NEW INDIA

A.M. Best Company

certifies that

The New India Assurance Company Limited

has a

Best's Financial Strength Rating

of

A- (Excellent)

Certificate Publication Date: January 20, 2014

Best's Ratings are subject to change.
To confirm the latest rating or to learn more about A.M. Best's ratings, visit www.ambest.com
A.M. Best Company
Ambest Road, Oldwick, NJ 08858 USA

President

Senior Vice President Ratings

NEW INDIA ASSURANCE

Vision

To be an industry leader
that provides world-class
general insurance services.

Mission

We will achieve significant
and sustainable growth by having
competent, professional and caring staff,
and leveraging modern technology
to provide stakeholders
with the very best
in industry practices.

Core Values

Integrity

Adding quality and value
to the business

Empathy

Understanding the customers'
internal experiences and circumstances

Commitment to service excellence

Putting our customers at the core
of what we do

Proactive

Identification and exploitation
of opportunities by action and
result-oriented behavior

Collaborative

Developing skills in
oral communication through
satisfactory learning experiences

Teamwork

Together everyone achieves more

Highlights of 2014 - 2015

San Fernando branch office

Highlights of 2014 - 2015

NEW INDIA

Contents

Chairman's Report

Introduction:

I am indeed very honoured and excited to report on the operations of the Company for yet another term. The Company continued on a path of conservative growth and very importantly we have maintained an underwriting profit for several years in a row. In presenting this review, I am reminded of the years spent in Trinidad and Tobago and note the many changes that have taken place in the insurance industry. Consolidations, acquisitions and the movement of people are significant factors which have played out during the year.

The Economy:

The Company continues to make tremendous strides in the achievement of goals and targets even as weak economic activities persist in the business environment. For the major part of 2014, the dramatic downturn in the price of oil has put tremendous pressure on anticipated growth and external vulnerabilities in the regional markets where the Company has significant operations. Provisional estimates provided by the Central Bank of Trinidad and Tobago indicated that real output increased by 1.9 percent on a year-on-year basis. Increased output of natural gas and petrochemicals facilitated a 2.8 percent expansion in the energy sector. During the second half of 2014, headline inflation rose to a monthly average of 7.9 percent. Food inflation was registered in double digits in the second half of the year, averaging 15.8 percent from July to December. After holding the Repo rate at 2.75 percent for two years, the Central Bank shifted from its accommodative monetary stance and increased the Repo rate to 3.5 percent following three consecutive 25 basis point increases.

Gopalan Srinivasan
Chairman

Even as advanced economies continue to struggle, the local economic landscape has changed dramatically in the past few months as a result of significant oil price shocks. The IMF revised projections for global growth to 3.5 percent in 2015. Lower oil prices may very well be growth supportive but for the uncertainties surrounding global energy markets which may mitigate against any strong boost.

The Draft Insurance Bill:

The draft insurance bill seeks to provide a new regulatory framework to improve the oversight of insurance companies, strengthen prudential requirements and enhance corporate governance practices within the sector. The Insurance Bill 2013 was laid in parliament and is currently before a Joint Select Committee for a detailed review based on stakeholders' representations. We await further developments.

Anti Money Laundering and Combatting Terrorist Financing:

Trinidad and Tobago continues to strengthen its AML/CTF regime and address deficiencies. The Caribbean Action Task Force reported that the country had made significant progress in its compliance. The Company, however, experienced difficulties in the underwriting of risks and in particular "Know Your Customer" requirements. Management has, as a result, introduced additional measures to ensure that records and documents of both new and renewal clients are consistently obtained.

Insurance Markets

The Insurance Industry is an important part of the domestic economy by virtue of its size and its critical role in the mitigation of business and personal risks. Premium income accruing to non-life companies grew to

$3.8 billion during the year up to September 2014. Property insurance dominated the market by accounting for about 50 percent of total premiums. However, most of this business is reinsured on the international market and just about 10 percent is retained as net premium. Whilst there were relatively good turnover in the sales of motor vehicles, the premium competitiveness became extremely severe causing rates to be reduced dramatically. Regretfully, the cost of repairs and the replacement of parts continue to escalate.

Company Results:

We are pleased once again to report another successful business year for the Company. The Company recorded gross premium income of $130m for the financial year, representing 13.4 percent increase over the previous year. Net insurance revenue increased from $68.7m to $74.1m during the period under review. The loss ratio of 42.2 percent remained almost consistent with the previous year of 42.7 percent.

We were able to exceed our projected targets in both Property and Motor business. Accident lines, however, remained below projections but significantly contributed to actual written premiums. These lines will be assiduously pursued during the new term. Our combined ratio was calculated at 80.1 percent as a result of total expenditure increasing by 10 percent. The Company recorded net profit after tax of $17.5m up from $14.3m an increase of 23 percent from the previous year.

Customer service excellence is the pillar upon which our technical resources and capabilities are built. Our growth and bottom line results are reflections of our customers' faith and confidence in our ability to meet their business needs.

Information Technology:

Implementation of our "INSIGHT" software programme is at an advanced stage and will be rolled out to our Branches and Agencies, both locally and overseas, during 2015. There were unforeseen challenges which had to be resolved. Management is of the view that our data integrity ought not to be compromised and that the software must be tweaked to provide for the future growth of the institution. The entire programmme is anticipated to becoming operational by the end of June.

Investment Management:

Prudent management of our investment portfolio is mandatory in a soft market with very few investment opportunities. Careful research and selection of appropriate portfolios must fit the requirements of the Regulator. Market liquidity remains a concern for investors and our investment income marginally increased. The Investment Committee continues to seek sound investment opportunists, both locally and overseas.

Outstanding Premiums:

Premium receivables required an extra effort in order to have Brokers and Agents comply with Section 48(1)(c) of the Insurance legislation. Agents were given definitive dates for remittances and failure to comply resulted in cancellation of policies. Generally, outstanding premiums were managed within the framework of the Insurance Act.

Outlook for 2015:

There is a positive outlook for 2015 as government has embarked on further infrastructure development. This being an election year, several projects are slated to come on stream with others becoming ready for official opening and use.

Impact of the Country's downgrade by international rating agencies can have an effect on economic development and as we await the government's plans for remedy, we persevered with our plans to open a Branch Office in Guyana and this was successfully accomplished. Our business strategy will be reviewed and appropriate action taken to meet the challenges of the economy.

The helm of the institution has changed and I take this opportunity to express our sincere thanks and gratitude to Mr. Aswathanarayana who spent six years in Trinidad and Tobago. His leadership is graciously acknowledged. Replacing him is Mr. Jyoti Kumar Garg who brings a wealth of knowledge and experience to the Caribbean. He worked at several locations across India in various capacities during his career with the parent company and we take this opportunity to extend a warm welcome to him.

Conclusion:

Together with the Board of Directors we extend our thanks to all our stakeholders in the Caribbean. To the Management Team, we encourage you to strive for greater success and that you will invariably nurture and develop the staff members. To our business partners, Brokers, Agents, Salespersons and of course, our valuable clients, we are indeed extremely grateful for your continuing support. To my fellow Directors, who continue to provide invaluable direction and good corporate governance; I applaud your contributions.

I believe the future holds many opportunities for us to explore and look forward to another successful year ahead.

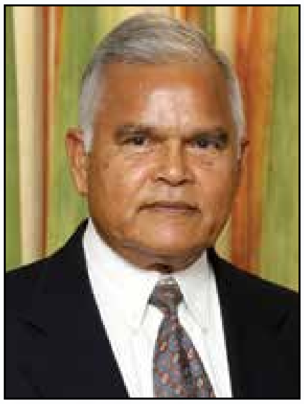
CHAIRMAN

Board of Directors

Gopalan Srinivasan
Chairman

Jyoti K. Garg
Managing Director 2015

Aswathanarayana
Managing Director 2014



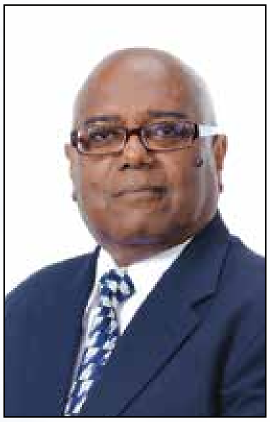
Jagdeesh Siewrattan

Horace Broomes

Keith Sirju

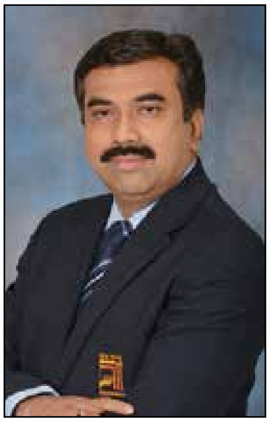
Corporate Management Team

Jyoti K. Garg
Managing Director 2015



Sookdeo Beepath
Corporate Consultant

Dr. Harish Singhal
General Manager



Umesh Rathod
Manager - Underwriting

Michael Peter Jacob
Manager - Marketing

Susan Lopez
Manager - Info Systems

Lygia Wilson
Manager - Human Resource/Admin.

Venice George
Asst. Manager - Claims

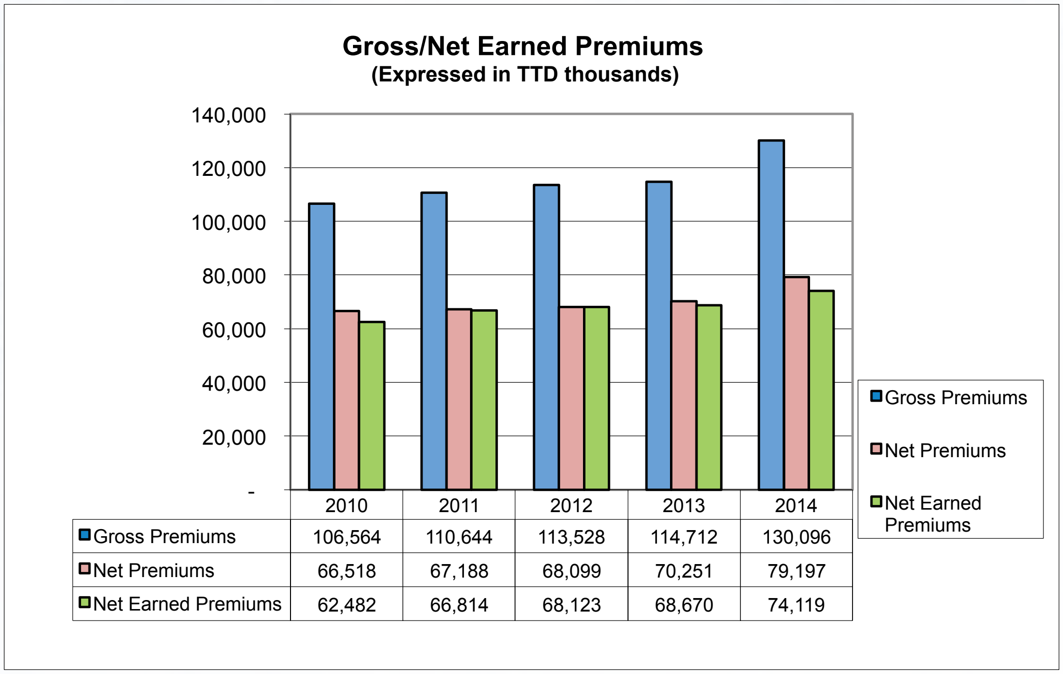
Lutchmin Mohan
Accountant

Joanne Singh
Branch Manager - San F'do

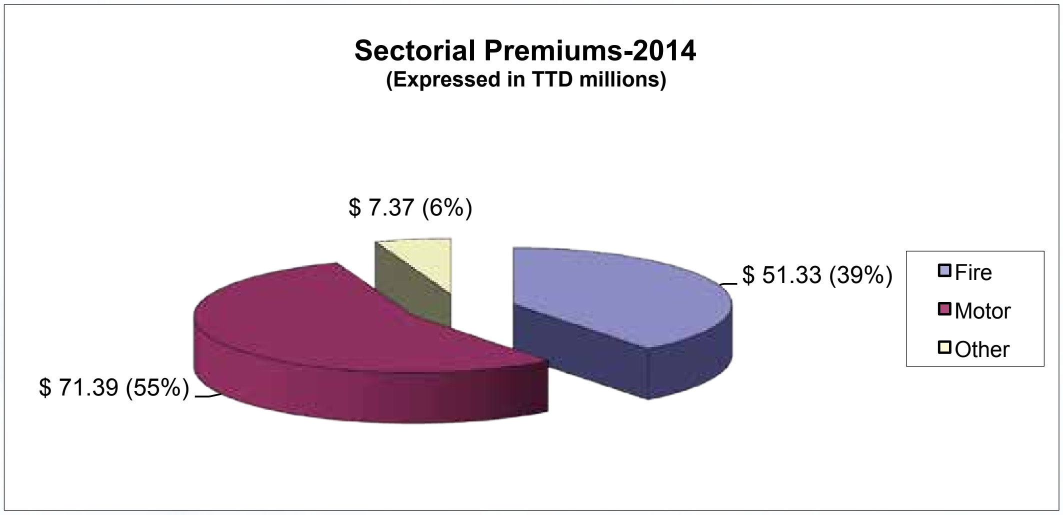
Appusammy Sugumar
Branch Manager - St. Lucia

Sarswatie Basdeo
Branch Manager - Guyana

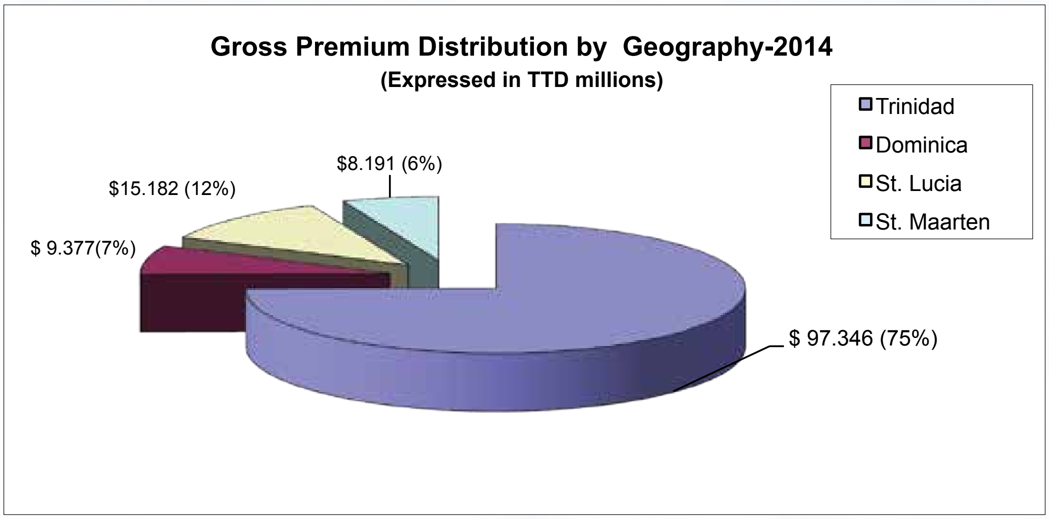
Financial Highlights

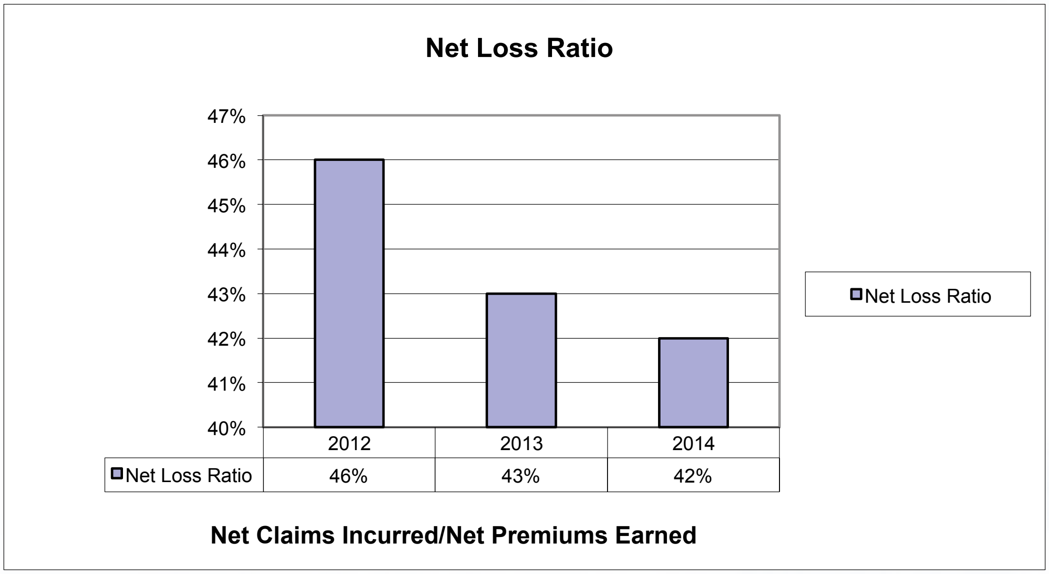


	2010	2011	2012	2013	2014
Gross Premiums	106,564	110,644	113,528	114,712	130,096
Net Premiums	66,518	67,188	68,099	70,251	79,197
Net Earned Premiums	62,482	66,814	68,123	68,670	74,119

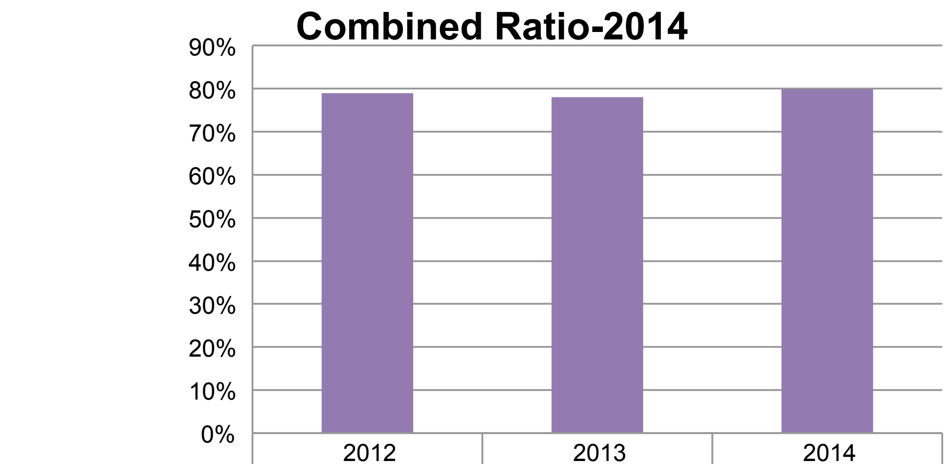


Financial Highlights

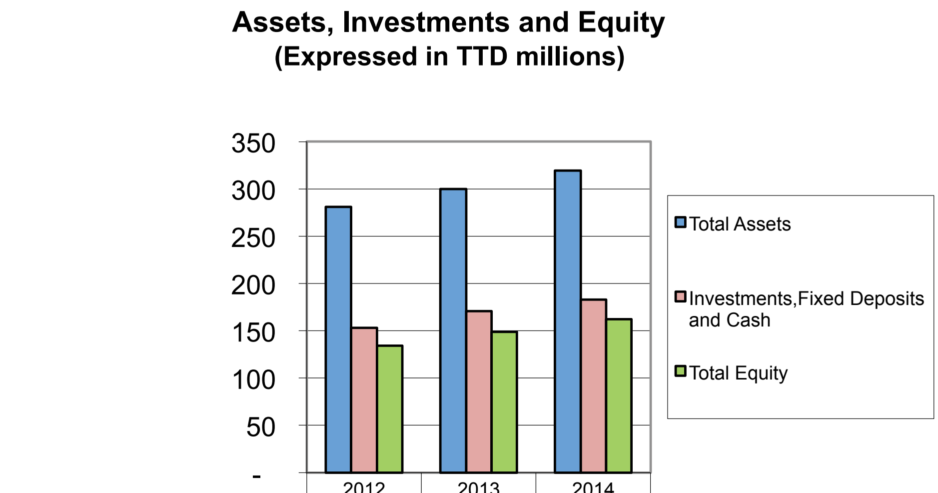




Financial Highlights

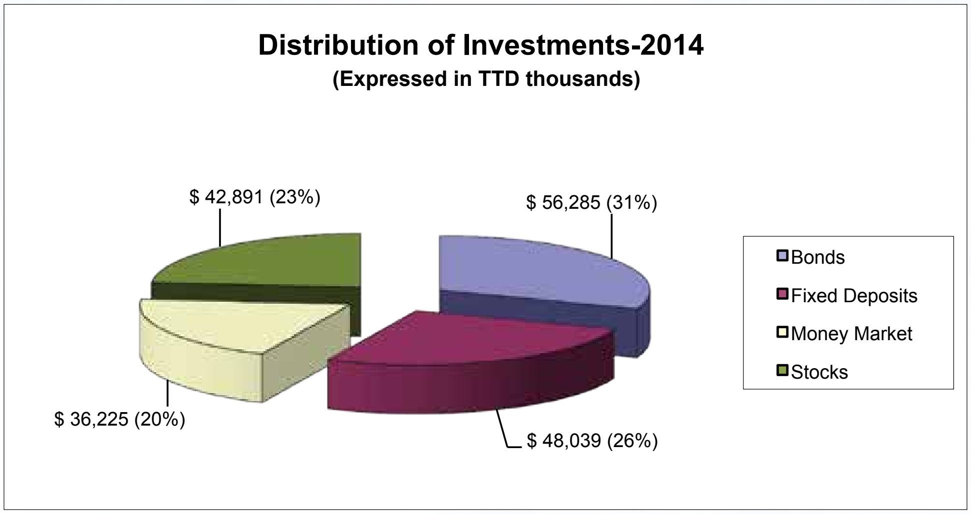


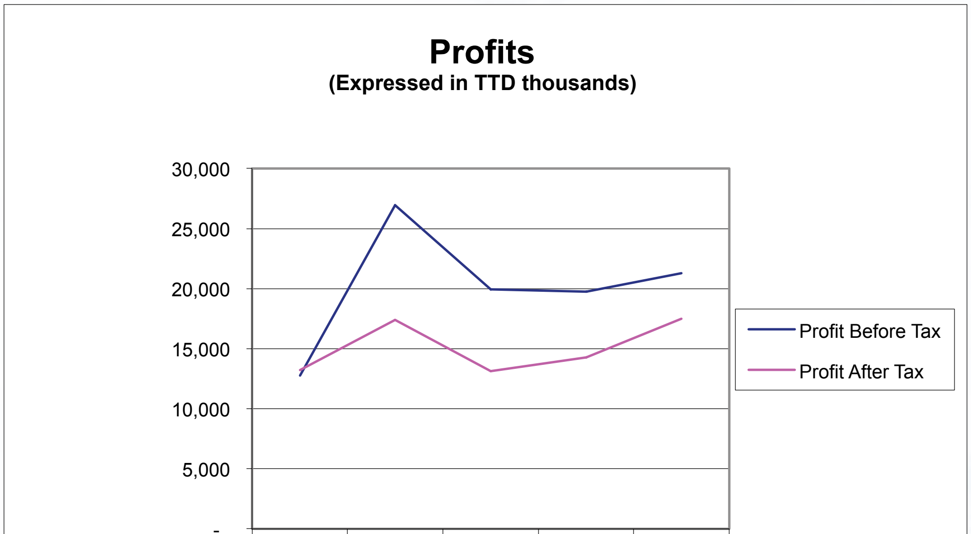
	2012	2013	2014
Combined Ratio	79%	78%	80%



	2012	2013	2014
Total Assets	281	300	319
Investments,Fixed Deposits and Cash	153	171	183
Total Equity	134	149	162

Financial Highlights





	2010	2011	2012	2013	2014
Profit Before Tax	12,762	26,969	19,951	19,755	21,290
Profit After Tax	13,242	17,395	13,129	14,260	17,490

KPMG
Chartered Accountants
Trinre Building
69-71 Edward Street
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Telephone (868) 623 1081
Fax (868) 623 1084
e-Mail kpmg@kpmg.co.tt

INDEPENDENT AUDITORS' REPORT
To the Shareholders of The New India Assurance Company (Trinidad and Tobago) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of The New India Assurance Company (Trinidad and Tobago) Limited (the Company) which comprise the statement of financial position as at December 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants

KPMG

Port of Spain
Trinidad and Tobago

Statement of Financial Position

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2014 $	2013 $
ASSETS			
Property, plant and equipment	4	47,463	46,770
Deferred tax asset	5	6,097	7,201
Reinsurance assets	10	42,351	36,465
Trade and other receivables	6	39,546	38,654
Investments	7	99,194	73,181
Term deposits		48,039	53,217
Cash and cash equivalents		36,207	44,572
Total assets		318,897	300,060
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	8	17,617	17,617
Capital reserve		16,893	17,543
Catastrophe reserve fund		1,600	1,600
Statutory surplus reserve		16,489	12,117
Retained earnings		109,112	100,427
		161,711	149,304
LIABILITIES			
Insurance contracts	10	127,728	116,354
Deferred tax liability	5(iii)	6,319	6,798
Provision for taxation		2,017	3,246
Trade and other payables	11	21,122	24,358
		157,186	150,756
Total equity and liabilities		318,897	300,060

The accompanying notes form an integral part of these financial statements.
Signed on behalf of the Board

______________________ Director ______________________ Director

Statement of Comprehensive Income

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2014 $	2013 $
Insurance contracts premium revenue		130,096	114,712
Reinsurers' share of insurance contracts premium revenue		(50,899)	(44,461)
Net insurance contracts premium revenue		79,197	70,251
Gross change in unearned premium provision and unexpired risks		(8,363)	(1,535)
Reinsurers' share of change in unearned premium provision and unexpired risks		3,285	(46)
Net change in unearned premium provision and unexpired risks		(5,078)	(1,581)
Net insurance revenue		74,119	68,670
Reinsurance commissions		13,522	10,820
Investment and other income	12	6,557	4,770
Total revenue		94,198	84,260
Gross claims incurred		(38,661)	(36,711)
Reinsurers' share of gross claims incurred		7,322	7,360
Net insurance claims incurred		(31,339)	(29,351)
Agents and brokers commissions		(20,250)	(18,038)
Other operating and administrative expenses		(21,319)	(17,116)
Total claims incurred and other expenses		(72,908)	(64,505)
Profit before tax		21,290	19,755
Taxation	5(v)	(3,800)	(5,495)
Net profit for the year		17,490	14,260

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

Statement of Comprehensive Income (continued)

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2014 $	2013 $
Net profit for the year		17,490	14,260
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		(949)	(328)
Items they may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets		(650)	3,785
Total comprehensive income for the year		15,891	17,717
Profits attributable to:			
Owners of the Company		14,692	11,978
Non-controlling interest		2,798	2,282
		17,490	14,260
Total comprehensive income attributable to:			
Owners of the Company		13,348	14,882
Non-controlling interest		2,543	2,835
		15,891	17,717

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

Statement of Changes in Equity

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital $	Capital Reserves $	Catastrophe Reserve $	Statutory Surplus Reserve $	Retained Earnings $	Total $
Balance at January 1, 2014	17,617	17,543	1,600	12,117	100,427	149,304
Net profit for the year	-	-	-	-	17,490	17,490
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	(949)	(949)
Net unrealised gain on revaluation of available-for-sale investments, net of tax	-	(650)	-	-	-	(650)
Total other comprehensive income	-	(650)	-	-	(949)	(1,599)
Total comprehensive income for the year	-	(650)	-	-	16,541	15,891
Transaction with owners, recorded directly in equity						
Transfer	-	-	-	4,372	(4,372)	-
Dividends proposed (see note 9)	-	-	-	-	(3,484)	(3,484)
Total transaction with owner	-	-	-	4,372	(7,856)	(3,484)
Balance at December 31, 2014	17,617	16,893	1,600	16,489	109,112	161,711

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

Statement of Changes in Equity

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital $	Capital Reserves $	Catastrophe Reserve $	Statutory Surplus Reserve $	Retained Earnings $	Total $
Balance at January 1, 2013	17,617	13,758	1,600	8,552	92,672	134,199
Net profit for the year	-	-	-	-	14,260	14,260
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	(328)	(328)
Net unrealised gain on revaluation of available-for-sale investments, net of tax	-	3,785	-	-	-	3,785
Total other comprehensive income	-	3,785	-	-	(328)	3,457
Total comprehensive income for the year	-	3,785	-	-	13,932	17,717
Transaction with owners, recorded directly in equity						
Transfer from retained earnings	-	-	-	3,565	(3,565)	-
Dividends proposed (see note 9)	-	-	-	-	(2,612)	(2,612)
Total transaction with owner	-	-	-	3,565	(6,177)	(2,612)
Balance at December 31, 2013	17,617	17,543	1,600	12,117	100,427	149,304

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

Statement of Cash Flows

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,290	19,755
Adjustments for:		
Depreciation	1,629	1,578
Loss (gain) on disposal of property, plant and equipment	-	46
Foreign currency translation gain	(949)	(328)
Interest income	(3,560)	(3,493)
Dividend income	(1,173)	(680)
Operating profit before working capital changes	17,237	16,878
Change in other receivables and reinsurance assets	(5,713)	2,648
Change in insurance contracts liabilities	11,374	4,981
Change in other creditors	(642)	(3,634)
	22,256	20,873
Corporation taxes paid	(4,404)	(3,323)
Net cash from operating activities	17,852	17,550
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Interest received	2,495	2,491
Dividends received	1,173	680
Additions to property, plant and equipment	(2,322)	(4,098)
Purchase of investments and term deposits	(87,587)	(69,466)
Redemption of investments and term deposits	66,102	59,656
Net cash used in investing activities	(20,139)	(10,737)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(6,078)	(2,573)
Net cash used in financing activities	(6,078)	(2,573)

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

Statement of Cash Flows (continued)

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

	2014 $	2013 $
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,365)	4,240
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	44,572	40,332
CASH AND CASH EQUIVALENTS AT END OF YEAR	36,207	44,572
Represented by:		
Cash in hand and at bank	36,207	44,572

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

Notes to Financial Statements

December 31, 2014

1. Incorporation and principal activity

The New India Assurance Company (Trinidad and Tobago) Limited (the Company) is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India. The Company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia, St. Maarten and Anguilla. The Company also maintains run-off portfolios in the islands of Antigua, and Barbados. The registered office and principal place of business is located at 6A, Victoria Avenue, Port of Spain.

These financial statements were authorized for issue by the Board of Directors on March 4, 2015.

2. Statement of accounting policies

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board.

(b) Basement of measurement

These financial statements are prepared on the historical cost basis except for the measurement at fair value of available-for-sale investments and investment property. No account is taken of the effects of inflation.

(c) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").
These financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand. Some financial information in the prior year has been updated to conform to current year's presentation.

(d) Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

2. **Statement of accounting policies** (continued)

(d) Use of estimates, assumptions and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 are discussed in notes 2(r) and (s) and note 19.

(e) Foreign currency

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

(ii) Foreign operations

The assets and liabilities and income and expenses of foreign operations are translated to Trinidad and Tobago dollars at exchange rates at the reporting date.

(f) Impairment of assets

Judgement is required to determine whether there are indicators of impairment. If impairment is indicated then the amount is determined using the techniques described in accounting policy (n)(i).

(g) Property, plant and equipment

Land and building which is mainly occupied by the Company is shown at fair value based on triennial valuations by external independent appraisers, (less subsequent depreciation for buildings). All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

2. Statement of accounting policies (continued)

(g) Property, plant and equipment (continued)

Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives. The rates and methods used are as follows:

Buildings	2% on cost
Leasehold improvements	20% on cost
Motor vehicles	20 - 25% on cost
Office equipment	10 - 25% on reducing balance

The assets' residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

(h) Reinsurance assets

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.

(i) Insurance receivables

Insurance receivables are recognized when due and measured at amortised cost, using the effective interest rate method. 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.

(j) Financial instruments

(i) Classification

The Company classifies its investments as either held-to-maturity financial assets or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

2. Statement of accounting policies (continued)

(j) Financial instruments (continued)

(i) Classification (continued)

Held-to-maturity financial assets comprise fixed or determinable income securities that the company has the positive intention and ability to hold until maturity.

Available-for-sale financial assets are financial assets that are not financial assets at fair value through profit and loss, originated by the Company, or held-to-maturity.

(ii) Recognition

All regular way purchases and sales of financial assets are recognized on the settlement date. From this date, any gains and losses arising from changes in fair value of assets are recognised.

(iii) Measurement

Financial instruments are initially measured at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument. A financial asset is derecognized when the contractual right to receive cash flows expire or when the asset is transferred. Subsequent to initial recognition all available-for-sale assets are measured at fair value, based on readily available market prices at the close of business on the balance sheet date for listed instruments or by reference to current market values of another instrument which is substantially the same.

If prices are not readily available, the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Gains and losses arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for as changes in the capital reserve until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statement of comprehensive income.

All non-trading financial liabilities and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of comprehensive income.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

(k) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost.

(l) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (see accounting policy (x)), 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 (see accounting policy (l)(i)) and an impairment loss is recognised 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 recognised in the statement of comprehensive income.

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

(i) Calculation of recoverable amount

The recoverable amount of the Company's held-to-maturity financial assets carried at amortised 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 amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

2. Statement of accounting policies (continued)

(l) Impairment (continued)

(i) Reversals of impairment (continued)

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive 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 recognised in the statement of comprehensive income, the impairment loss shall be reversed, with the amount of the reversal recognised

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Capital reserve

All unrealized gains and losses arising from the revaluation of available-for-sale investments are recognized as part of shareholders equity in the capital reserve.

(n) Catastrophe reserve

On an annual basis, the Directors determine an amount that is transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is included as a separate component of equity.

(o) Statutory surplus reserve

As 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 is not distributable.

(p) Product classification

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependant 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.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

2. **Statement of accounting policies** (continued)

(p) *Product classification (continued)*

Investment contracts

Any contracts not considered insurance contracts under IFRS are classified as investment contracts.

All contracts held by the Company as at December 31, 2014 have been classified as insurance contracts.

(q) *Claims*

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the statement of financial position date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported until after the statement of financial position date. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of comprehensive income in the year the claims are settled.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

(r) *Insurance contract liabilities*

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 statement of financial position date.

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 income statement 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.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

2. Statement of accounting policies (continued)

(s) Provision for other insurance financial liabilities

A provision is recognised when the Company has a present legal or constructive obligation, as a result of past events, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

(t) Employee benefits

The directors have agreed to pay a gratuity to managerial employees on retirement after ten years or more of service. For non-managerial employees, a discretionary gratuity on retirement after ten years or more of service will be paid. The liability arising is adequately provided for in these financial statements.

(u) Revenue recognition

Premium income

Premiums written are recognized on policy inception and earned on a pro rata basis over the term of the related policy coverage.

Commission income

The fee is recognized as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided over the term of the contract. Initiation and other front-end fees are also deferred and recognized over the term of the contract.

Investment income

Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortization of any discount or premium. Investment income also includes dividends, which are recognized as received.

Realised gains and losses recorded in the income statement

Realised gains and losses on the sale of property and equipment and of available for sale financial assets are calculated as the difference between net sales proceeds and the original cost. Realised gains and losses are recognized in the statement of comprehensive income when the sale transaction occurs.

(v) Expenses of management

Expenses of management are apportioned to the various business segments on the basis of gross premium income written for each class of business with the exception of Barbados, which are directly allocated.

(w) Other income and expenditure

Other income and expenditure items are accounted for on the accrual basis.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

2. **Statement of accounting policies** (continued)

(x) *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 statement of financial position date, business levy and green fund levy, charged on worldwide income, and any adjustment of tax payable for the previous years.

Premium taxes in overseas territories are deducted from the relevant premium income recognised.

Deferred tax is provided using the balance sheet 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 realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of comprehensive 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 recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

3. **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2014 and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the company, except:

- IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

- IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting,* require their inclusion.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

3. New standards and interpretations not yet adopted (continued)

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.

- The amendment to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

- The amendment to IAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

- IFRS 9, *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The Group is assessing the impact that the standard will have on its 2018 financial statements.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 *Construction Contracts,* IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programmes,* IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

4. Property, plant and equipment

	Land & Building $	Leasehold Improvements $	Office Equipment & Motor Vehicles $	Total 2014 $	Total 2013 $
Cost/valuation					
At beginning of year	44,624	655	6,613	51,892	48,021
Additions	1,323	313	686	2,322	4,098
Disposals	-	-	-	-	(227)
At end of year	45,947	968	7,299	54,214	51,892
Depreciation					
At beginning of year	864	573	3,685	5,122	3,725
Current year	902	26	701	1,629	1,578
Disposals	-	-	-	-	(181)
At end of year	1,766	599	4,386	6,751	5,122
Net written down value	44,181	369	2,913	47,463	46,770

5. Taxation

	2014 $	2013 $
(i) Deferred tax asset		
Claims	6,097	7,201
(ii) The movement in the deferred tax asset comprised:		
Balance at beginning of year	7,201	7,275
Claims	(1,104)	(74)
	6,097	7,201

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

5. Taxation (continued)

	2014 $	2013 $
(iii) Deferred tax liability		
The deferred tax liabilities are attributable to the following items:		
Unrealised gains on revaluation of available-for-sale investments	(5,326)	(5,296)
Foreign currency translation	-	(1,020)
Property, plant and equipment	(993)	(482)
	(6,319)	(6,798)
(iv) The movement in the deferred tax liability account comprised:		
Balance at beginning of year	(6,798)	(5,076)
Unrealised gains on revaluation of available for sale investments	30	(1,262)
Foreign currency translation	959	(92)
Property, plant and equipment	(510)	(368)
	(6,319)	(6,798)
(v) Tax charge for the year		
Current year - Green fund levy	81	127
- Provision for taxation in St Maarten, Dominica, St Lucia and Trinidad and Tobago	4,710	4,851
Deferred tax expense relating to the origination/reversal of temporary differences	831	517
Prior year over provision of corporation taxation	(1,822)	-
	3,800	5,495

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

5. Taxation (continued)

	2014 $	2013 $
(v) Tax charge for the year (continued)		
The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate.		
Profit before tax	21,290	19,755
Tax at the applicable rate	5,782	5,253
Expenses not deductible for tax purposes	118	104
Income exempt from tax	(359)	11
Green fund levy	81	127
Prior year over provision of corporation taxation	(1,822)	-
	3,800	5,495

6. Trade and other receivables

	2014 $	2013 $
Insurance receivables	32,906	31,918
Amounts due from reinsurers		
- New India, Mumbai	2,277	2,276
- Other reinsurers	3,300	2,430
Other receivables	1,063	2,030
	39,546	38,654

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

7. Investments

	2014 $	2013 $
Available-for-sale		
Bonds and other securities	50,526	36,174
Quoted shares	42,613	30,769
Unquoted shares	315	315
	93,454	67,258
Held-to-maturity		
Bonds	5,740	5,923
Total investments	99,194	73,181

Bonds and securities pledged with the Inspector of Financial Institutions amount to $61,546 at December 31, 2014 (2013: $63,051).

In addition $29,077 (2013: $18,676) of term deposits of totaling $48,039 (2013: $53,217) at December 31, 2014 are pledged with the Inspector of Financial Institutions.

8. Stated capital

Authorised

22,000,000 shares of no par value

Issued and fully paid 17,418,946 shares of no par value	17,617	17,617

9. Dividends proposed

During the year, the Board of Directors proposed dividends of 20¢ (2012:15¢) per share for the year ended December 31, 2013.

	2014 $	2013 $
Balance brought forward	2,648	2,609
Paid during the year	(6,078)	(2,573)
Proposed during the year	3,484	2,612
Balance carried forward	54	2,648

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

10. Insurance contracts liabilities

	Notes	2014 Insurance Contracts Liabilities $	2014 Reinsurers' Share of Liabilities $	2014 Net $	2013 Insurance Contracts Liabilities $	2013 Reinsurers' Share of Liabilities $	2013 Net $
Provision for claims reported by policyholders		45,616	(16,516)	29,100	42,507	(13,762)	28,745
Provision for claims incurred but not reported (IBNR)		7,136	(1,746)	5,390	7,235	(1,902)	5,333
Total claims reported and IBNR	11 (a)	52,752	(18,262)	34,490	49,742	(15,664)	34,078
Provision for unearned premiums	11 (b)	68,160	(21,899)	46,261	60,557	(18,911)	41,646
Provision for unexpired risk	11 (c)	6,816	(2,190)	4,626	6,055	(1,890)	4,165
Total insurance contracts liabilities		127,728	(42,351)	85,377	116,354	(36,465)	79,889

(a) The provision for claims reported by policy holders may be analysed as follows:

	2014 Insurance Contracts Liabilities $	2014 Reinsurers' Share of Liabilities $	2014 Net $	2013 Insurance Contracts Liabilities $	2013 Reinsurers' Share of Liabilities $	2013 Net $
At January 1	49,742	(15,664)	34,078	46,295	(13,282)	33,013
Claims incurred	38,661	(7,322)	31,339	36,711	(7,360)	29,351
Claims paid during the year	(35,651)	4,724	(30,927)	(33,264)	4,978	(28,286)
At December 31	52,752	(18,262)	34,490	49,742	(15,664)	34,078

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

10. Insurance contracts liabilities (continued)

(b) The provision for unearned premiums may be analysed as follows:

	2014			2013		
	Insurance Contracts Liabilities $	Reinsurers' Share of Liabilities $	Net $	Insurance Contracts Liabilities $	Reinsurers' Share of Liabilities $	Net $
At January 1	60,557	(18,911)	41,646	59,162	(18,955)	40,207
Premium written in the year	130,096	(50,798)	79,298	114,712	(44,461)	70,251
Premium earned during the year	(122,493)	47,810	(74,683)	(113,317)	44,545	(68,812)
At December 31	68,160	(21,899)	46,261	60,557	(18,911)	41,646

(c) The provision for unexpired risk may be analysed as follows:

	2014			2013		
	Insurance Contracts Liabilities $	Reinsurers' Share of Liabilities $	Net $	Insurance Contracts Liabilities $	Reinsurers' Share of Liabilities $	Net $
At January 1	6,055	(1,890)	4,165	5,916	(1,896)	4,020
Net incurred and utilised during the year	761	(300)	461	139	6	145
At December 31	6,816	(2,190)	4,626	6,055	(1,890)	4,165

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

11. Trade and other payables

	2014 $	2013 $
Sundry creditors and accruals	10,379	11,179
Amounts due to reinsurers		
New India, Mumbai	2,209	2,551
Other reinsurers	8,534	10,628
	21,122	24,358

12. Investment and other income

Interest income	3,560	3,493
Dividend income	1,173	680
Foreign exchange gain and gain disposal of property, plant and equipment	1,824	597
	6,557	4,770

13. Profit before taxation

Profit before taxation is arrived at after charging:

Depreciation	1,629	1,578
Staff costs	8,603	6,819
Directors' fees	144	141

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

14. Insurance contracts liabilities and reinsurance assets – terms, assumptions and sensitivities

Terms and conditions

The major classes of general insurance written by the Company include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a 12-month duration.

For these insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date.

The provisions are refined as part of a regular ongoing process and as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the balance sheet date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.

15. Fair value of financial instruments

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.

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.

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

15. Fair value of financial instruments (continued)

(i) Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and short-term funds, trade and other receivables and trade and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Investments

The fair value of trading investments is based on market quotations when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value.

(iii) Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities not measured at fair value, including their levels – the fair value hierarchy. It does not include liabilities of fair values if the carrying amount is a reasonable approximation of fair value.

December 31, 2014

	Carrying Amount $	Fair Value Level 1 $	Level 2 $	Level 3 $
Financial assets measured at fair value				
Held-to maturity investments	5,740	5,860	-	-
Trade and other receivables	39,546	-	-	39,546
Reinsurance assets	42,351	-	-	42,351
Term deposits	48,039	-	-	48,039
Cash and cash equivalents	36,207	-	-	36,207
	171,883	5,860	-	166,143
Financial liabilities not measured at fair value				
Insurance Contracts	(127,728)	-	-	(127,728)
Trade and other payables	(21,122)	-	-	(21,122)
	(148,850)	-	-	(148,850)
Net	23,033	5,860	-	17,293

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

15. Fair value of financial instruments (continued)

(iii) Classifications and fair values (continued)

December 31, 2013

	Carrying Amount $	Fair Value Level 1 $	Level 2 $	Level 3 $
Financial assets measured at fair value				
Held-to maturity investments	5,923	6,030	-	-
Trade and other receivables	38,564	-	-	38,564
Reinsurance assets	36,465	-	-	36,465
Term deposits	53,217	-	-	53,217
Cash and cash equivalents	44,572	-	-	44,572
	178,741	6,030	-	172,818
Financial liabilities not measured at fair value				
Insurance Contracts	(116,354)	-	-	(116,354)
Trade and other payables	(24,358)	-	-	(24,358)
	(140,712)	-	-	(140,712)
Net	38,029	6,030	-	32,106

16. Insurance and risk management

a. Introduction and overview

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.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

b. 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. The majority 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.

c. 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 and insurance receivables.

Management of credit risk

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.

Investment securities

The Company 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.

Insurance receivables

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 up 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.

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

c. *Credit risk (continued)*

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:

	Carrying amount	
	2014 $	**2013 $**
Available for sale investments	93,454	67,258
Held-to-maturity investments	5,740	5,923
Trade and other receivables	39,479	38,654
Reinsurance assets	42,351	36,465
Term deposits	48,039	53,217
Cash and cash equivalents	36,207	44,572
	265,337	246,089

The aging of receivables at the reporting date was:

	Gross	Impairment	Gross	Impairment
	2014 $	**2014 $**	**2013 $**	**2013 $**
Not past due	12,394	-	10,751	-
Past due 0-30 days	10,626	-	6,422	-
Past due 31-120 days	9,181	-	12,666	-
More than one year	4,383	4,046	3,883	1,804
	36,584	4,046	33,722	1,804

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

	2014 $	**2013 $**
Balance at 1 January	1,804	1,804
Impairment loss recognized	2,242	-
Balance at December 31	4,046	1,804

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

d. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management of liquidity risk

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. The Company sets limits on the minimum portion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims at unexpected levels of demand.

All financial liabilities are due within one year

e. Interest rates 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 balance sheet.

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 was:

	2014 $	2013 $
Fixed rate instruments		
Term deposits	48,039	53,217
Investments	56,266	35,297
	104,305	88,514
Cash and cash equivalents	36,207	44,572

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

f. ***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 company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia, St. Maarten and Anguilla. The functional and presentation currency is Trinidad and Tobago dollars. Foreign currency risk arises in the other islands of operations.

2014

Details	BDS	TT$	EC$	FLS	TOTAL
Assets					
Cash and cash equivalents	155	29,792	4,777	1,483	36,207
Term deposits	-	31,611	12,969	3,459	48,039
Investments	626	93,441	5,127	-	99,194
Trade and other receivables	-	16,072	24,219	(745)	39,546
Reinsurance assets	7,739	24,212	8,313	2,087	42,351
Total assets	8,520	195,128	55,405	6,284	265,337
Liabilities					
Insurance contracts	9,795	91,086	20,440	6,407	127,728
Trade and other payables	13,058	37,586	(20,877)	(8,645)	21,122
Total liabilities	22,853	128,672	(437)	(2,238)	148,850
Net exposure	(14,333)	66,456	55,842	8,522	116,487

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

f. ***Foreign currency risk*** *(continued)*

The table below summarises the exposure to foreign currency exchange rate risk.

2013

Details	BDS	TT$	EC$	FLS	TOTAL
Assets					
Cash and cash equivalents	133	37,574	5,572	1,293	44,572
Term deposits	-	36,007	13,846	3,364	53,217
Investments	606	67,258	5,317	-	73,181
Trade and other receivables	-	19,739	17,376	1,539	38,654
Reinsurance assets	4,199	20,685	9,785	1,796	36,465
Total assets	4,938	181,263	51,896	7,992	246,089
Liabilities					
Insurance contracts	6,190	85,685	22,307	2,172	116,354
Trade and other payables	(226)	47,693	(29,089)	5,980	24,358
Total liabilities	5,964	133,378	(6,782)	8,152	140,712
Net exposure	(1,026)	47,885	58,678	(160)	105,377

17. Operating leases

	2014 $	2013 $
Less than one year	687	793
Between one and five years	3,435	3,695

The company leases the facilities under operating leases. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Lease payments are increased on renewal to reflect market rentals.

During the year ended December 31, 2014 $875 (2013: $925) were recognised as an expense in the statement of comprehensive income in respect of operating leases.

Notes to Financial Statements

December 31, 2014

(Expressed in thousands of Trinidad and Tobago dollars)

18. Related party transactions

(a) Identity of related party

The Company has a related party relationship with its parent and with its directors and executive officers.

(b) Related party transactions

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.

	2014 $	2013 $
Income and expenses		
Management fees	500	500
Reinsurance premiums	1,992	3,244
Directors' fees	144	141

Amounts due from related parties are disclosed in note 6.

(c) Transactions with key management personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers. The key management personnel compensation is as follows:

	2014 $	2013 $
Short-term employee benefits		
Accommodation	333	318
Vehicle	148	306

19. Use of accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the reporting period. Actual results could differ from these estimates.

Notes to Financial Statements

December 31, 2014
(Expressed in thousands of Trinidad and Tobago dollars)

19. Use of accounting estimates and judgments (continued)

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

- *Held-to-maturity investments*

  The company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these investments to maturity other than for the specific circumstances for example, selling other than an insignificant amount close to maturity it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value, not amortised cost. If the entire class of held-to-maturity investments is compromised, the fair value would be recorded in investments with a corresponding entry in the capital reserve in shareholders' equity

- *Determining fair values*

  Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

- *Impairment of assets*

  The identification of impairment and the determination of recoverable amounts is an intently uncertain process involving various assumptions and factors, including the financial condition of the counter party, expected future cash flows, observable market prices and expected net selling prices.

- *Litigation*

  There are certain legal proceedings outstanding against the Company. Appropriate provision has been made in these financial statements to reflect the loss that in management's opinion is likely to occur.

20. Capital commitment

As at December 31, 2014, capital commitments amounting to approximately $750 (2013: $1,000) existed with respect to the property situated at 6A Victoria Avenue.

Corporate Information

BOARD OF DIRECTORS:	Srinivasan Gopalan	-	Chairman
	Joyti Kumar Garg	-	Managing Director - 2015
	Aswathanarayana	-	Managing Director - 2014
	Jagdeesh Siewrattan		
	Horace Broomes		
	Keith Sirju		
BOARD COMMITTEES:	**Audit Committee**		
	Jagdeesh Siewrattan	-	Chairman
	Keith Sirju	-	Member
	Horace Broomes	-	Member
	Investment Committee		
	Keith Sirju	-	Chairman
	Jagdeesh Siewrattan	-	Member
	Horace Broomes	-	Member
	Compensation Committee		
	Horace Broomes	-	Chairman
	Jagdeesh Siewrattan	-	Member
	Keith Sirju	-	Member

CORPORATE SECRETARY:
Harish Kumar Singhal
6A Victoria Avenue
Port of Spain

AUDITORS:
KPMG Chartered Accountants
69-71, Edward Street
Port of Spain

ATTORNEYS-AT-LAW:
Girwar & Deonarine
Harris Court
17-19 Court Street
San Fernando

BANKERS:
Scotiabank Trinidad and Tobago Limited
1, Frederick Street
Port of Spain

Corporate Information (cont'd)

HEAD OFFICE

Joyti Kumar Garg	-	Managing Director
Sookdeo Beepath	-	Corporate Consultant
Harish Singhal	-	General Manager
Umesh Rathod	-	Underwriting Manager
Lutchmin Mohan	-	Accountant
Michael Peter Jacob	-	Marketing Manager
Lygia Wilson	-	Manager HR/Admin.
Venice George	-	Assistant Manager, Claims
Susan Lopez	-	Manager, IT
Zenora Hosein	-	Assistant Manager, U/W
Ramdath Ramnarine	-	Senior Claims Officer

SAN FERNANDO

Joanne Singh	-	Branch Manager
Sita Seudath	-	Branch Supervisor

CHAGUANAS

Dayne Ali-Darbassie	-	Branch Supervisor

ST. LUCIA

Appusammy Sugumar	-	Branch Manager

Guyana

Sarswatie Basdeo	-	Branch Manager

HEAD OFFICE:

New India Assurance Building
6A,Victoria Avenue
P.O. Box 884,
Port of Spain, Trinidad and Tobago
Tel.: (868) 623-1326/625-0669/6522
Fax: (868) 625-0670
Email: hoffice@newindiatt.com

BRANCHES:

1) #49, Sutton Street San Fernando
Tel.: 652-2718/2658,
653-2787/8416
Fax: 652-0235
Email: sfclientservices@newindiatt.com

2) #103-105, Xavier Street Ext.
Chaguanas, 501312
Tel.: 665-1240
Fax: 672-3506
Email: niattchag@newindiatt.com

3) #290, Eastern Main Road
El Dorado
Tel.: 662-5223
Fax: 662-5223
Email: niatteld@newindiatt.com

4) Computer World Building
Bois D'Orange
Gros Islet St. Lucia
Tel.: (758) 450-3388
Fax: (758) 450-2234
Email: niattslu@newindiatt.com

5) #58B Brickdam
Stabroek
Georgetown, Guyana
Tel.: (592) 226-0415-7
Fax: (592) 226-0418
Email: guyana@newindiatt.com

Corporate Information (cont'd)

LOCAL AGENTS / SALESPERSONS:

1. **Calcut Insurance Services Limited**
   208 Southern Main Road, Couva.
   Tel: 225-2882
   Fax: 636–3741
   Contact: Andrew Calcut
   Email: andrewcalut@hotmail.com

2. **Nazia Ali-Azim Insurance Agency Limited**
   Opp. LP#7432 Old Southern Main Road,
   Montrose Village, Chaguanas.
   Tel/Fax: 665–5865
   Contact: Nazia Ali-Azim
   Email: naziaaliazim@gmail.com

3. **Kushal Co. Limited**
   25 Twelfth Street, Barataria,
   San Juan. Tel: 674–6034
   Fax: 675–7907
   Contact persons: Ms. Varona Polat and
   Mr. Ritesh Baksh
   Email: kushal.agencies@gmail.com

4. **Affiliated General Insurance Services Limited**
   6 Church Street, La Romain.
   Tel: 782–7644/687–7660
   Contact persons: Mr. Vivian Mohammed
   and Mr. Sharaz Mohammed
   Email: vivianmohammed@rocketmail.com
   Email: sharaz_agisl@hotmail.com

5. **Premier Insurance Services Limited**
   4 Perth Avenue,
   Cocoyea Village,
   San Fernando.
   Tel/Fax: 221-4340/680-8107/223-4901
   Contact: Sarah Mohammed
   Email: p.i.s.l@hotmaill.com

6. **Veda Consultants Limited**
   Chandrahari Building,
   9 Todd Street, El Socorro,
   San Juan.
   Tel: 638–3780
   Fax: 638–2488
   Contact: Mrs. Rohini Persad
   Email: kalyaani@tstt.net.tt

7. **Russ Financial Services Limited**
   239 La Fortune, Woodland,
   Via La Romain.
   Tel: 350–0753/319-5338
   Contact: Mr. Narendra Sookram
   Email: russelsookram@gmail.com

8. **GCC Insurance Services Limited**
   28 Kalloo Road,
   Point Fortin.
   Tel: 648–2311
   Fax: 648–4377
   Contact: Gail Mohammed
   Email: gail_mohammed@yahoo.com

9. **S.G. Financial Services Limited**
   6 Birbal Drive, Papourie Road,
   Diamond Village,
   San Fernando.
   Mobile No.: 764–0770/292–4922
   Contact: Mr. Stephen Gobin
   Email: gobin.stephen@gmail.com

10. **Ramadharsingh's Finance & Investment Consultants Limited**
    100A Grants Trace,
    Rousillac.
    Tel: 648–9675
    Fax: 648-9785
    Contact: Mrs. Eva Dawn Sankar
    Email: evasankar@hotmail.com

11. **Serene Insurance Agencies Limited**
    95 Southern Main Road,
    Marabella.
    Tel/Fax: 657–7250
    Mobile No.: 689–3589/630-4079
    Contact: Ms. Nathalie Mohammed
    Email: nathalie.sereneinsurance@gmail.com

Corporate Information (cont'd)

LOCAL AGENTS / SALESPERSONS: (Continued)

12. **Topline Insurance Services Limited**
    93 Cedar Hill Village, Princes Town.
    Tel: 466-6268/689–2808
    Fax: 221–1187
    Contact: Sinatra Mohammed
    Email: ldass_toplineinsurance@hotmail.com

13. **Mr. Zafir Azim**
    c/o. Mrs. Nazia Azim
    Old Southern Main Road,
    Montrose Village,
    Chaguanas.
    Tel: 665–5865
    Email: zafirazim@gmail.com

14. **Mr. Roodal Ramnasibsingh**
    2515 Naparima Mayaro Road,
    Rio Claro.
    Tel/Fax: 644–2527/680–1172
    Email: aramnasib@gmail.com

15. **Ms. Shirley Singh**
    4 Boodoo Trace,
    De Gannes Village,
    Siparia.
    Tel: 649–1937

16. **Mrs. Doreen Jagessar**
    49 Irving Street,
    San Fernando.
    Tel/Fax: 652–4902

Corporate Information (cont'd)

FOREIGN AGENCIES:

1. **DOMINICA**

J.C. Timothy
A.C. Shillingford & Company Limited
King George V Street,
P.O. Box: 99
Roseau, Commonwealth of Dominica.
Tel: (767) 448–4023/2481
Fax: (767) 448–6681
Email: newindia@acshillingfords.com

2. **ST. LUCIA**

Thomas Roserie
Roserie Leasing Corporation
Principal Agents
Corner John Compton Highway & La Clery Junction,
P.O. Box: CP5562
Castries, St. Lucia.
Tel: (758) 458–1370/459–0835/452–4013
Fax: (758) 451–8043
Email: roserieleasing@candw.lc

A.F. Valmont
A.F. Valmont & Company Limited
Jeremie Street,
P.O. Box: 172 Castries, St. Lucia.
Tel: (758) 452–4866/3817
Fax: (758) 451–6130/452–4225
Email: christinem@afvalmont.com

Dylan Pitcairn
Phoenix Auto & Property Insurance Services Ltd.
1st Floor Amurbroise Building
Mary Ann Street,
P.O. BOX 307,
Castries, St. Lucia.
Tel: (758) 452–2161
Fax: (758) 456–0747
Email: papiinsserv@gmail.com

3. **ST. MAARTEN**

Alexander Maynard
Maynard's Agencies N.V.
P.O. Box: 109
Philipsburg, St. Maarten,
Netherland Antilles
Tel: 721-542-2429
Fax: 721-542-3118
Email: maynardagencies@live.com

Notes