NAGICO INSURANCE (TRINIDAD AND TOBAGO) LTD

RE-PUBLICATION

FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in Trinidad and Tobago dollars)

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of NAGICO Insurance (Trinidad and Tobago) Limited ("the Company") which comprise the statement of financial position as at 31 December 2021, the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilized the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date; the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

General Manager
28 April 2022

Financial Reporting Manager
28 April 2022

EY
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF NAGICO INSURANCE (TRINIDAD AND TOBAGO) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NAGICO Insurance (Trinidad and Tobago) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of income and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statments

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

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

Management and the Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

EY

Port of Spain,
TRINIDAD:
28 April 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Expressed in Trinidad and Tobago dollars)

	Notes	2021 $	2020 $ (Restated)
Assets			
Property, plant and equipment	7	29,073,225	29,792,374
Right-of-use assets	7.1	222,946	1,305,820
Retirement benefit asset	8	94,517,000	82,957,000
Investment securities	9	79,725,214	85,582,700
Due from reinsurers		36,086,002	32,965,006
Due from related parties	18	1,529,078	1,558,200
Subrogation receivable		4,683,330	4,209,604
Receivables and prepayments	10	73,454,004	72,241,784
Deferred tax assets	15	12,642,905	13,953,019
Term deposits		–	3,000,000
Cash and cash equivalents		54,235,238	57,109,205
Total assets		386,168,942	384,674,712
Equity			
Share capital	11	16,793,955	16,793,955
Additional paid in capital	11	73,780,000	73,780,000
Statutory reserve		–	12,734,913
Revaluation reserve	12	3,126,288	2,927,661
Catastrophe reserve fund		9,386,896	6,026,547
Retained earnings		38,025,227	44,148,406
Total equity		141,112,366	156,411,482
Liabilities			
Insurance contracts	13	141,122,731	121,501,788
Deferred tax liabilities	15	31,413,673	27,607,475
Due to reinsurers		58,329,153	35,635,447
Due to parent company	18	4,455,737	28,189,907
Due to related parties	18	10,408	83,619
Subrogation payable		4,683,330	4,209,604
Tax payable		78,833	107,877
Lease liabilities	7.2	136,749	1,148,051
Other payables and accruals		4,825,962	9,779,462
Total liabilities		245,056,576	228,263,230
Total equity and liabilities		386,168,942	384,674,712

The accompanying notes are an integral part of these financial statements.

On 28 April 2022, the Company's Board of Directors authorized these financial statements for issue.

Director

Director

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Trinidad and Tobago dollars)

	Notes	2021 $	2020 $
Revenues			
Gross insurance premium		132,782,931	130,970,601
Insurance premiums ceded to reinsurers		(64,428,437)	(40,926,296)
Net premium written		68,354,494	90,044,305
Change in net unearned premium reserve		6,690,606	(18,740,113)
Net insurance premium revenue		75,045,100	71,304,192
Investment income		3,358,530	3,345,033
Commission income		1,349,030	11,680,095
Other income		4,270,186	3,083,102
Net income		84,022,846	89,412,422
Expenses			
Insurance claims and loss adjustment expenses	14	47,526,910	51,565,228
Recoveries	14	(15,209,610)	(18,141,494)
Net insurance claims and loss adjustment expenses	14	32,317,300	33,423,734
Expenses for the acquisition of insurance contracts		20,444,302	24,287,173
Other operating and administration expenses	16	33,097,208	33,031,278
Total expenses		85,858,810	90,742,185
Net loss before taxation		(1,835,964)	(1,329,763)
Taxation credit	15	146,345	4,243,987
Net (loss)/profit for the year		(1,689,619)	2,914,224
Other comprehensive gain/(loss)			
Items that will never be reclassified to profit or loss:			
Gain/(loss) on retirement benefit asset		9,556,000	(3,156,000)
Items that may be reclassified to profit or loss:			
Net change in fair value of available-for-sale investments		198,627	(54,541)
Income tax effect		(2,866,800)	946,800
Other comprehensive income/(loss)		6,887,827	(2,263,741)
Total comprehensive income for the year		**5,198,208**	**650,483**
Net (loss)/profit attributable to shareholders		**(1,689,619)**	**2,914,224**
Total comprehensive income attributable to shareholders		**5,198,208**	**650,483**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Trinidad and Tobago dollars)

	Notes	2021 $	2020 $
Cash flows from operating activities			
Loss before taxation		(1,835,964)	(1,329,763)
Adjustments for:			
Depreciation of property, plant and equipment	7	643,487	785,367
Depreciation from right-of-use assets	7.1	714,225	972,403
Bad debt expense		–	(41,687)
Investment and other income		(7,628,716)	(6,415,838)
Gain on disposal of investment security		(876,556)	(12,297)
Amortization of premium on bond		519,433	(649,305)
Other non-cash adjustments		1,387,023	–
Operating loss before working capital changes		(7,077,068)	(6,691,120)
Change in retirement benefit asset		(2,004,000)	1,078,000
Change in receivables and prepayments		(3,070,731)	(7,630,548)
Change in due from/to reinsurers		23,168,438	34,458,335
Change in related party balances		(44,089)	(244,710)
Change in subrogation provision		–	3,835,292
Change in insurance contracts		19,620,943	(9,729,374)
Change in other payables and due to parent		(28,687,670)	11,162,500
Other changes in working capital through retained earnings		(14,824,796)	–
		(12,918,973)	26,238,375
Tax paid		(875,878)	(885,182)
Net cash flows (used in)/provided by operating activities		(13,794,851)	25,353,193
Cash flows from investing activities			
Interest and dividends received		3,128,891	3,361,754
Purchase of property, plant and equipment		(10,779)	(130,498)
Purchase of investment securities		(26,794,088)	(18,000,000)
Proceeds from maturity of investment securities		32,338,017	10,788,357
Net cash flows provided by/(used in) investing activities		8,662,041	(3,980,987)
Cash flows from financing activities			
Repayment of lease liabilities		(741,157)	(891,021)
Net cash flows used in financing activities		(741,157)	(891,021)
Net (decrease)/increase in cash and cash equivalents		(5,873,967)	20,481,785
Cash and cash equivalents at beginning of year		60,109,205	39,627,420
Cash and cash equivalents at end of year		**54,235,238**	**60,109,205**
Represented by:			
Term deposits		–	3,000,000
Cash at bank and in hand		54,235,238	57,109,205
		54,235,238	**60,109,205**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Trinidad and Tobago dollars)

	Share capital $	Additional paid in capital $	Statutory reserve $	Catastrophe reserve fund $	Revaluation reserve $	Retained earnings $	Total $
Balance at 1 January 2021	16,793,955	73,780,000	12,734,913	6,026,547	2,927,661	44,148,406	156,411,482
Statutory fund reallocation	–	–	(12,734,913)	–	–	12,734,913	–
Transfer from retained earnings	–	–	–	3,360,349	–	(3,360,349)	–
Depreciation in fair value of available-for-sale investments, net	–	–	–	–	198,627	–	198,627
Other movements	–	–	–	–	–	(7,915,712)	(7,915,712)
Movement in restated UPR and prepaid commissions	–	–	–	–	–	(12,581,612)	(12,581,612)
Gain on retirement benefit asset, net	–	–	–	–	–	6,689,200	6,689,200
Net loss for the year	–	–	–	–	–	(1,689,619)	(1,689,619)
Balance at 31 December 2021	**16,793,955**	**73,780,000**	**–**	**9,386,896**	**3,126,288**	**38,025,227**	**141,112,366**
Balance at 1 January 2020	16,793,955	73,780,000	10,674,401	614,882	2,982,202	38,333,947	143,179,387
Depreciation in fair value of available-for-sale investments, net	–	–	–	–	(54,541)	–	(54,541)
Prior period adjustments (Note 21)	–	–	–	–	–	12,581,612	12,581,612
Statutory fund reallocations	–	–	2,060,512	5,411,665	–	(7,472,177)	–
Loss on retirement benefit asset, net	–	–	–	–	–	(2,209,200)	(2,209,200)
Net profit for the year	–	–	–	–	–	2,914,224	2,914,224
Balance at 31 December 2020 (Restated)	**16,793,955**	**73,780,000**	**12,734,913**	**6,026,547**	**2,927,661**	**44,148,406**	**156,411,482**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. **Incorporation and business activities**

   NAGICO Insurance (Trinidad & Tobago) Limited (the Company) is incorporated and domiciled in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of National General Insurance Corporation (NAGICO) N.V., whose ultimate parent is NAGICO Holdings Limited. The Company is engaged in the underwriting of all classes of general insurance business. Its registered office is located at 95-97 Queen Street, Port of Spain, Trinidad and Tobago.

These financial statements were authorized for issue by the Board of Directors on 28 April 2022.

2. **Basis of preparation**

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

   (a) Statement of compliance
   These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB").

   (b) Basis of measurement
   These financial statements have been prepared under the historical cost basis except for the fair value measurement of available-for-sale financial instruments and land and buildings.

   (c) Functional and presentation of currency
   These financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

   (d) Use of estimates, assumptions and judgements
   The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

   The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

   Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year include:

   Held-to-maturity investments
   Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold until maturity. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortized cost, using the effective interest rate method, less impairment. Gains and losses are recognized in the consolidated statement of income when the investments are derecognized or impaired, as well as through the amortization process.

   Fair values
   When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

   - Level 1 – fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
   - Level 2 – fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
   - Level 3 – fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

   Financial assets at fair value through statement of income are valued using quoted prices in active markets when available. Market values were determined on the basis of available information at the end of the financial year, and therefore, did not take into account subsequent movements.

   When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

   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 (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the above criteria are not met, the market is regarded as being inactive.

In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairments. Investment in government bonds are carried at amortized cost less any impairments due to lack of an active market.

The amortized costs less impairment provision of insurance receivables are assumed to approximate their fair value due to the short-term nature of these receivables.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of trade payables and other current liabilities approximate fair values due to the short-term maturities of these liabilities.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the year ended 31 December 2021 (and 2020) is included in the measurement of defined benefit obligations (i.e., key actuarial assumptions) and recognition and measurement of provisions and contingencies (i.e., key assumptions about the likelihood and magnitude of an outflow of resources).

Impairment of assets
The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event'), have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Retirement benefit asset
The Company has determined that, in accordance with the terms and conditions of the defined benefit plan, and in accordance with statutory requirements (such as minimum funding requirements) of the plan, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

The defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These principal actuarial assumptions are set out in Note 8 and are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, a defined benefit plan is highly sensitive to changes in these assumptions.

Impairment of receivables
The Company establishes an allowance for impairment that represents its estimate of projected losses in respect of insurance and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The loss allowance is determined based on current data of payment statistics for specific circumstances relating to specific transactions.

Insurance contracts
The estimation of the ultimate liability from claims made under general insurance contracts is an accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims.

The Company provides for claims reserves and in addition includes provisions for amounts incurred but not reported (IBNR) at the reporting date based on historic data in predicting future claims settlement estimates. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made to the provision. This is reviewed annually by an independent actuary for reasonableness. The last valuation was performed as at 31 December 2021.

Leases
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Deferred tax
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The Company assesses the impact of estimated tax losses, which is subject to final approval by the Board of Inland Revenue (BIR), on deferred tax liability. Any final assessment done by the BIR will be incorporated in the year that this assessment is completed and agreed by the Company.

Property, plant and equipment
Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to fair value.

Revenue from contracts with customers
The Company has determined that the performance obligation from contracts with customers has been satisfied at a point in time i.e. when the service is rendered. The amount recognized in the statement of income would be the consideration received amortized over the useful life of the product sold to the customer.

(e) Impact of COVID-19
The coronavirus (COVID-19) pandemic has promoted significant volatility in the financial markets. As at the statement of financial position date and through to the date of approval of the financial statements, there was no material effect from COVID-19 related events and transactions that would impact on the Company's ability to operate as a going concern.

3. New and amended International Financial Reporting Standards ("IFRSs")
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended Standards and Interpretations

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the financial statements of the Company.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

3.2 Standards issued but not yet effective

The standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. As at 31 December 2021, Management has yet to reasonably estimate the impact at initial application of IFRS 17 and IFRS 9.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.
The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Improvements to International Financial Reporting Standards
In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in the statement of income.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

4. Presentation of the financial statements
IAS 1, Presentation of Financial Statements, provides an option to distinguish between current and non-current items for all assets and liabilities in the statement of financial position of the Company. Such a distinction is not appropriate for the Company, where close control over liquidity, asset and liability matching and regulated capital and solvency positions are considered more relevant.

The Company, whose activities are predominantly connected with insurance, has also elected to exercise the IASB's option for a temporary exemption from applying IFRS 9, until such time as the new insurance contracts standard is adopted. The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2023 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:
(i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and
(ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

This exemption gives rise to a potential decrease in comparability with non-insurers and ineligible insurers.

(a) Comparative information
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. These changes had no impact on the Company's net assets, profit for the year and retained earnings for the year ended 31 December 2020.

(b) Foreign currency translation
The Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The Company's financial statements are presented in Trinidad and Tobago dollars.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. 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 recognized in the statement of income.

(c) Property, plant and equipment
Plant and equipment are measured at cost less accumulated depreciation and impairment losses, where applicable, with the exception of land and building, which are shown at revalued amounts. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses relating to the Building Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the property's revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the statement of income to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognized in the statement of income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance cost are expensed as incurred.

Items of property, plant and equipment are depreciated on a straight-line basis and charged to statement of income over the estimated useful lives of each component. Land is not depreciated.

The depreciation rates are as follows:

Building	2%
Furniture and fittings	20%
Office equipment	20%
Computer equipment	25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of income.

(d) Leases
At inception of a contract, the entity assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the entity assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee
The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office spaces that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease terms as part of other income.

(e) Financial instruments

Classification
The Company's financial instruments comprise of:

- Financial assets at fair value through statement of income,
- Loans and receivables,
- Held-to-maturity instruments,
- Available-for-sale financial assets and
- Trade and other payables.

Financial assets
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through statement of income, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through statement of income, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified at fair value through statement of income where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortized cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, receivables and investment securities.

Subsequent measurement
For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through statement of income;
- Available-for-sale financial investments;
- Loans and receivables; and
- Held-to-maturity investments.

(i) Financial assets at fair value through statement of income
Financial assets at fair value through statement of income include financial assets held for trading and those designated upon initial recognition at fair value through statement of income. For investments designated at fair value through statement of income, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis, or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in the statement of income.

The Company evaluated its financial assets at fair value through statement of income (held for trading) to determine whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through statement of income using the fair value option at designation.

(ii) Available-for-sale financial investments
Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are not designated at fair value through statement of income. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the fair value reserve until the asset is derecognized, at which time, the cumulative gain or loss is recognized in statement of other operating income, or determined to be impaired, or the cumulative loss is recognized in the statement of income in finance costs and removed from the fair value reserve.

The Company evaluated its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables, and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to the statement of income over the remaining life of the investment using the effective interest rate method (EIR). Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of income.

(iii) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortized cost, using the EIR, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in investment income in the statement of income.

Gains and losses are recognized in the statement of income when the investments are derecognized or impaired, as well as through the amortization process.

(iv) Held-to-maturity investments
Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold until maturity. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortized cost, using the effective interest rate method, less impairment. Gains and losses are recognized in the Income Statement when the investments are derecognized or impaired, as well as through the amortization process.

Derecognition
A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  (a) The Company has transferred substantially all the risks and rewards of the asset, or
  (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(f) Impairment
The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Company's long-term investment strategy. Impairment losses are recognized in the statement of income.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of income.

(i) Calculation of recoverable amount
The recoverable amount of the Company's held-to-maturity financial assets carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment
An impairment loss in respect of a receivable carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss shall be reversed, with the amount of the reversal recognized in the statement of income.

(g) Insurance contracts

General insurance contract liabilities
General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date.

Recognition and measurement
Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover, motor, marine).

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the policy year of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the consolidated statement of financial position date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Provision for unearned premiums
The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the statement of income in the order that revenue is recognized over the period of risk.

Provision for unexpired risks
Provision for unexpired risks represents the amount set aside at the end of the year in respect of subsequent risks to be borne by the Company under contracts of insurance in force at the end of the year and are computed as a percentage of the provision for unearned premiums at the end of the year.

Liability adequacy test for non-life insurance business
Under IFRS 4, the Company shall assess at each reporting date whether the Company's recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. The current valuation method clearly makes provision for all contractual cash flows and related cash flows. Further, the entire change in liability is recognized in profit or loss at each reporting date. Hence, the current valuation method includes a 'built-in' liability adequacy test that meets the minimum requirement of IFRS 4 paragraph 16. International Actuarial Standards of Practice (IASP) 5 of International Actuarial Association (IAA) define current estimate as the estimation of the expected value based on current knowledge. Further, section 4.1.5 of IASP indicates that a current estimate would be based on continuously updated assumptions, and that both estimates with and without adjustments for risk and uncertainty would be acceptable for a test to meet the minimum requirements.

Current valuation assumptions are acceptable in this context.

(h) Product classification
Insurance contracts
IFRS 4 defines insurance contracts as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

(i) Claims
Claims and loss adjustment expenses are charged to the statement of income as incurred based on estimated liability for compensation owed to contract holders or third parties for bodily harm or property damage by the contract holders. They include direct and indirect settlement costs arising from events that have occurred up to the reporting date even if they have not been reported to the Company.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported. Legal opinion and precedent are used to estimate the expected ultimate cost of more complex claims involving litigation.

(j) Insurance receivables
Insurance receivables are recognized when due and measured at fair value. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

(k) Cash and cash equivalents
Cash and cash equivalents include cash on hand and cash invested in short-term financial instruments purchased that are readily convertible to known amounts of cash, maturing within three months or less of the date of purchase and which are deemed to present insignificant risk of changes in value due to changing interest rates.

(l) Reinsurance
The Company assumes and cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded, and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably. The impairment loss is recorded in the statement of income.

(m) Revenue recognition
The entity recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria has been met for each of the Company's activities described below:

Gross premiums
Gross general insurance written premiums comprise the total premiums receivable for the whole year of cover provided by contracts entered into during the accounting year and are recognized on the effective date of the policy.

Reinsurance premiums
Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the year and are recognized on the date on which the policy incepts.

Commission income and expense
Base commissions paid and received are adjusted so that they are recognized over the period covered by the related policies taking into consideration the exposure period to which they relate.

Realized gains and losses
Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Investment income
Interest income is recognized as it accrues in the statement of income, using the effective interest method. Dividend income is recognized in the statement of income on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Roadside assistance income
Roadside assistance income is recognized over the period of the insurance policy on a daily basis.

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature.

(n) Salvage and subrogation reimbursements
Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (salvage). Salvage is recognized on a cash receipt basis. The Company may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

(o) Catastrophe reserve fund
As required by Section 44 of the Insurance Act, 2018 of Trinidad and Tobago, the Company shall determine an amount that is to be transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is included as a separate component of equity.

(p) Statutory reserve
As previously required by Section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the Company's profit from general insurance business, for the preceding year is to be appropriated towards a statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve was not distributable.

Due to the change in legislation and with the proclamation of the Insurance Act, 2018, effective 1 January 2021, this requirement has been lifted and therefore the reserve is no longer required.

(q) Revaluation reserve
All unrealized gains and losses arising from the revaluation of freehold land and building and cumulative net changes in the fair value of available-for-sale investment securities are recognized as part of shareholder's equity.

(r) Retirement benefit
Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The asset recognized in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms to maturity that approximate the terms of the related pension asset.

Past service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Remeasurements of the net defined benefit, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

(s) Taxation
Tax on income comprises current tax from business inside and outside of Trinidad and Tobago and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, business levy and green fund levy, charged on worldwide income, and any adjustment of tax payable for the previous years.

Deferred tax is provided using the statement of financial position liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss).

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realized, or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of income, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

(t) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

When the Company can reliably measure the outflow of economic benefits in relation to a specific matter and considers such outflows to be probable, the Company records a provision against the matter. Given the subjectivity and uncertainty of determining the probability of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

5. Determination of fair value

(a) Classification of financial instruments at fair value

With the exception of insurance contracts which are specifically excluded under IAS 32, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Company would realize in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

All investments recorded at fair value in these financial statements are measured at 'Level 1' as described by IFRS 7.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1	Level 2	Level 3
As at 31 December 2021	**$**	**$**	**$**
Available-for-sale financial assets:			
Quoted shares	1,274,671	–	–
	1,274,671	–	–
As at 31 December 2020			
Available-for-sale financial assets:			
Quoted shares	1,085,955	–	–
	1,085,955	–	–

There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorization from the prior year levels during the year. Refer to Note 9 for details of the carrying value of the above instruments.

(b) Financial instruments not measured at fair value

The table below shows the financial assets and liabilities not measured at fair value and analyzes them by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	Level 2	Level 3	Total amount
As at 31 December 2021	**$**	**$**	**$**	**$**
Assets				
Held-to-maturity Investments	15,276,184	64,793,817	–	80,070,004
As at 31 December 2020				
Assets				
Held-to-maturity investments	32,102,491	53,259,346	–	85,361,837
Term deposits	–	3,000,000	–	3,000,000

6. Insurance and risk management

The Company has exposure to the following risks from its use of financial instruments:

- Insurance risk
- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the premiums written or the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long-term claims.

Management of insurance risk

The variability of risks is improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. A majority of the Company's reinsurance comes from excess of loss arrangements which cover the retained portion of its premiums. The balance of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises on reinsurance assets, investment securities, premium receivable and receivables and prepayments.

Management of credit risk

(i) Reinsurance

Reinsurance is placed with high-rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each year-end, management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

(ii) Investment securities

The Compny limits its exposure by setting maximum limits of portfolio securities with a single issuer or group of issuers. The Company also only makes use of institutions with high creditworthiness.

(iii) Premium receivable

The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document on the expiry of which the policy is either repaid or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

An estimate of the fair value of collateral and other security enhancements held against financial assets is nil.

(iv) Cash and cash equivalents and term deposits

These funds are placed with highly-rated local banks and financial institutions as well as the Central Bank of Trinidad and Tobago. Management therefore considers the risk of default of these counterparties to be very low

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021 $	2020 $
Investment securities	79,725,214	85,582,700
Premium receivable, net	45,785,948	45,394,091
Due from reinsurers	36,086,002	32,965,006
Term deposits	–	3,000,000
Cash and cash equivalents	54,235,238	57,109,205
	215,832,402	224,051,002

The Company does not hold any collateral as security and no other credit enhancements are pledged or maintained in respect of the amounts disclosed above. Financial assets that are past due are assessed for impairment based on the creditworthiness of the debtor, historical payment patterns and the amounts received subsequent to the year end.

The aging of premium receivables at the reporting date was:

2021	Gross $	Provision $	Net $
Not past due	13,404,928	–	13,404,928
Past due 0-45 days	1,640,114	–	1,640,114
More than 45 days	37,908,875	7,167,969	30,740,906
	52,953,917	7,167,969	45,785,948
2020			
Not past due	6,585,123	–	6,585,123
Past due 0-45 days	8,070,273	–	8,070,273
More than 45 days	37,978,545	7,239,850	30,738,695
	52,633,941	7,239,850	45,394,091

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2021 $	2020 $
Balance at 1 January	7,239,850	7,198,163
Provision adjustment	(71,881)	41,687
Balance at 31 December	7,167,969	7,239,850

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet is financial obligations when they fall due. The Company employs various asset/liability techniques to manage its liquidity risks. These include matching the maturity profile of its assets and liabilities and maintaining short-term assets to meet its funding requirements at any point in time. The techniques used vary with market conditions.

The following table analyses financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The analysis below shows the maturity profile of financial assets and the maturity profile of financial liabilities.

As at 31 December 2021	Up to one year $	One to five years $	Over five years $	Total $
Insurance contracts	141,122,731	–	–	141,122,731
Other payables and accruals	4,825,962	–	–	4,825,962
Due to parent company	4,445,737	–	–	4,445,737
Due to related parties	10,408	–	–	10,408
Lease liabilities	136,749	–	–	136,749
	150,541,587	–	–	150,541,587

As at 31 December 2020	Up to one year $	One to five years $	Over five years $	Total $
Insurance contracts (Restated)	121,501,788	–	–	121,501,788
Other payables and accruals	9,779,462	–	–	9,779,462
Due to parent company	28,189,907	–	–	28,189,907
Due to related parties	83,619	–	–	83,619
Lease liabilities	544,147	654,529	–	1,198,676
	160,098,923	654,529	–	160,753,452

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices. Market risk comprises of interest rate risk and currency risk.

(i) 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. Interest rate risk arises on interest-bearing financial instruments recognized in the statement of financial position.

Management of interest rate risk

The investment committee comprises of three non-executive members and is responsible for reviewing the investment portfolio of the Company and setting the general direction as to the types of investments that would comprise the Company's portfolio. The aim is to balance the risk and returns with an objective of maximizing investment income.

At the reporting date the interest rate profile of the interest-bearing financial instruments, which are all fixed rate, was:

Fixed rate instruments	2021 $	2020 $
Term deposits	–	3,000,000
Debt securities	78,450,543	84,496,705
	78,450,543	87,496,705

There were no interest-bearing financial liabilities as at 31 December 2021 (2020: nil).

(ii) Foreign currency risk

Foreign 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. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured.

The following exchange rates applied during the year:

31 December 2021 US$1: TT$6.7
31 December 2020 US$1: TT$6.7

	2021 $	2020 $
US-denominated		
Cash and cash equivalents	1,837,854	698,502
Investment securities	–	6,706,509
Due from reinsurers	36,086,002	32,965,006
Due from related parties	1,529,078	1,558,200
Due to reinsurers	(58,329,153)	(35,635,447)
Due to parent company	(4,455,737)	(28,189,907)
Net exposure	(23,331,956)	(21,897,137)

	2021 $	2020 $
EC-denominated		
Investments	–	12,731,794
Net exposure	–	12,731,794

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date by currency type are as follows:

	Assets 2021 $	Assets 2020 $	Liabilities 2021 $	Liabilities 2020 $
United States Dollars	39,452,934	41,928,217	62,784,890	63,825,354
Eastern Caribbean Dollars	–	12,731,794	–	–

Foreign currency sensitivity analysis

A weakening of the Trinidad and Tobago dollar against the United States dollar at 31 December 2021 would have a moderate impact on equity and the statement of income. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed consistently from year to year.

	2021 $	2020 $
Impact of a 10% devaluation in US currency	(2,333,196)	(2,189,714)
Impact of a 10% appreciation in US currency	2,333,196	2,189,714
Impact of a 10% devaluation in EC currency	–	1,273,179
Impact of a 10% appreciation in EC currency	–	(1,273,179)

The Company's exposure is mainly on the US currency as its US foreign currency liabilities exceeds its foreign currency assets.

The Company's sensitivity to foreign currency has increased during the current year mainly due to the increase in parent company payables and decrease in due from reinsurers.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and market confidence and to sustain future development of the business. Capital consists of shareholder's equity.

The Company's objectives when managing capital are:

(i) To comply with the capital requirements specified by the regulators of the insurance industry;

(ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To provide adequate returns to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

7. Property, plant and equipment

	Freehold property $	Office furniture equipment & fittings $	Total $
Year ended 31 December 2021			
Opening net book amount	29,256,000	536,374	29,792,374
Disposals	–	(86,441)	(86,441)
Additions	–	10,779	10,779
Depreciation charge	(444,000)	(199,487)	(643,487)
	28,812,000	261,225	29,073,225
At 31 December 2021			
Cost or valuation	29,700,000	9,837,819	39,537,819
Accumulated depreciation	(888,000)	(9,576,594)	(10,464,594)
	28,812,000	261,225	29,073,225
Year ended 31 December 2020			
Opening net book amount	29,700,000	747,243	30,447,243
Additions	–	130,498	130,498
Depreciation charge	(444,000)	(341,367)	(785,367)
	29,256,000	536,374	29,792,374
At 31 December 2020			
Cost or valuation	29,700,000	10,786,535	40,486,535
Accumulated depreciation	(444,000)	(10,250,161)	(10,694,161)
	29,256,000	536,374	29,792,374

Freehold land and buildings are stated at their revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. The freehold property has been independently valued by Brent Augustus & Associates Ltd, Chartered Valuation Surveyors. Fair value was determined by reference to market-based evidence. The date of the last valuation report was June 2020.

If freehold land and buildings were measured using the cost model, the carrying amounts would have been $240,537 as at 31 December 2021 (2020: $271,102).

Details of the Company's freehold properties and information about the fair value hierarchy as at year end, are as follows:

	Level 1 $	Level 2 $	Level 3 $
As at 2021			
Freehold land	–	–	7,500,000
Buildings	–	–	22,200,000
Total	–	–	29,700,000
As at 2020			
Freehold land	–	–	7,500,000
Buildings	–	–	22,200,000
Total	–	–	29,700,000

There were no transfers between Levels 1, 2 and 3 during the year.

7.1 Right-of-use assets

	Buildings $	Computer equipment $	Total 2021 $	Total 2020 $
As at 1 January	757,468	548,352	1,305,820	2,278,223
Additions	216,915	–	216,915	–
IFRS 16 adjustment	(585,564)	–	(585,564)	–
Charge for the year	(244,209)	(470,016)	(714,225)	(972,403)
Net book value as at 31 December	144,610	78,336	222,946	1,305,820

7.2 Lease liabilities

	$	$
Balance at January 1	1,148,051	2,310,733
Additions	216,915	–
Other movements	(487,060)	(271,661)
Payments	(741,157)	(891,021)
Total undiscounted lease liabilities at 31 December	136,749	1,148,051
Maturity analysis – contractual undiscounted cash flows		
Less than one year	82,158	511,996
One to five years	54,591	636,055
Total undiscounted lease liabilities at 31 December	136,749	1,148,051
Amounts recognized in the statement of income:		
Interest expense on lease liabilities	25,832	32,031
Depreciation charge on right-of-use assets	714,225	514,616
Expense relating to short-term and low value asset leases	686,709	305,914
	1,426,766	852,561

The Company has lease contracts for buildings and computer equipment used in its operations. Leases of property generally have lease terms between 2 and 5 years, while computer equipment has lease terms of 3 years. There are no lease contracts that contains variable payments. The Company recognized rent expense from short-term and low-value asset leases of car park rental for the years ended 31 December 2020 and 2021.

8. Retirement benefit asset

	2021 $	2020 $
The amount recognized in the statement of financial position are as follows:		
Present value of defined benefit obligation	(36,878,000)	(40,686,000)
Fair value of plan assets	132,847,000	123,643,000
Asset ceiling	(1,452,000)	–
Net defined benefit asset	94,517,000	82,957,000
Movement in present value of defined benefit obligation		
Defined benefit obligation at start of year	40,686,000	40,218,000
Current service cost	2,200,000	2,146,000
Interest cost	2,195,000	2,147,000
Re-measurements:		
- Experience adjustments	(3,369,000)	(1,443,000)
- Actuarial gain	(3,244,000)	–
Benefits paid	(1,590,000)	(2,382,000)
Defined benefit obligation at end of year	36,878,000	40,686,000
Liability profile as at 31 December		
The defined benefit obligation is allocated between the Fund's members as follows:		
- Active members	38%	37%
- Deferred members	7%	7%
- Pensioners	55%	56%
The weighted average duration of the defined benefit obligation at the year end	17.5 years	16.9 years

83% of the value of the benefits for active members is vested.

54% of the defined benefit obligation for active members is conditional on future salary increases.

	2021 $	2020 $
Movement in fair value of plan assets		
Fair value of plan assets at start of year	123,643,000	124,253,000
Interest income	6,748,000	6,759,000
Return on plan assets, excluding interest income	4,395,000	(4,599,000)
Benefits paid	(1,590,000)	(2,382,000)
Expense allowance	(349,000)	(388,000)
Fair value of fund assets at end of year	132,847,000	123,643,000
Actual return on plan assets	11,143,000	2,160,000
Asset allocation		
Locally-listed equities	36,218,000	47,420,000
Overseas equities	26,909,000	19,732,000
Government-issued nominal bonds	46,419,000	31,303,000
Corporate bonds	14,757,000	14,543,000
Mutual funds	4,000	4,000
Cash and cash equivalents	8,540,000	10,641,000
Fair value of fund assets at end of year	132,847,000	123,643,000

All asset values as at 31 December were provided by the plan's Trustee. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees some of the corporate bonds held by the plan.

The plan's assets were invested in a strategy agreed with the plan's Trustee and Management Committee but there has been no investment activity since 2009. The investment strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the plan.

(Income)/expense recognized in the statement of income		
Current service cost	2,200,000	2,146,000
Net interest on net defined benefit asset	(4,553,000)	(4,612,000)
Administrative expenses	349,000	388,000
Net pension credit	(2,004,000)	(2,078,000)
Re-measurements recognized in the statement of other comprehensive income		
Experience (gain)/loss	(11,008,000)	3,156,000
Effect of asset ceiling	1,452,000	–
	(9,556,000)	3,156,000

	2021 $	2020 $
Reconciliation of opening and closing statement of financial position balances		
Opening retirement benefit asset	82,957,000	84,035,000
Net pension credit	2,004,000	2,078,000
Re-measurement recognized in other comprehensive income	9,556,000	(3,156,000)
Closing retirement benefit asset	94,517,000	82,957,000

Summary of principal assumptions

As at 31 December		
Discount rate	6.0%	5.5%
General salary increases	3.5%	3.5%
Salary increases due to age, merit and promotion	1.0%	1.0%
Total individual salary increases	4.5%	4.5%
Future pension increases	3.0%	3.0%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 31 December 2020 and 2021 are as follows:

	2021	2020
Life expectancy at age 60 for current pensioner in year		
- Male	21.9	21.8
- Female	26.1	26.0
Life expectancy at age 60 for current members age 40 in years		
- Male	22.8	22.7
- Female	27.1	27.0

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined benefit obligation as at 31 December 2021 would have changed as a result of a change in the assumptions used.

	1% pa. higher $	1% pa. lower $
Discount rate	(5,373,000)	6,950,000
Future salary increases	2,208,000	(1,877,000)
Future pension increases	4,181,000	(3,583,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2021 by $935,000 (2020: $1,080,000).

These sensitivities were calculated by re-calculating the defined benefit obligation using the revised assumptions.

Funding
The Company meets the balance of the cost of funding the defined benefit pension fund and the Company must pay contributions at least equal to those paid by the members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Fund and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay no contributions to the pension fund over 2022 (2021: nil).

9. Investment securities	2021 $	2020 $
Available-for-sale		
Quoted shares	1,274,671	1,085,995
Held-to-maturity		
Debt securities	78,450,543	84,496,705
	79,725,214	85,582,700

10. Receivables and prepayments	2021 $	2020 $ (Restated)
Premium receivable, net	45,785,948	45,394,091
Accrued income	1,510,761	1,280,644
Other receivables	16,319,085	17,762,814
Tax recoverable	548,840	548,840
Prepaid commission	9,289,370	7,255,395
	73,454,004	72,241,784

11. Share capital	2021 $	2020 $
Authorized		
Unlimited shares of no par value		
Issued		
10,000,000 shares of no par value	16,793,955	16,793,955
4,200,000 shares at no par value	73,780,000	73,780,000
	90,573,955	90,573,955

12. Revaluation reserve		
Balance at 1 January	2,927,661	2,982,202
Net fair value adjustment on available-for-sale investments	198,627	(54,541)
Balance at 31 December	3,126,288	2,927,661

13. Insurance liabilities and reinsurance assets

Insurance liabilities – by line of business		
Claims reported and loss adjustment:		
Commercial and private property	4,990,798	4,505,525
Motor	40,417,496	35,440,832
Public liability	1,642,116	2,063,542
Workmen's compensation and Bonds	4,849,849	5,215,575
Claims incurred but not reported	26,806,241	25,112,690
Total insurance claims liability - gross	78,706,500	72,338,164

	2021 $	2020 $ (Restated)
Unearned premiums:		
Commercial and private property	32,623,310	24,036,934
Motor	25,178,839	21,647,910
Liability	2,194,281	1,609,709
Workmen's compensation	1,256,007	1,120,622
Bonds	(9,915)	(452,872)
Unexpired risk provision	1,173,709	1,201,321
Total unearned premiums and unexpired risk liability - gross	62,416,231	49,163,624
Total insurance liabilities – gross	141,122,731	121,501,788

Insurance liabilities – gross	2021 $	2020 $ (Restated)
The following shows the summary of insurance liabilities and unearned premiums:		
Claims reported and loss adjustment expenses	51,900,259	47,225,474
Claims incurred but not reported	26,806,241	25,112,690
Total insurance claims liability - gross	78,706,500	72,338,164
Unearned premiums	61,242,522	47,962,303
Unexpired risk provision	1,173,709	1,201,321
Total unearned premiums and unexpired risk - gross	62,416,231	49,163,624
Total insurance liabilities - gross	141,122,731	121,501,788

During 2021 it was noted that reports used for unearned premiums for the prior period overstated the insurance liabilities amount for that period.

Prior period adjustments were included in the 2020 balances to take account of this issue. Refer to Note 21 for further details on this restatement.

2021 Gross $	2021 Reinsurance $	2021 Net $		2020 Gross $	2020 Reinsurance $	2020 Net $
20,121,309	(2,578,632)	17,542,677	Claims reserves	20,527,265	(4,360,528)	16,166,737
52,216,855	(5,994,362)	46,222,493	Notified claims incurred but not reported	54,776,544	(13,083,514)	41,693,030
72,338,164	(8,572,994)	63,765,170	**Total at beginning of year**	75,303,809	(17,444,042)	57,859,767
(41,667,331)	15,209,610	(26,457,721)	Cash paid for claims settled in year	(52,461,474)	18,141,494	(34,319,980)
			Increase/(decrease) in liabilities arising from:			
21,406,712	(8,651,875)	12,754,837	Current year claims	20,121,309	(3,768,671)	16,352,638
26,628,955	(10,762,531)	15,866,424	Prior year claims	29,374,520	(5,501,775)	23,872,745
78,706,500	**(12,777,790)**	**65,928,710**	**Total at end of year**	**72,338,164**	**(8,572,994)**	**63,765,170**
21,406,712	(3,475,323)	17,931,389	Current year claims	20,121,309	(2,578,632)	17,542,677
57,299,788	(9,302,467)	47,997,321	Prior year claims	52,216,855	(5,994,362)	46,222,493
78,706,500	**(12,777,790)**	**65,928,710**	**Total at end of year**	**72,338,164**	**(8,572,994)**	**63,765,170**

2021 Gross $	2021 Reinsurance $	2021 Net $		2020 Gross $ (Restated)	2020 Reinsurance $	2020 Net $ (Restated)
47,962,303	(6,185,584)	41,776,719	**Unearned premium provision at beginning of year**	69,434,098	(34,112,636)	35,321,462
61,242,522	(12,568,275)	48,674,274	Increase in the year	47,962,303	(6,185,584)	41,776,719
(47,962,303)	6,185,584	(41,776,719)	Release in the year	(69,434,098)	34,112,636	(35,321,462)
61,242,522	**(12,568,275)**	**48,674,274**	**Total at end of year**	**47,962,303**	**(6,185,584)**	**41,776,719**
1,201,321	–	1,201,321	**Unexpired risk provision at beginning of year**	1,258,420	–	1,258,420
1,173,709	–	1,173,709	Increase in the year	1,201,321	–	1,201,321
(1,201,321)	–	(1,201,321)	Release in the year	(1,258,420)	–	(1,258,420)
1,173,709	**–**	**1,173,709**	**Total at end of year**	**1,201,321**	**–**	**1,201,321**

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Company has no known or reported latent claims such as disease or asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year-ends.

Accident year – Gross	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of ultimate claims costs (gross):						
- at end of accident year	103,980,381	95,126,105	75,303,809	72,338,164	78,706,500	
- one year later	61,174,447	46,840,907	14,722,244	8,467,052	–	
- two years later	33,922,998	9,871,995	9,011,297	–	–	
- three years later	7,650,094	4,042,811	–	–	–	
- four years later	3,421,809	–	–	–	–	
Current estimate of cumulative claims incurred	3,421,809	4,042,811	9,011,297	8,467,052	78,706,500	103,649,469
Cumulative payments to date	(1,579,823)	(1,510,421)	(2,719,052)	(9,598,413)	(23,243,827)	(38,651,536)
Liability recognized in the statement of financial position	1,841,986	2,532,390	6,292,245	(1,131,361)	55,462,673	64,997,933
Liability in respect of prior years						13,708,567
Total liability included in the statement of financial position						78,706,500

It is impractical to prepare information about claims development that occurred prior to the 2016 accident year.

14. Insurance claims and loss adjustment expenses

2021 Gross $	2021 Reinsurance $	2021 Net $		2020 Gross $	2020 Reinsurance $	2020 Net $
23,243,827	(7,438,513)	15,805,314	Current year claims and loss adjustment expenses	25,425,390	(5,678,594)	19,746,796
24,283,083	(7,771,097)	16,511,986	Prior year claims and loss adjustment expenses	26,139,838	(12,462,900)	13,676,938
47,526,910	(15,209,610)	32,317,300		51,565,228	(18,141,494)	33,423,734

15. Taxation

	2021 $	2020 $
Business levy	846,439	887,957
Other charges	–	388,462
Deferred tax	(992,784)	(5,520,406)
	(146,345)	(4,243,987)

The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate:

	2021 $	2020 $
Loss before tax	(1,835,964)	(1,329,763)
Tax at the applicable rate	(550,789)	(398,929)
Net tax effect of items exempt for tax purposes	(2,295,611)	(4,733,015)
Business levy	846,439	887,957
Tax losses utilized	1,853,616	–
	(146,345)	(4,243,987)
Movement in net deferred tax liability		
Balance at the beginning of the year	13,654,456	20,121,662
Credit to the statement of income	(992,784)	(5,520,406)
Charge to retained earnings	3,242,296	–
Charge/(credit) to other comprehensive income	2,866,800	(946,800)
	18,770,768	13,654,456
Composition of deferred tax (assets)/liabilities		
IBNR	(8,041,872)	(7,527,994)
Tax losses	(4,601,033)	(6,425,025)
Total deferred tax assets	(12,642,905)	(13,953,019)
Property, plant and equipment	3,032,714	2,673,044
Retirement benefit asset	28,355,100	24,887,100
Right-of-use assets	25,859	47,331
Total deferred tax liabilities	31,413,673	27,607,475

The applicable corporation tax rate of 30% has been applied to the years 2020 and 2021 as at the reporting date. Deferred tax balances have been calculated at this rate and will apply in future periods. As at 31 December 2021, a deferred tax asset, which relates to tax losses that are still to be compensated, has been recognized, as it is probable that future taxable profits will be available against which the Company can utilize the tax losses.

16. Other operating and administrative expenses

	2021 $	2020 $
Staff cost	21,100,528	21,553,961
Depreciation	1,357,712	1,757,770
Advertising	477,663	293,872
Utilities	257,762	249,513
Professional fees	2,070,700	2,323,638
Finance cost	882,431	1,051,920
Bad debts	1,387,023	41,687
Communication	451,368	440,793
Travel and entertainment	9,507	143,471
Property maintenance	691,888	546,933
Other maintenance	419,273	987,553
Roadside assistance	1,782,000	1,782,000
Green fund levy	425,282	451,882
Other miscellaneous expenses	1,784,071	1,406,285
	33,097,208	33,031,278

17. Capital commitments and contingent liabilities

The Company had no outstanding capital commitments as at 31 December 2021 (2020: nil).

As at 31 December 2021 (2020: nil), there were certain legal proceedings outstanding against the Company. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine the eventuality.

18. Related party transactions

Balances and transactions between the Parent and other related parties are disclosed below. The following balances were outstanding at the year-end of the reporting period:

18.1 Trading transactions

	Amounts owed to related parties 2021 $	2020 $	Amounts owed by related parties 2021 $	2020 $
NAGICO (St. Lucia) Limited	–	–	4,783	19,229
NAGICO Insurance (Grenada) Ltd.	–	–	6,762	34,921
St. Vincent Insurances Ltd.	(730)	(730)	–	–
NAGICO Life Insurance N.V.	–	–	57,095	–
Intercompany- Saba	–	–	12,500	9,831
National General Insurance Corporation N.V.	–	–	–	509,215
NAGICO Curacao Limited	–	–	94,440	101,567
NAGICO Aruba N.V.	–	–	122,344	122,344
NAGICO (Antigua) Limited	–	–	23,169	–
NAGICO (Anguilla) Limited	–	(70,895)	7,999	–
NAGICO (St. Kitts) Limited	–	–	335,674	–
NAGICO (Dominica) Limited	–	–	7,642	–
NAGICO British Virgin Islands Limited	–	–	55,159	–
NAGICO (Montserrat) Limited	–	–	22,497	–
NAGICO (Turks & Caicos)) Limited	–	–	5,238	–
NAGICO Bonaire Life Insurance	(5,573)	(5,573)	–	–
NAGICO Insurance (Bahamas) Limited	(4,105)	(6,421)	–	–
NAGICO Information Technology Center	–	–	773,776	761,093
	(10,408)	(83,619)	1,529,078	1,558,200
National General Insurance Corporation (NAGICO) N.V.	(4,455,737)	(28,189,907)	–	–

Transactions with the ultimate parent company and related parties, including associated companies consist of management fees, reinsurance and excess of loss.

19. Expenses of management

(a) Staff costs	2021 %	2021 $	2020 %	2020 $
Bonus		336,978		736,205
Salary		12,912,998		14,252,259
Travel allowance		705,444		761,235
Housing allowance		87,000		87,000
Pension fund contributions		(1,763,407)		(1,825,929)
National insurance contributions		873,397		935,135
Group accident health		380,129		398,192
Group life contributions		253,436		9,937
Training/tuition/subscription - staff costs		151,618		156,935
Management fees		6,525,705		5,302,074
Other staff related cost		495,751		706,291
Staff entertainment		141,479		34,627
Total staff costs	64	21,100,528	65	21,553,961

(b) Accommodation	2021 %	2021 $	2020 %	2020 $
Office building:				
Port of Spain office maintenance		328,319		312,501
San Fernando office maintenance		233,792		188,927
Tobago office rental/maintenance		44,779		15,890
Chaguanas office rental/maintenance		84,998		29,615
Depreciation:				
Freehold properties		444,000		444,000
Furniture, fittings and equipment		142,997		327,745
Air condition units		6,669		20,057
Motor vehicle		–		102,777
Computer equipment/software		49,821		(109,212)
Right-of-use assets		714,225		972,403
Electricity		223,244		237,875
Water		34,518		11,638
Car park rental		226,060		131,075
Security		472,519		460,464
Lease office equipment		460,648		514,616
Total accommodation	10	3,466,589	11	3,660,371

		2021 %	2021 $	2020 %	2020 $
	Brought forward	74	24,567,117	76	25,214,332
(c)	**Administration**				
	Printing and stationery		273,325		272,775
	Legal and professional fees		2,019,138		1,999,820
	Audit fees		48,993		323,818
	Contract costs		2,569		351,900
	General expenses		546,508		829,587
	Charitable contributions		78,068		25,266
	Maintenance and license - computers		419,273		987,553
	Roadside assistance		1,782,000		1,782,000
	Total administration	16	5,169,874	20	6,572,719
(d)	**Travel and entertainment**				
	Travelling		9,507		143,471
	Entertainment		–		–
	Total travel and entertainment	0	9,507	0.4	143,471
(e)	**Finance**				
	Insurance		152,223		244,887
	Interest and bank charges		882,431		1,051,920
	Bad debts		1,387,023		41,687
	Total finance	7	2,421,677	4	1,338,494

		2021 %	2021 $	2020 %	2020 $
	Brought forward	97	32,168,176	98	32,296,613
(f)	**Communication**				
	Telephones		430,196		424,484
	Advertising		477,663		293,872
	Stamps and postage		21,173		16,309
	Total communication	3	929,032	2	734,665
	Total expenses of management	100	33,097,208	100	33,031,278
	Apportioned in the ratio as follows:				
	Property	50	16,422,940	42	13,873,137
	Casualty	6	2,125,398	7	2,312,189
	Motor	44	14,548,870	51	16,845,952
	Total	100	33,097,208	100	33,031,278

20. Assets pledged

	$	$
Property	–	16,400,000
Investment securities	–	84,598,761
Cash and cash equivalents	–	295,208
	–	101,293,969

Under the provisions of the previous Insurance Act, 1980, the Company had established and maintained a statutory fund and a statutory deposit to which the assets were pledged and held to the order of the Inspector of Financial Institutions. Based on the new Insurance Act, 2018 and the Insurance (Amendment) Act, 2020 which came into effect on 1 January 2021, this is no longer a requirement for the Company.

21. Prior year restatement

Adjustments to previously reported results have been made to conform to the current year reporting. In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, these errors have been corrected retrospectively in 2020. Accordingly, the financial statements of 2020 have been restated. This is further explained below.

Statement of Financial Position - 2020

	Previously reported ($)	Adjustment ($)	As restated ($)
Receivables and prepayments	74,425,337	(2,183,553)	72,241,784
Insurance contracts	136,266,953	(14,765,165)	121,501,788
Retained earnings	31,566,794	12,581,612	44,148,406

Description of restatement

During 2021 it was noted that the reports used to determine the unearned premium reserve (UPR) and prepaid commissions did not consider credits without effective dates and as such the UPR and prepaid commission balances for the prior period were overstated. Management has therefore retrospectively corrected the overstatement in both accounts in 2020. A third statement of financial position will not be required, as the impact of the misstatement could not be reliably determined for years prior to 2020 and the total adjustment was passed through the opening 2020 retained earnings as a catch-up adjustment. The correction resulted in a net increase in retained earnings of $12.6 million.

22. Subsequent events

Management has evaluated the need for disclosure and/or adjustment resulting from subsequent events from 1 January 2021 to the date the financial statements were issued; based on their assessment, there were no subsequent matters which require disclosure and/or adjustment in the financial statements for the year ended 31 December 2021.