b>             | <b>(2,456,698)</b> | <b>(4,990,050)</b>   | -          | <b>2,974,778</b>                   | <b>(49,889)</b>             | <b>(2,065,161)</b> |
| Movement on discount   | -                    | -          | 92,205                             | -                           | 92,205             | -                    | -          | 35,050                             | -                           | 35,050             |
| <b>Total amounts recognised in comprehensive income</b>                      | <b>(6,158,511)</b>   | -          | <b>3,822,420</b>                   | <b>(28,402)</b>             | <b>(2,364,493)</b> | <b>(4,990,050)</b>   | -          | <b>3,009,828</b>                   | <b>(49,889)</b>             | <b>(2,030,111)</b> |
| Investment components  | -                    | -          | -                                  | -                           | -                  | -                    | -          | -                                  | -                           | -                  |
| Insurance acquisition cash flows asset derecognised                          | -                    | -          | 2,950                              | -                           | 2,950              | -                    | -          | 20,912                             | -                           | 20,912             |
| Other pre-recognition cash flows derecognised and other changes              | -                    | -          | (2,177)                            | -                           | (2,177)            | -                    | -          | 6,376                              | -                           | 6,376              |
| <b>Cash flows</b>  |                      |            |                                    |                             |                    |                      |            |                                    |                             |                    |
| Premiums received  | 7,281,900            | -          | -                                  | -                           | 7,281,900          | 5,738,571            | -          | -                                  | -                           | 5,738,571          |
| Claims and other directly attributable expenses paid                         | -                    | -          | (4,107,366)                        | -                           | (4,107,366)        | -                    | -          | (3,437,656)                        | -                           | (3,437,656)        |
| Insurance acquisition cash flows   | (679,786)            | -          | -                                  | -                           | (679,786)          | (552,207)            | -          | -                                  | -                           | (552,207)          |
| <b>Total cash flows</b>  | <b>6,602,114</b>     | -          | <b>(4,107,366)</b>                 | -                           | <b>2,494,748</b>   | <b>5,186,364</b>     | -          | <b>(3,437,656)</b>                 | -                           | <b>1,748,708</b>   |
| <b>Insurance contract liabilities as at 31 December</b>                      | <b>1,044,151</b>     | -          | <b>2,507,936</b>                   | <b>92,738</b>               | <b>3,644,825</b>   | <b>600,548</b>       | -          | <b>2,792,109</b>                   | <b>121,140</b>              | <b>3,513,797</b>   |

### **32. Insurance contract liabilities (Continued)**

An actuarial valuation was performed to value the policy and claims liabilities of the Group as at 31 December 2023 in accordance with the Insurance Act of Jamaica by the appointed actuary, Josh Worsham, FCAS, MAAA of Mid Atlantic Actuarial. The Insurance Act requires that the valuation be in accordance with accepted actuarial principles. The actuary has stated that his report conforms to the standards of practice as established by the Canadian Institute of Actuaries, with such changes as directed by the Financial Services Commission, specifically, that the valuation of some policy and claims liabilities not reflect the time value of money.

For consistency, the management also performed a valuation for the policy and claim liabilities of the subsidiaries as at 31 December 2023 using the same appointed actuary.

In arriving at his valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method.

In using the Paid/Incurred Loss Development methods, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss methods is a combination of the Paid/Incurred Loss Development methods and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

In his opinion dated 9 April 2024 for the Company, the actuary found that the amount of policy and claims liabilities represented in the statement of financial position at 31 December 2023 makes proper provision for the future payments under the Group's policies and meets the requirements of the Insurance Act and other appropriate regulations of Jamaica; that a proper charge on account of these liabilities has been made in profit or loss; and that there is sufficient capital available to meet the solvency standards as established by the Financial Services Commission.

**33. Share Capital**

|   | <b>2023</b>    | <b>2022</b>    |
|---|----------------|----------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Authorised -                                  |                |                |
| 1,100,000,000 Ordinary shares of no par value |                |                |
| Issued and fully paid -                       |                |                |
| 1,031,250,000 Ordinary shares of no par value | <u>470,358</u> | <u>470,358</u> |

**34. Capital Reserves**

|                                 | <b>2023</b>    | <b>2022</b>    |
|---------------------------------|----------------|----------------|
|                                 | <b>\$'000</b>  | <b>\$'000</b>  |
| At beginning of and end of year | <u>161,354</u> | <u>161,354</u> |

The capital reserves at year end represent realised surpluses.

**35. Fair Value Reserve**

This represents the unrealised surplus on the revaluation of investments classified as Fair Value through Other Comprehensive Income (FVOCI).

**36. Non-Controlling Interest**

|  | <b>2023</b>           | <b>2022</b>           |
|--|-----------------------|-----------------------|
|  | <b>\$'000</b>         | <b>\$'000</b>         |
| Beginning of year                          | 349,788               | 364,638               |
| Net transactions with NCI                  |                       |                       |
| Purchase of additional shares GENACTT (ii) | -                     | (63,582)              |
| NCI share of total comprehensive income    | <u>13,997</u>         | <u>48,732</u>         |
|  | <u><u>363,785</u></u> | <u><u>349,788</u></u> |

- (i) All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.
- (ii) In December 2022, the Group acquired an additional 10% of the issued shares of GENACTT for \$48,612,000. Immediately prior to the purchase, the carrying value amount of the existing non-controlling interest in GENACTT was \$63,582,000. The Group recognised a decrease in NCI of \$48,612,000 and an increase in equity attributable to owners of the parent of \$14,970,000.

**Summarised financial information on subsidiary with material non-controlling interests.**

*General Accident Insurance Company (Trinidad andTobago) Limited*

(a) Summarised Statement of Financial Position

|             | <b>2023</b>           | <b>2022</b>           |
|-------------|-----------------------|-----------------------|
|             | <b>\$'000</b>         | <b>\$'000</b>         |
| Assets      | <u>2,343,484</u>      | <u>2,097,153</u>      |
| Liabilities | <u>(1,462,366)</u>    | <u>(1,282,203)</u>    |
| Net Assets  | <u><u>881,118</u></u> | <u><u>814,950</u></u> |

(b) Summarised Statement of Comprehensive Income

|  | <b>2023</b>          | <b>2022</b>           |
|--|----------------------|-----------------------|
|  | <b>\$'000</b>        | <b>\$'000</b>         |
| Revenue  | 1,305,112            | 772,858               |
| Profit before taxation   | 56,637               | 238,524               |
| Taxation   | (14,534)             | (5,923)               |
| Profit after tax   | 42,103               | 232,601               |
| Other comprehensive income                                       | <u>25,217</u>        | <u>(2,889)</u>        |
| <b>Total Comprehensive Income</b>                                | <u><u>67,320</u></u> | <u><u>229,712</u></u> |
| Total comprehensive income allocated to non-controlling interest | <u><u>16,830</u></u> | <u><u>53,479</u></u>  |



**36. Non-Controlling Interest (Continued)**

*General Accident Insurance Company (Trinidad) Limited*

(c) Summarised Statement of Cash Flows

|   | <b>2023</b><br><b>\$'000</b> | <b>2022</b><br><b>\$'000</b> |
|---|------------------------------|------------------------------|
| Cash flows from operating activities                |                              |                              |
| Cash generated from operations                      | 201,290                      | (66,096)                     |
| Income taxes  | (14,534)                     | (7,380)                      |
| Net cash provided by/(used in) operating activities | <u>186,756</u>               | <u>(73,476)</u>              |
| Net cash generated from investing activities        | <u>(179,438)</u>             | <u>(208,754)</u>             |
| Net cash used in financing activities               | <u>(13,951)</u>              | <u>(16,876)</u>              |
| Net decrease in cash and cash equivalents           | (6,633)                      | (299,106)                    |
| Cash and cash equivalents at beginning of year      | 270,266                      | 579,415                      |
| Exchange gains on cash and cash equivalents         | <u>7,262</u>                 | <u>(10,043)</u>              |
|   | <u><u>270,895</u></u>        | <u><u>270,266</u></u>        |

**Summarised financial information on subsidiary with material non-controlling interests.**

*General Accident Insurance Company (Barbados) Limited*

(a) Summarised Statement of Financial Position

|             | <b>2023</b><br><b>\$'000</b> | <b>2022</b><br><b>\$'000</b> |
|-------------|------------------------------|------------------------------|
|             | <b>\$'000</b>                | <b>\$'000</b>                |
| Assets      | 263,702                      | 238,757                      |
| Liabilities | <u>(186,323)</u>             | <u>(146,363)</u>             |
| Net Assets  | <u><u>77,379</u></u>         | <u><u>92,394</u></u>         |

(b) Summarised Statement of Comprehensive Income

|  | <b>2023</b><br><b>\$'000</b> | <b>2022</b><br><b>\$'000</b> |
|--|------------------------------|------------------------------|
| Revenue  | 564,965                      | 375,455                      |
| Loss before taxation   | (12,169)                     | (22,747)                     |
| Taxation   | -                            | -                            |
| Loss after tax   | <u>(12,169)</u>              | <u>(22,747)</u>              |
| Other comprehensive income                                       | <u>(1,994)</u>               | <u>(634)</u>                 |
| <b>Total Comprehensive Income</b>                                | <u><u>(14,163)</u></u>       | <u><u>(23,381)</u></u>       |
| Total comprehensive income allocated to non-controlling interest | <u><u>(2,833)</u></u>        | <u><u>(4,676)</u></u>        |

### 36. Non-Controlling Interest (Continued)

*General Accident Insurance Company (Barbados) Limited*

(c) Summarised Statement of Cash Flows

|  | <b>2023</b>           | <b>2022</b>           |
|--|-----------------------|-----------------------|
|  | <b>\$'000</b>         | <b>\$'000</b>         |
| Cash flows from operating activities           |                       |                       |
| Cash generated from operations                 | (21,025)              | (17,128)              |
| Income taxes                                   | -                     | -                     |
| Net cash used in operating activities          | <u>(21,025)</u>       | <u>(17,128)</u>       |
| Net cash generated from investing activities   | <u>20,338</u>         | <u>3,247</u>          |
| Net cash used in financing activities          | <u>(8,880)</u>        | <u>(8,839)</u>        |
| Net decrease in cash and cash equivalents      | (9,567)               | (22,720)              |
| Cash and cash equivalents at beginning of year | 158,338               | 180,145               |
| Exchange gains on cash and cash equivalents    | <u>(1,114)</u>        | <u>913</u>            |
|  | <u><u>147,657</u></u> | <u><u>158,338</u></u> |

### 37. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 5%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2020, indicated that the scheme was adequately funded at that date.

Pension contributions for the period totalled \$20,538,000 (2022 – \$18,081,000) and are included in staff costs (Note 14).

### 38. Contingency

The Group is involved in certain legal proceedings incidental to the normal conduct of business. Management believes that none of these legal proceedings, individually or in aggregate, will have a material effect on the Group.

### **39. Change in Financial Reporting Standard**

IFRS 17 replaces the provisions of IFRS 4 that relate to insurance contracts.

The adoption of IFRS 17 Insurance Contracts from 1 January 2023 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The standard was adopted with restating the comparative information in accordance with the transitional provision in IFRS 17. The total impact of adoption is therefore recognised in the opening statement of financial position on 1 January 2022.

The following tables show the adjustments recognised for each individual line item. Line items not impacted have also been included to facilitate reconciliation of the information provided.

#### **Methods used and judgements applied in determining the IFRS 17 transition amounts**

The Group has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date, including insurance acquisition cash flow assets. The Group has identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset in this category as if IFRS 17 had always applied; derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

# General Accident Insurance Company Jamaica Limited

## Notes to Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)



### 39. Change in Financial Reporting Standard (Continued)

#### Effect on statement of financial position:

| The Group   | 31 December<br>2022<br>\$'000 | Effect of IFRS<br>17<br>\$'000 | Restated 31<br>December 2022<br>\$'000 |
|---|-------------------------------|--------------------------------|--|
| <b>ASSETS</b>                                     |                               |                                |  |
| Cash and cash equivalents                         | 786,304                       | -                              | 786,304                                |
| Taxation recoverable                              | 2,826                         | -                              | 2,826                                  |
| Due from policyholders, brokers and agents        | 1,766,929                     | (1,766,929)                    | -                                      |
| Due from reinsurers and coinsurers                | 3,341,332                     | (3,341,332)                    | -                                      |
| Deferred policy acquisition cost                  | 626,397                       | (626,397)                      | -                                      |
| Insurance contract assets                         | -                             | 31,610                         | 31,610                                 |
| Reinsurance contract assets                       | -                             | 1,986,306                      | 1,986,306                              |
| Other receivables                                 | 934,082                       | 87,937                         | 1,022,019                              |
| Due from related parties                          | 8,049                         | -                              | 8,049                                  |
| Loans receivables                                 | 136,226                       | -                              | 136,226                                |
| Lease receivables                                 | 66,312                        | -                              | 66,312                                 |
| Right of use assets                               | 49,760                        | -                              | 49,760                                 |
| Investment securities                             | 3,329,726                     | -                              | 3,329,726                              |
| Investment property                               | 407,507                       | -                              | 407,507                                |
| Real estate investment                            | 189,912                       | -                              | 189,912                                |
| Property, plant and equipment                     | 840,240                       | -                              | 840,240                                |
| Intangible assets                                 | 166,430                       | -                              | 166,430                                |
| <b>Total assets</b>                               | <b>12,652,032</b>             | <b>(3,628,805)</b>             | <b>9,023,227</b>                       |
| <b>LIABILITIES</b>                                |                               |                                |  |
| Taxation payable                                  | 42,890                        | -                              | 42,890                                 |
| Due to reinsurers and coinsurers                  | 1,402,603                     | (1,402,603)                    | -                                      |
| Due to related parties                            | 29,914                        | (13,337)                       | 16,577                                 |
| Other liabilities                                 | 392,591                       | (114,999)                      | 277,592                                |
| Lease liabilities                                 | 53,921                        | -                              | 53,921                                 |
| Deferred tax liabilities                          | 73,925                        | -                              | 73,925                                 |
| Insurance reserves                                | 7,486,128                     | (7,486,128)                    | -                                      |
| Insurance contract liabilities                    | -                             | 4,842,804                      | 4,842,804                              |
| Reinsurance contract liabilities                  | -                             | 51,308                         | 51,308                                 |
| <b>Total liabilities</b>                          | <b>9,481,972</b>              | <b>(4,122,955)</b>             | <b>5,359,017</b>                       |
| <b>SHAREHOLDERS' EQUITY</b>                       |                               |                                |  |
| Share capital                                     | 470,358                       | -                              | 470,358                                |
| Capital reserves                                  | 161,354                       | -                              | 161,354                                |
| Fair value reserve                                | 15,858                        | -                              | 15,858                                 |
| Translation reserve                               | 32,834                        | 3,879                          | 36,713                                 |
| Retained earnings                                 | 2,211,842                     | 418,297                        | 2,630,139                              |
|   | 2,892,246                     | 422,176                        | 3,314,422                              |
| Non-Controlling Interest                          | 277,814                       | 71,974                         | 349,788                                |
| Total shareholders' equity                        | 3,170,060                     | 494,150                        | 3,664,210                              |
| <b>Total liabilities and shareholders' equity</b> | <b>12,652,032</b>             | <b>(3,628,805)</b>             | <b>9,023,227</b>                       |

### 39. Change in Financial Reporting Standard (Continued)

#### Effect on statement of financial position:

| The Company                                       | Note | 31 December<br>2022<br>\$'000 | Effect of IFRS<br>17<br>\$'000 | Restated 31<br>December 2022<br>\$'000 |
|---|------|-------------------------------|--------------------------------|--|
| <b>ASSETS</b>                                     |      |                               |                                |  |
| Cash and cash equivalents                         |      | 357,700                       | -                              | 357,700                                |
| Taxation recoverable                              |      | -                             | -                              | -                                      |
| Due from policyholders, brokers and agents        |      | 1,522,969                     | (1,522,969)                    | -                                      |
| Due from reinsurers and coinsurers                |      | 3,157,949                     | (3,157,949)                    | -                                      |
| Deferred policy acquisition cost                  |      | 549,534                       | (549,534)                      | -                                      |
| Insurance contract assets                         |      | -                             | 23,982                         | 23,982                                 |
| Reinsurance contract assets                       |      | -                             | 1,941,825                      | 1,941,825                              |
| Other receivables                                 |      | 892,369                       | (13,502)                       | 878,867                                |
| Due from related parties                          |      | 104,905                       | -                              | 104,905                                |
| Lease receivable                                  |      | 66,312                        | -                              | 66,312                                 |
| Right of use assets                               |      | 25,035                        | -                              | 25,035                                 |
| Investment securities                             |      | 2,406,130                     | -                              | 2,406,130                              |
| Investment in subsidiaries                        |      | 607,517                       | -                              | 607,517                                |
| Investment property                               |      | 343,000                       | -                              | 343,000                                |
| Real estate investment                            |      | 189,912                       | -                              | 189,912                                |
| Property, plant and equipment                     |      | 345,311                       | -                              | 345,311                                |
| Intangible assets                                 |      | 2,832                         | -                              | 2,832                                  |
| <b>Total assets</b>                               |      | <b>10,571,475</b>             | <b>(3,278,147)</b>             | <b>7,293,328</b>                       |
| <b>LIABILITIES AND EQUITY</b>                     |      |                               |                                |  |
| <b>Liabilities</b>                                |      |                               |                                |  |
| Taxation payable                                  |      | 42,846                        | -                              | 42,846                                 |
| Due to reinsurers and coinsurers                  |      | 1,287,800                     | (1,287,800)                    | -                                      |
| Due to related parties                            |      | 16,577                        | -                              | 16,577                                 |
| Other liabilities                                 |      | 395,533                       | (49,398)                       | 346,135                                |
| Lease liabilities                                 |      | 28,198                        | -                              | 28,198                                 |
| Deferred tax liabilities                          |      | 21,762                        | -                              | 21,762                                 |
| Insurance reserves                                |      | 5,787,011                     | (5,787,011)                    | -                                      |
| Reinsurance contract liabilities                  |      | -                             | 27,421                         | 27,421                                 |
| Insurance contract liabilities                    |      | -                             | 3,537,779                      | 3,537,779                              |
| <b>Total liabilities</b>                          |      | <b>7,579,727</b>              | <b>(3,559,009)</b>             | <b>4,020,718</b>                       |
| <b>Equity</b>                                     |      |                               |                                |  |
| Share capital                                     |      | 470,358                       | -                              | 470,358                                |
| Capital reserve                                   |      | 152,030                       | -                              | 152,030                                |
| Property revaluation reserve                      |      | -                             | -                              | -                                      |
| Fair value reserve                                |      | 15,006                        | -                              | 15,006                                 |
| Retained earnings                                 |      | 2,354,354                     | 280,862                        | 2,635,216                              |
| Total shareholders' equity                        |      | 2,991,748                     | 280,862                        | 3,272,610                              |
| <b>Total liabilities and shareholders' equity</b> |      | <b>10,571,475</b>             | <b>(3,278,147)</b>             | <b>7,293,328</b>                       |

# General Accident Insurance Company Jamaica Limited

## Notes to Financial Statements

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)



### 39. Change in Financial Reporting Standard (Continued)

#### Effect on statement of financial position:

| The Group   | 31 December<br>2021<br>\$'000 | Effect of IFRS<br>17<br>\$'000 | Restated 1<br>January 2022<br>\$'000 |
|---|-------------------------------|--------------------------------|--------------------------------------|
| <b>ASSETS</b>                                     |                               |                                |                                      |
| Cash and cash equivalents                         | 1,444,183                     | -                              | 1,444,183                            |
| Taxation recoverable                              | 2,859                         | -                              | 2,859                                |
| Due from policyholders, brokers and agents        | 1,415,334                     | (1,415,334)                    | -                                    |
| Due from reinsurers and coinsurers                | 3,280,908                     | (3,280,908)                    | -                                    |
| Deferred policy acquisition cost                  | 562,600                       | (562,600)                      | -                                    |
| Insurance contract assets                         | -                             | 979                            | 979                                  |
| Reinsurance contract assets                       | -                             | 2,062,097                      | 2,062,097                            |
| Other receivables                                 | 858,033                       | 1,690                          | 859,723                              |
| Due from related parties                          | 5,383                         | -                              | 5,383                                |
| Loan receivable                                   | 244,188                       | -                              | 244,188                              |
| Lease receivable                                  | 67,320                        | -                              | 67,320                               |
| Right of use assets                               | 82,164                        | -                              | 82,164                               |
| Investment securities                             | 3,101,667                     | -                              | 3,101,667                            |
| Investment property                               | 328,149                       | -                              | 328,149                              |
| Real estate investment                            | 189,912                       | -                              | 189,912                              |
| Property, plant and equipment                     | 740,908                       | -                              | 740,908                              |
| Intangible assets                                 | 180,014                       | -                              | 180,014                              |
| <b>Total assets</b>                               | <b>12,503,622</b>             | <b>(3,194,076)</b>             | <b>9,309,546</b>                     |
| <b>LIABILITIES AND EQUITY</b>                     |                               |                                |                                      |
| <b>Liabilities</b>                                |                               |                                |                                      |
| Taxation payable                                  | 1,038                         | -                              | 1,038                                |
| Due to reinsurers and coinsurers                  | 1,065,509                     | (1,065,509)                    | -                                    |
| Due to related parties                            | -                             | -                              | -                                    |
| Other liabilities                                 | 549,644                       | (56,240)                       | 493,404                              |
| Lease liabilities                                 | 103,207                       | -                              | 103,207                              |
| Deferred tax liabilities                          | 50,652                        | -                              | 50,652                               |
| Insurance reserves                                | 7,811,608                     | (7,811,608)                    | -                                    |
| Reinsurance contract liabilities                  | -                             | 27,014                         | 27,014                               |
| Insurance contract liabilities                    | -                             | 5,412,856                      | 5,412,856                            |
| <b>Total liabilities</b>                          | <b>9,581,658</b>              | <b>(3,493,487)</b>             | <b>6,088,171</b>                     |
| <b>Equity</b>                                     |                               |                                |                                      |
| Share capital                                     | 470,358                       | -                              | 470,358                              |
| Capital reserve                                   | 146,384                       | -                              | 146,384                              |
| Property revaluation reserve                      | 49,017                        | -                              | 49,017                               |
| Fair value reserve                                | 48,171                        | -                              | 48,171                               |
| Translation reserve                               | 45,926                        | (4,072)                        | 41,854                               |
| Retained earnings                                 | 1,869,627                     | 231,326                        | 2,100,953                            |
|   | 2,629,483                     | 227,254                        | 2,856,737                            |
| Non-Controlling interest                          | 292,481                       | 72,157                         | 364,638                              |
| Total shareholders' equity                        | 2,921,964                     | 299,411                        | 3,221,375                            |
| <b>Total liabilities and shareholders' equity</b> | <b>12,503,622</b>             | <b>(3,194,076)</b>             | <b>9,309,546</b>                     |

### 39. Change in Financial Reporting Standard (Continued)

**Effect on statement of financial position:**

| The Company                                       | 31 December<br>2021<br>\$'000 | Effect of IFRS<br>17<br>\$'000 | Restated 1<br>January 2022<br>\$'000 |
|---|-------------------------------|--------------------------------|--------------------------------------|
| <b>ASSETS</b>                                     |                               |                                |                                      |
| Cash and cash equivalents                         | 684,622                       | -                              | 684,622                              |
| Taxation recoverable                              | 2,859                         | -                              | 2,859                                |
| Due from policyholders, brokers and agents        | 1,254,118                     | (1,254,118)                    | -                                    |
| Due from reinsurers and coinsurers                | 3,129,095                     | (3,129,095)                    | -                                    |
| Deferred policy acquisition cost                  | 521,534                       | (521,534)                      | -                                    |
| Insurance contract assets                         | -                             | -                              | -                                    |
| Reinsurance contract assets                       | -                             | 1,986,550                      | 1,986,550                            |
| Other receivables                                 | 816,220                       | (65,009)                       | 751,211                              |
| Due from related parties                          | 86,532                        | -                              | 86,532                               |
| Lease receivable                                  | 67,320                        | -                              | 67,320                               |
| Right of use assets                               | 66,256                        | -                              | 66,256                               |
| Investment securities                             | 2,343,371                     | -                              | 2,343,371                            |
| Investment in subsidiaries                        | 558,905                       | -                              | 558,905                              |
| Investment property                               | 265,000                       | -                              | 265,000                              |
| Real estate investment                            | 189,912                       | -                              | 189,912                              |
| Property, plant and equipment                     | 235,800                       | -                              | 235,800                              |
| Intangible assets                                 | 6,623                         | -                              | 6,623                                |
| <b>Total assets</b>                               | <b>10,228,167</b>             | <b>(2,983,206)</b>             | <b>7,244,961</b>                     |
| <b>LIABILITIES AND EQUITY</b>                     |                               |                                |                                      |
| <b>Liabilities</b>                                |                               |                                |                                      |
| Taxation payable                                  | -                             | -                              | -                                    |
| Due to reinsurers and coinsurers                  | 983,335                       | (983,335)                      | -                                    |
| Due to related parties                            | -                             | -                              | -                                    |
| Other liabilities                                 | 409,964                       | 6,771                          | 416,735                              |
| Lease liabilities                                 | 85,286                        | -                              | 85,286                               |
| Deferred tax liabilities                          | 23,045                        | -                              | 23,045                               |
| Insurance reserves                                | 5,856,219                     | (5,856,219)                    | -                                    |
| Reinsurance contract liabilities                  | -                             | -                              | -                                    |
| Insurance contract liabilities                    | -                             | 3,767,912                      | 3,767,912                            |
| <b>Total liabilities</b>                          | <b>7,357,849</b>              | <b>(3,064,871)</b>             | <b>4,292,978</b>                     |
| <b>Equity</b>                                     |                               |                                |                                      |
| Share capital                                     | 470,358                       | -                              | 470,358                              |
| Capital reserve                                   | 152,030                       | -                              | 152,030                              |
| Property revaluation reserve                      | 46,363                        | -                              | 46,363                               |
| Fair value reserve                                | 48,055                        | -                              | 48,055                               |
| Retained earnings                                 | 2,153,512                     | 81,665                         | 2,235,177                            |
| Total shareholders' equity                        | 2,870,318                     | 81,665                         | 2,951,983                            |
| <b>Total liabilities and shareholders' equity</b> | <b>10,228,167</b>             | <b>(2,983,206)</b>             | <b>7,244,961</b>                     |

# PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being a shareholder(s) of the above-named Company, hereby appoint:

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **9 am on September 13, 2024, at 58 Half Way Tree Road** and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

| No.  | Resolution details<br><i>(tick as appropriate)</i>  | Vote for or against   |
|--|---|---|
| <b>ORDINARY RESOLUTIONS</b>  |   |   |
| 1.   | To receive the report of the Board of Directors and the audited accounts of the Company for the year ended December 31, 2023.   | For <input type="checkbox"/> Against <input type="checkbox"/> |
| 2.   | To authorise the Board of Directors to re-appoint PwC as the Auditors of the Company and to fix their remuneration.   | For <input type="checkbox"/> Against <input type="checkbox"/> |
| <b>To re-appoint the following Directors of the Board, who have resigned by rotation in accordance with the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment.</b> |   |   |
| 3. (a)   | To re-appoint Gregory Foster as a Director of the Board of the Company.   | For <input type="checkbox"/> Against <input type="checkbox"/> |
| 3. (b)   | To re-appoint Matthew Lyn as a Director of the Board of the Company.  | For <input type="checkbox"/> Against <input type="checkbox"/> |
| 3. (c)   | To re-appoint Duncan Stewart as a Director of the Board of the company.   | For <input type="checkbox"/> Against <input type="checkbox"/> |
| 4. (a)   | To Authorise the Board of Directors to fix the remuneration of the Directors.   | For <input type="checkbox"/> Against <input type="checkbox"/> |
| 5.   | To approve the amount of interim dividends declared by the Board during the financial year ended 31 <sup>st</sup> December 2023, being \$202,527,187.97 or 19.639 cents per ordinary share, as the final dividend for the year. | For <input type="checkbox"/> Against <input type="checkbox"/> |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024:

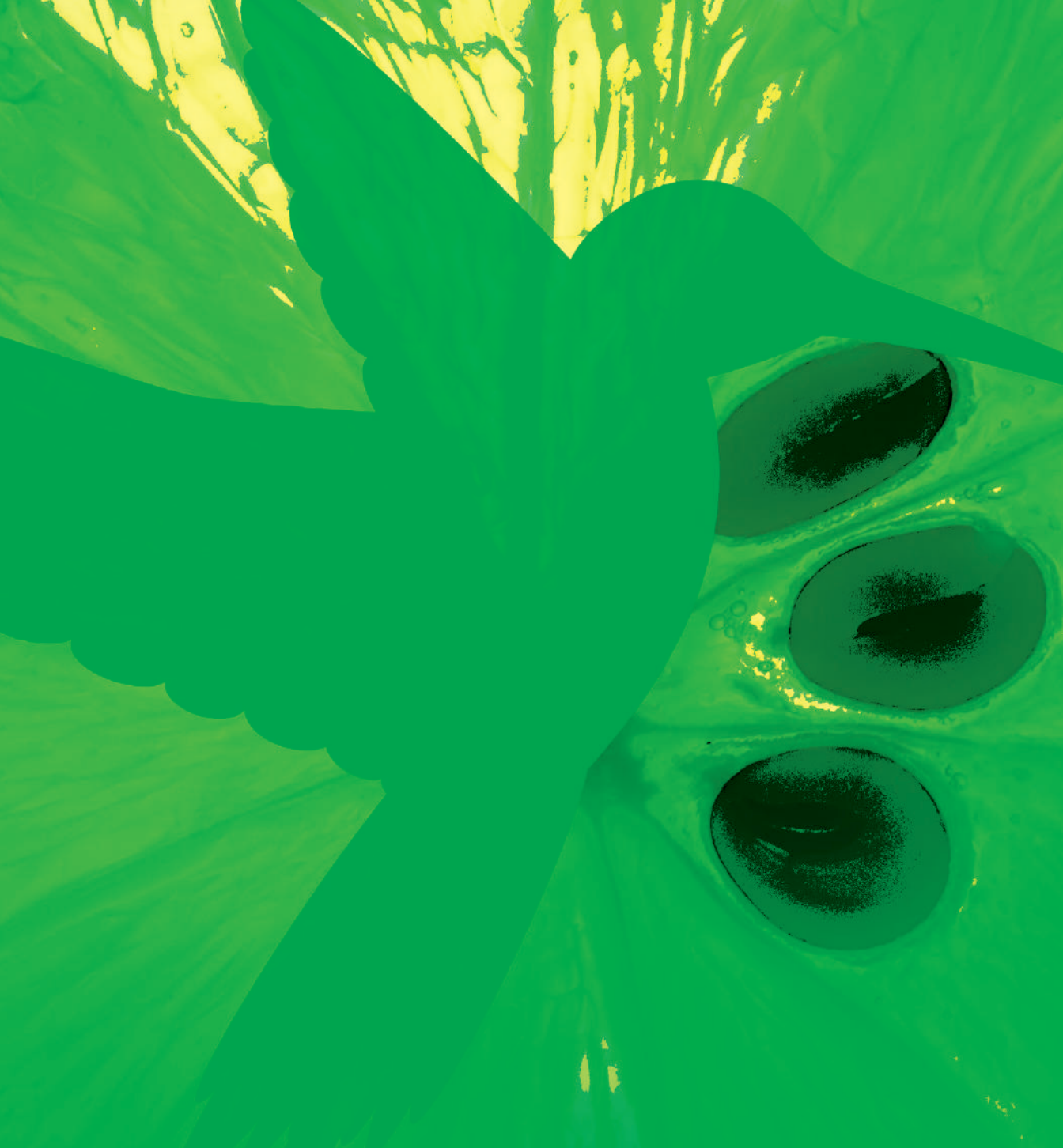
Signed: \_\_\_\_\_ (signature of primary shareholder)

Signed: \_\_\_\_\_ (signature of joint shareholder, if any)

Name: \_\_\_\_\_ (print name of primary shareholder)

Name: \_\_\_\_\_ (print name of joint shareholder, if any)





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