Financial Statements of

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

December 31, 2017

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Contents

December 31, 2017

Assurance - When you need it most

Statement of Management Responsibilities
The New India Assurance Company (Trinidad and Tobago) Limited

Management is responsible for the following:

- Preparing and fairly presenting 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, 2017, the statements of comprehensive income, changes in equity and cash flows, and notes, comprising 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 the Company's 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 Insurance and Companies Acts; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standard 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 authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

Managing Director	Accountant
May 9, 2018	May 9, 2018

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Chartered Accountants
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Independent Auditors' Report
To the Shareholders of The New India Assurance Company (Trinidad and Tobago) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2017, the statements of comprehensive income, changes in equity and cash flows, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' 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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditors' report.

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Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance before the annual general meeting of the Company is held.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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.

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

Auditors' Responsibilities 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 auditors' 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.

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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 auditors' 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 auditors' 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chartered Accountants

Port of Spain
Trinidad, West Indies
May 9, 2018

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Financial Position

December 31, 2017
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2017 $	2016 $
ASSETS			
Property, plant and equipment	4	45,701	46,548
Deferred tax asset	5	2,406	1,924
Taxation recoverable		2,441	-
Reinsurance assets	10	399,126	76,567
Trade and other receivables	6	95,186	44,956
Investments	7	119,578	117,962
Term deposits		50,810	58,807
Cash and cash equivalents		73,233	28,250
Total assets		788,481	375,014
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	8	17,617	17,617
Capital reserve		9,669	11,160
Catastrophe reserve fund		1,600	1,600
Statutory surplus reserve		25,251	22,206
Retained earnings		102,384	119,800
		156,521	172,383
LIABILITIES			
Insurance contracts	10	513,737	173,021
Deferred tax liability	5(iii)	6,898	7,157
Taxation payable		-	4,128
Trade and other payables	11	111,325	18,325
		631,960	202,631
Total equity and liabilities		788,481	375,014

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

Signed on behalf of the Board

Director **Director**

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Comprehensive Income

For the year ended December 31, 2017
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2017 $	2016 $
Insurance contracts premium revenue		131,046	137,511
Reinsurers' share of insurance contracts premium revenue		(55,622)	(46,314)
Net insurance contracts premium revenue		75,424	91,197
Gross change in unearned premium provision and unexpired risks		4,466	(1,549)
Reinsurers' share of change in unearned premium provision and unexpired risks		207	203
Net change in unearned premium provision and unexpired risks		4,673	(1,346)
Net insurance revenue		80,097	89,851
Reinsurance commissions		10,739	11,447
Investment and other income	12	6,670	6,321
Total revenue		97,508	107,619
Gross claims incurred		(460,225)	(83,099)
Reinsurers' share of gross claims incurred		391,708	37,530
Net insurance claims incurred		(68,517)	(45,569)
Agents and brokers commissions		(21,078)	(21,893)
Other operating and administrative expenses		(22,385)	(20,768)
Total claims incurred and other expenses		(111,980)	(88,230)
(Loss)/profit before tax		(14,472)	19,389
Taxation		1,077	(7,210)
Net (loss) profit for the year		(13,395)	12,179

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Comprehensive Income (continued)

For the year ended December 31, 2017
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	2017	2016
		$	**$**
Net (loss)/profit for the year		(13,395)	12,179
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		(106)	2,192
Items they may be reclassified to profit or loss			
Net change in fair value of available-for-sale investments		(1,491)	(2,973)
Total comprehensive income (loss)/profit for the year		(14,992)	11,398
(Loss) profit attributable to:			
Owners of the Company		(11,252)	10,230
Non-controlling interest		(2,143)	1,949
		(13,395)	12,179
Total comprehensive income attributable to:			
Owners of the Company		(12,593)	9,574
Non-controlling interest		(2,399)	1,824
		(14,992)	11,398

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Changes in Equity

For the year ended December 31, 2017
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
	$	$	$	$	$	$
Balance at January 1, 2017	17,617	11,160	1,600	22,206	119,800	172,383
Net loss for the year	-	-	-	-	(13,395)	(13,395)
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	(106)	(106)
Net unrealised gain on revaluation of available-for-sale investments	-	(1,491)	-	-	-	(1,491)
Total other comprehensive income	-	(1,491)	-	-	(106)	(1,597)
Total comprehensive income-for the year	-	(1,491)	-	-	(13,501)	(14,992)
Transactions with owners, recorded directly in equity						
Transfer from retained earnings	-	-	-	3,045	(3,045)	-
Dividends paid (see note 9)	-	-	-	-	(870)	(870)
Total transactions with owners	-	-	-	3,045	(3,915)	(870)
Balance at December 31, 2017	17,617	9,669	1,600	25,251	102,384	156,521

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Changes in Equity

For the year ended December 31, 2017
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
	$	$	$	$	$	$
Balance at January 1, 2016	17,617	14,133	1,600	19,200	111,919	164,469
Net profit for the year	-	-	-	-	12,179	12,179
Other comprehensive income						
Foreign currency translation differences	-	-	-	-	2,192	2,192
Net unrealised gain on revaluation of available-for-sale investments	-	(2,973)	-	-	-	(2,973)
Total other comprehensive income	-	(2,973)	-	-	2,192	(781)
Total comprehensive income- for the year	-	(2,973)		-	14,371	11,398
Transactions with owners, recorded directly in equity						
Transfer from retained earnings	-	-	-	3,006	(3,006)	-
Dividends paid (see note 9)	-	-	-	-	(3,484)	(3,484)
Total transactions with owners	-	-		3,006	(6,490)	(3,484)
Balance at December 31, 2016	17,617	11,160	1,600	22,206	119,800	172,383

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Cash Flows

For the year ended December 31, 2017
(Expressed in thousands of Trinidad and Tobago dollars)

	2017	2016
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before taxation	(14,472)	19,389
Adjustments for:		
Depreciation	1,232	564
Interest income	(4,610)	(3,543)
Dividend income	(2,062)	(1,702)
Operating (loss) profit before working capital changes	(19,912)	14,708
Change in other receivables and reinsurance assets	(370,156)	(17,395)
Change in insurance contracts liabilities	340,716	27,454
Change in other creditors	93,074	(2,264)
	43,722	22,503
Corporation taxes paid	(6,837)	(3,774)
Net cash from operating activities	36,885	18,729
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	1,923	2,235
Dividends received	2,062	1,702
Purchase of property, plant and equipment	(385)	(233)
Purchase of investments and term deposits	(70,365)	(78,816)
Redemption of investments and term deposits	74,937	55,609
Net cash provided by (used in) investing activities	8,172	(19,503)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(74)	(3,484)
NET DECREASE IN CASH AND CASH EQUIVALENTS	44,983	(4,258)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,250	32,508
CASH AND CASH EQUIVALENTS AT END OF YEAR	73,233	28,250
Represented by:		
Cash in hand and at bank	73,233	28,250

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

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, Anguilla and Guyana. 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 May 9, 2018.

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 have been updated to conform with current year's presentation.

(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

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*(q)* 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) 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.

2. Statement of Accounting Policies (continued)

(f) Property, plant and equipment (continued)

Revaluation increases are recognized in other comprehensive income and accumulated as a separate component of equity in the property, plant and equipment revaluation reserve, except to the extent that they reverse a revaluation decrease of the same asset previously recognized in the income statement in which case the increase is recognized in the income statement.

Revaluation decreases are recognized in the income statement except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognized in other comprehensive income and accumulated as a separate component of equity in the property, plant and equipment revaluation reserve.

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

(g) 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.

2. Statement of Accounting Policies (continued)

(h) 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.

(i) 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.

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.

(i) 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.

(ii) 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.

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.

2. Statement of Accounting Policies (continued)

(i) Financial instruments (continued)

(iii) Measurement (continued)

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.

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.

(j) 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.

(k) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets{see accounting policy (*w*)} 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 (k)(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.

2. Statement of Accounting Policies (continued)

(k) Impairment (continued)

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.

2. Statement of Accounting Policies (continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

2. Statement of Accounting Policies (continued)

(o) 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.

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, 2017 have been classified as insurance contracts.

(p) 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.

2. Statement of Accounting Policies (continued)

(q) 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.

(r) 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.

(s) 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.

(t) 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.

2. **Statement of Accounting Policies** (continued)

(t) Revenue recognition (continued)

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.

(u) 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.

(v) Other income and expenditure

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

(w) 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.

2. **Statement of Accounting Policies** (continued)

(w) Taxation (continued)

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, revised and amended standards and interpretations**

(a) New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
- The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
- Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.

3. New, revised and amended standards and interpretations (continued)

(a) New, revised and amended standards and interpretations that became effective during the year (continued)

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following: (continued)

- An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

- Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

3. New, revised and amended standards and interpretations (continued)

(b) New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early-adopted. The Company has assessed the relevance of all such new standards, amendments and interpretations with respect to the Company's operations and has determined that the following are likely to have an effect on the financial statements.

- IFRS 16, *Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The Company is assessing the impact that this amendment will have on its 2019 financial statements.

- Amendments to IFRS 4, *Insurance Contracts*, provide two optional solutions to reduce the impact of the differing effective dates of IFRS 9, *Financial Instruments* (effective January 1, 2018), and IFRS 4, *Insurance Contracts* (expected to be effective in 2020 or later) as follows:

  (i) Temporary exemption from IFRS 9:

    (a) Rather than having to implement IFRS 9 in 2018, some companies will be permitted to continue to apply IAS 39 *Financial Instruments: Recognition and Measurement.*

    (b) To qualify, a reporting company's activities need to be predominantly connected with insurance.

3. New, revised and amended standards and interpretations (continued)

(b) New, revised and amended standards and interpretations not yet effective continued

(b) To qualify, a reporting company's activities need to be predominantly connected with insurance.

Entities applying the temporary exemption will need to disclose fair value information separately for financial assets that meet the exemption criteria and for all other financial assets.

(ii) Overlay approach:

For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

There will be new qualitative and quantitative disclosure requirements to describe how the adjustment is calculated and the effect on the financial statements.

The company has elected to adopt this amendment and it will be applied to the financial statements for the year ending December 31, 2018.

- IFRIC 23, *Uncertainty over Income Tax Treatments*, which is effective for annual reporting periods beginning on an offer January 1, 2019, clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities.

- IFRS 17, *Insurance, contracts*, which is effective for annual reporting periods beginning on or after January 1, 2021, introduces a new measurement model for insurance contracts, the general measurement model (GMM) which are based on a fulfilment objective and uses current assumptions The standards introduces a single, revenue recognition principle to affect services provided and is modified for certain contracts.

(Expressed in thousands of Trinidad and Tobago dollars)

4. Property, Plant and Equipment

	Land & Building	Leasehold Improvements	Office Equipment & Motor Vehicles	Total 2017	Total December 31 2016
	$	$	$	$	$
Cost/valuation					
At beginning of year	45,870	986	8,584	55,440	55,207
Additions	-	65	320	385	233
At end of year	45,870	1,051	8904	55,825	55,440
Depreciation					
At beginning of year	2,539	788	5,565	8,892	8,328
Charge	659	64	509	1,232	564
At end of year	3,198	852	6,074	10,124	8,892
Net written down value	42,672	199	2,830	45,701	46,548

Included in the depreciation charge is the correction of error, whereby land was being depreciated in prior years.

5. Taxation

	December31 2017	December31 2016
	$	$
(i) Deferred tax asset		
The deferred tax asset is attributable to:		
Claims	2,406	1,924
Foreign currency translation	-	-
	2,406	1,924
(ii) The movement in the deferred tax asset is as follows:		
Balance at beginning of year	1,924	1,435
Claims	482	656)
Foreign currency translation	-	(167)
	2,406	1,924

(Expressed in thousands of Trinidad and Tobago dollars)

5. Taxation (continued)

(iii) Deferred tax liability

	December31 2017 $	December31 2016 $
The deferred tax liabilities are attributable to the following items:		
Unrealised loss on revaluation of available-for-sale investments	(4,059)	(4,621)
Foreign currency translation	96	(64)
Property, plant and equipment	(2,935)	(2,472)
	(6,898)	(7,157)

(iv) The movement in the deferred tax liability account is as follows:

	2017	2016
Balance at beginning of year	(7,157)	(5,815)
Unrealised loss gains on revaluation of available for sale investments	626	(238)
Foreign currency translation	96	(64)
Property, plant and equipment	(463)	(1,040)
	6,898	(7,157)

(v) Tax charge for the year

	2017	2016
Current year - Provision for taxation in St Maarten, Dominica and Trinidad and Tobago	-	6,426
Deferred tax expense relating to the origination/reversal of temporary differences	(1,077)	784
	(1,077)	7,210

(Expressed in thousands of Trinidad and Tobago dollars)

5. Taxation (continued)

(v) Tax charge for the year (continued)

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

	2017 $	2016 $
(Loss)/ profit before tax	(14,472)	19,389
Tax at the applicable rate	-	7,075
Net tax effect of items disallowed for tax purposes	(584)	152
Impact of change in rate	-	(17)
Prior year over provisions for deferred tax	(493)	-
	(1,077)	7,210

6. Trade and Other Receivables

	2017 $	2016 $
Insurance receivables	70,510	38,570
Amounts due from reinsurers		
- New India, Mumbai	2,274	2,274
- Other reinsurers	15,695	2,938
Other receivables	6,707	1,174
	95,186	44,956

(Expressed in thousands of Trinidad and Tobago dollars)

7. Investments

	2017	2016
	$	$
Available-for-sale		
Bonds and other securities	69,238	66,477
Quoted shares	42,693	45,752
Unquoted shares	315	315
	112,246	112,544
Held-to-maturity		
Bonds	7,332	5,418
Total investments	119,578	117,962

Bonds and securities pledged with the Inspector of Financial Institutions amounted to $60,160 at December 31, 2017 (December 31, 2016: $71,814).

In addition $15,400 (2016: $18,786) of term deposits totaling $51,261 (2016: $58,807) at December 31, 2017 are pledged with the Inspector of Financial Institutions.

8. Stated Capital

Authorised
22,000,000 shares of no par value

	2017	2016
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 5¢ (2015:20¢) per share for the year ended December 31, 2016.

	2017	2016
	$	$
Balance brought forward	37	54
Paid during the year	(74)	(3,501)
Proposed during the year	870	3,484
Balance carried forward	833	37

(Expressed in thousands of Trinidad and Tobago dollars)

10. Insurance Contracts Liabilities

		December 31 2017			December 31 2016		
	Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$	$	$	$
Provision for claims reported by policyholders		369,742	(316,344)	53,398	82,098	(47,727)	34,371
Provision for claims incurred but not reported (IBNR)		71,832	(61,616)	10,216	14,294	(7,880)	6,414
Total claims reported and IBNR	11 (a)	441,574	(377,960)	63,614	96,392	(55,607)	40,785
Provision for unearned premiums	11 (b)	65,603	(19,242)	46,361	69,663	(19,054)	50,609
Provision for unexpired risk	11 (c)	6,560	(1,924)	4,636	6,966	(1,906)	5,060
Total insurance contracts liabilities		513,737	(399,126)	114,611	173,021	(76,567)	96,454

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

	December 31 2017			December 31 2016		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At January 1	96,392	(55,607)	40,785	69,580	(32,947)	36,633
Claims incurred	460,225	(391,708)	68,517	83,099	(37,530)	45,569
Claims paid during the year	(115,043)	69,355	(45,688)	(56,288)	14,870	(41,418)
At December 31	441,574	(377,960)	63,614	96,392	(55,607)	40,785

(Expressed in thousands of Trinidad and Tobago dollars)

10. Insurance contracts liabilities (continued)

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

	December 31 2017			December 31 2016		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At January 1	69,663	(19,054)	50,609	71,072	(21,687)	49,385
Premium written in the year	131,046	(55,621)	75,425	137,511	(46,314)	91,197
Premium earned during the year	(135,106)	55,433	(79,673)	(138,920)	48,947	(89,973)
At December 31	65,603	(19,242)	46,361	69,663	(19,054)	50,609

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

	December 31 2017			December 31 2016		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At January 1	6,966	(1,906)	5,060	7,107	(2,169)	4,938
Net incurred and utilised during the year	(406)	(18)	(424)	(141)	263	122
At December 31	6,560	(1,924)	4,636	6,966	(1,906)	5,060

(Expressed in thousands of Trinidad and Tobago dollars)

11. Trade and other payables

	2017 $	2016 $
Sundry creditors and accruals	10,660	9,376
Amounts due to reinsurers		
New India, Mumbai	-	2,029
Other reinsurers	100,665	6,920
	111,325	18,325

12. Investment and other income

Interest income	4,610	3,543
Dividend income	2,062	1,702
Other income	-	1,076
	6,672	6,321

13. Profit before taxation

Profit before taxation is arrived at after charging:

Depreciation	1,232	564
Staff costs	7,103	8,889
Directors' fees	148	144

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.

(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) Financial instruments not measured at fair value

The table below shows the financial assets and liabilities not measured at fair value and analyses 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

(Expressed in thousands of Trinidad and Tobago dollars)

15. Fair Value of Financial Instruments (continued)

(iii) Financial instruments not measured at fair value (continued)

	Level 1	Level 2	Level 3	Fair Value	Total Carrying Amount
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2017					
Assets					
Held-to-maturity investments	7,232	-	-	7,232	7,332
As at December 31, 2016					
Assets					
Held-to-maturity investments	6,277	-	-	6,277	5,430

Where available, the fair value of investment securities is based on observable market transactions.

(iv) Financial instruments measured at fair value (continued)

	Level 1	Level 2	Level 3	Fair Value	Total Carrying Amount
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2017					
Assets					
Equities	42,562	-	-	42,562	-
Debt Securities	-	72,553		72,553	
	42,562	72,553		115,115	-
As at December 31, 2016					
Assets					
Equities	45,752	-	-	45,752	-
Debt Securities	-	66,792	-	66,792	-
	45,752	66,792	-	112,544	-

Where available, the fair value of investment securities is based on observable market transactions.

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.

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.

(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

c. *Credit risk (continued)*

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.

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	
	2017	2016
	$	$
Available for sale investments	112,246	112,544
Held-to-maturity investments	7,332	5,418
Trade and other receivables	95,186	44,956
Reinsurance assets	399,126	76,567
Term deposits	50,810	58,807
Cash and cash equivalents	73,233	28,250
	737,933	326,542

(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

c. *Credit risk (continued)*

The aging of insurance receivables at the reporting date was:

	Gross	Impairment	Gross	Impairment
	December 31		December 31	
	2017	2017	2016	2016
	$	$	$	$
Not past due	46,492	-	15,584	-
Past due 0-30 days	5,248	-	5,864	-
Past due 31-120 day	14,045		13,144	-
More than one year	16,173	11,449	11,159	7,181
	81,958	11,449	45,751	7,181

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

	2017	2016
	$	$
Balance at beginning of year	7,181	6,200
Impairment loss recognized	4,268	981
Balance at end of year	11,449	7,181

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

16. Insurance and risk management (continued)

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:

	Carrying amount	
	2017	2016
	$	$
Fixed rate instruments		
Term deposits	50,809	58,807
Investments	72,238	66,375
	123,047	125,182

Sensitivity analysis

A strengthening (weakening) of interest rates by 1% would have had no significant impact on profit or loss. This analysis is based on interest rate variances that the Company considered to be reasonable at the reporting date. The analysis assumes that all other variables, such as foreign currency, remain constant and ignores any impact on forecasted sales and purchases. The analysis is performed consistently from year to year.

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, Guyana, St. Maarten and Anguilla. The functional and presentation currency is Trinidad and Tobago dollars. Foreign currency risk arises in the other islands of operations.

(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management (continued)

f. *Foreign currency risk* (continued)

December 31, 2017

Details	OTHER	TT$	EC$	FLS	TOTAL
Assets					
Cash and cash equivalents	816	31,133	17,480	23,804	73,233
Term deposits	1,310	31,727	14,704	3,068	50,809
Investments	676	112,246	6,656	-	119,578
Trade and other receivables	2,847	26,496	24,521	41,322	95,186
Reinsurance assets	9,220	39,263	168,409	182,234	399,126
Total assets	14,869	240,865	231,770	250,428	737,932
Liabilities					
Insurance contracts	11,970	106,808	190,443	204,515	513,736
Trade and other payables	(15,017)	58,669	(24,394)	92,067	111,325
Total liabilities	(3,047)	165,477	166,049	296,582	625,061
Net exposure	11,822	75,388	65,721	(46,154)	112,871

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

December 31, 2016

Details	OTHER	TT$	EC$	FLS	TOTAL
Assets					
Cash and cash equivalents	665	20,765	2,766	4,054	28,250
Term deposits	470	40,837	14,724	2,776	58,807
Investments	668	112,544	4,750	-	117,962
Trade and other receivables	360	25,980	23,019	(4,403)	44,956
Reinsurance assets	24,879	39,502	9,567	2,619	76,567
Total assets	27,042	239,628	54,826	5,046	326,542
Liabilities					
Insurance contracts	27,881	108,566	28,875	7,699	173,021
Trade and other payables	(249)	55,193	(34,915)	(1,722)	18,307
Total liabilities	27,632	163,759	(6,040)	5,977	191,328
Net exposure	(590)	75,869	60,866	(931)	135,214

(Expressed in thousands of Trinidad and Tobago dollars)

16. Insurance and risk management

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

Sensitivity analysis

A 5% strengthening (weakening) of the Trinidad and Tobago dollar against its significant foreign currency at year would impact the profit or loss as follows:

	December 31 2017		**December 31 2016**	
	Increase	**Decrease**	**Increase**	**Decrease**
US dollar	228	(228)	913	(913)
EC dollar	106	(106)	142	(142)

17. Operating leases

Non-cancelable operating lease rentals are payable as follows:

	2017	**2016**
	$	**$**
Less than one year	798	672
Between one and five years	3,990	3,360

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, 2017 $1,015 (December 31, 2016: $1,094) were recognised as an expense in the statement of comprehensive income in respect of operating leases.

(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 condition.

	2017	2016
	$	$
Expenses		
Management fees	500	500
Reinsurance premiums	2,348	2,339
Directors' fees	148	144

Amounts due from related parties are disclosed in note 6 and amounts due to related parties are disclosed in note 11.

(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:

	2017	2016
	$	$
Short-term employee benefits		
Accommodation	237	484
Vehicle	-	-

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.

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, 2017, capital commitments amounting to approximately $Nil (December 31, 2016: $500) existed with respect to the property situated at 6A Victoria Avenue.

21. Subsequent events

There were no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Directors which require adjustments or disclosure in these financial statements.