

**THE NEW INDIA ASSURANCE COMPANY
(TRINIDAD AND TOBAGO) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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Ernst & Young Services Limited
P.O. Box 158
5/7 Sweet Briar Road
St. Clair, Port of Spain
Trinidad

Tel: +1 868 628 1105
Fax: +1 868 622 1153
www.ey.com

INDEPENDENT AUDITOR'S 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 31 December 2019, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Other Matter

The financial statements of The New India Assurance Company (Trinidad and Tobago) Limited for the year ended 31 December 2018, were audited by another auditor who expressed an unqualified opinion on those statements on 8 May 2019.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Board of Directors 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.

The Board of Directors is 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.

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.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Report on the Audit of the Financial Statements

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

(Continued)

- 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 the Audit Committee 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.

Port of Spain,
TRINIDAD:
5 June 2020

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 31 December 2019, the statements of income and other 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

June 05, 2020

June 05, 2020

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(Expressed in thousands of Trinidad and Tobago dollars)

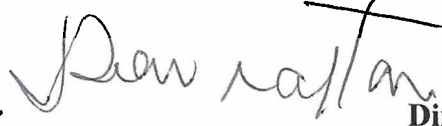
ASSETS	Notes	2019 \$	2018 \$
Property, plant and equipment	4	45,597	44,722
Deferred tax asset	5(i)	2,261	3,380
Taxation recoverable		7,200	978
Reinsurance assets	11	52,229	91,450
Trade and other receivables	6	31,073	54,957
Investments	7	148,251	145,032
Term deposits		31,584	28,311
Cash and cash equivalents	8	46,654	26,909
Total assets		<u>364,849</u>	<u>395,739</u>
Equity and liabilities			
Equity			
Stated capital	9	17,618	17,618
Capital reserve		23,687	8,079
Catastrophe reserve fund		1,600	1,600
Statutory surplus reserve		30,128	25,250
Retained earnings		126,768	119,230
		<u>199,801</u>	<u>171,777</u>
Liabilities			
Insurance contracts	11	145,804	190,458
Deferred tax liability	5(iii)	3,775	7,745
Taxation Payable		506	-
Trade and other payables	12	14,963	25,759
		<u>165,048</u>	<u>223,962</u>
Total equity and liabilities		<u>364,849</u>	<u>395,739</u>

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

These financial statements were approved by the Board of Directors and authorised for issue on 05 June 2020 and signed on its behalf by:



Director



Director

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2019 \$	2018 \$
Insurance contracts premium revenue	11(b)	114,463	121,021
Reinsurers' share of insurance contracts premium revenue	11(b)	<u>(44,149)</u>	<u>(42,809)</u>
Net insurance contracts premium revenue		<u>70,314</u>	<u>78,212</u>
Gross change in unearned premium provision and unexpired risks		(110)	9,251
Reinsurers' share of change in unearned premium provision and unexpired risks		3,591	(6,693)
Net change in unearned premium provision and unexpired risks		<u>3,481</u>	<u>2,558</u>
Net insurance revenue		73,795	80,770
Reinsurance commissions		8,920	8,758
Investment and other income	13	<u>4,256</u>	<u>6,082</u>
Total revenue		<u>86,971</u>	<u>95,610</u>
Gross claims incurred	11(a)	(9,852)	10,064
Reinsurers' share of gross claims incurred	11(a)	<u>(21,767)</u>	<u>(38,539)</u>
Net insurance claims incurred		(31,619)	(28,475)
Agents and brokers commissions		(18,811)	(18,996)
Other operating and administrative expenses	14	<u>(25,257)</u>	<u>(26,688)</u>
Total claims incurred and other expenses		<u>(75,687)</u>	<u>(74,159)</u>
Profit before taxation		11,284	21,451
Taxation expense	5(v)	<u>(1,246)</u>	<u>(1,938)</u>
Net profit after taxation		<u>10,038</u>	<u>19,513</u>

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2019 \$	2018 \$
Net profit after taxation		10,038	19,513
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		(407)	(2,667)
Net change in fair value of available-for-sale investments		<u>14,023</u>	<u>(1,590)</u>
Total comprehensive income for the year		<u>23,654</u>	<u>15,256</u>

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 31 DECEMBER 2019

(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital \$	Capital reserves \$	Catastrophe reserve \$	Statutory surplus reserve \$	Retained earnings \$	Total \$
Balance at 1 January 2019	17,618	8,079	1,600	25,250	119,230	171,777
Net profit after taxation	–	–	–	–	10,038	10,038
Other comprehensive income						
Foreign currency translation differences	–	–	–	–	(407)	(407)
Net unrealised gain on revaluation of available-for-sale investments	–	14,023	–	–	–	14,023
Total comprehensive income for the year	–	14,023	–	–	9,631	23,654
Other transactions recorded directly in equity						
Transfer to capital reserves	–	1,585	–	–	(1,585)	–
Transfer to statutory surplus reserve	–	–	–	4,878	(4,878)	–
Deferred tax reversal on net unrealised gain on revaluation of available-for-sale investments (see note 21)	–	–	–	–	5,238	5,238
Adjustment for IFRS-16	–	–	–	–	3	3
Dividends paid (see note 10)	–	–	–	–	(871)	(871)
Total other transactions	–	1,585	–	4,878	(2,093)	4,370
Balance at 31 December 2019	17,618	23,687	1,600	30,128	126,768	199,801
Balance at 1 January 2018	17,618	9,669	1,600	25,250	102,384	156,521
Net profit after taxation	–	–	–	–	19,513	19,513
Other comprehensive income						
Foreign currency translation differences	–	–	–	–	(2,667)	(2,667)
Net unrealised gain on revaluation of available-for-sale investments	–	(1,590)	–	–	–	(1,590)
Total comprehensive income for the year	–	(1,590)	–	–	16,846	15,256
Balance at 31 December 2018	17,618	8,079	1,600	25,250	119,230	171,777

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 31 DECEMBER 2019
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Premium received from policyholders/agents/brokers		119,334	153,179
Payments to the re-insurers, net of commissions and claims		(12,937)	137,586
Payment of direct claims		(54,617)	(303,945)
Payments of commission and brokerage		(18,811)	(18,997)
Payments of other operating expenses		(18,652)	(14,840)
Deposits, advances and staff loans		(5)	–
Corporation taxes paid (net)		(4,755)	(1,252)
Other payments		(164)	(145)
		<u>9,393</u>	<u>(48,414)</u>
Net cash from/ (used in) operating activities			
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(131)	(195)
Purchase of investments		(50,493)	(4,674)
Sales of investments		57,194	22,661
Rents/interests/dividends received		5,874	6,941
		<u>12,444</u>	<u>24,732</u>
Net cash flow from investing activities			
Cash flows used in financing activities			
Interest and dividends paid		(1,591)	(110)
Payments for Lease Liability		(501)	–
		<u>(2,092)</u>	<u>(110)</u>
Net cash flow used in financing activities			
Net increase/(decrease) in cash and cash equivalents:		19,745	(23,791)
Cash and cash equivalents at the beginning of the year	8	<u>26,909</u>	<u>50,700</u>
Cash and cash equivalents at the end of the year		<u>46,654</u>	<u>26,909</u>

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in Trinidad and Tobago Dollars)

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.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board. They have been prepared on the historical cost basis except for the measurement at fair value of available-for-sale investments. No account is taken of the effects of inflation.

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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures

i. New and amended standards and interpretations

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:

- IFRS 16 – Leases (effective 1 January 2019)

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is a Lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of the adoption of IFRS 16 as at 1 January 2019 is as follows:

	\$
Right-of-use assets	2,351
Lease liabilities	(2,351)

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures (continued)

i. New and amended standards and interpretations (continued)

- IFRS 16 – Leases (effective 1 January 2019) (continued)

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases where the Company is the lessee except for short-term leases and leases of low-value assets. Refer to Note 19 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(b) *Changes in accounting policies and disclosures* (continued)

i. New and amended standards and interpretations (continued)

- IFRS 16 – Leases (effective 1 January 2019) (continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	\$
Operating lease commitments as at 31 December	(3,463)
Weighted average incremental borrowing rate as at 1 January 2019	10%
Discounted operating lease commitments as at 1 January 2019	(2,351)
Less:	
Commitments relating to short-term leases	–
Lease liabilities as at 1 January 2019	(2,351)

- IFRIC 23, Uncertainty over Income Tax Treatments (effective 1 January 2019)

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation had no impact on the Company's financial statements.

- IAS 28 Investments in associates and Joint Ventures Amendments - Long-term interests in associates and joint ventures (effective 1 January 2019).

The standard had no impact on the Company's financial statements.

- IAS 19 - Employee Benefits Amendments - Plan Amendments, Curtailment or Settlement - (effective 1 January 2019)

The standard had no impact on the Company's financial statements.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Trinidad and Tobago Dollars)
(Continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures (continued)

i. New and amended standards and interpretations (continued)

- IFRS 3 Business Combinations - Amendments – Previously held interests in a joint operation - (effective 1 January 2019).

The standard had no impact on the Company's financial statements.

- IFRS 11 Joint Arrangements - Amendments – Previously held interest in joint operation -(effective 1 January 2019).

The standard had no impact on the Company's financial statements.

- IAS 12 Income Taxes - Amendment – Income tax consequences of payments on financial instruments classified as equity - (effective 1 January 2019).

The standard had no impact on the Company's financial statements.

- IAS 23 Borrowing Costs - Amendment – Borrowing costs eligible for capitalization - (effective 1 January 2019).

The standard had no impact on the Company's 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 1 January 2018); and IFRS 4, Insurance Contracts as follows:

a. Temporary exemption from IFRS 9

Rather than implementing IFRS 9 in 2018, the Company will continue to apply IAS 39 Financial Instruments: Recognition and Measurement. The Company can do so because its activities are predominantly connected with insurance. The Company will disclose fair value information separately for financial assets that meet the exemption criteria and for all other financial assets.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(b) *Changes in accounting policies and disclosures* (continued)

i. New and amended standards and interpretations (continued)

- 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 1 January 2018); and IFRS 4, Insurance Contracts as follows: (continued)

b. Overlay approach:

For designated financial assets, the 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.

The Company is eligible for temporary exemption from IFRS 9 and has applied the first method to its 2019 and 2018 financial statements.

ii. 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 apart from IFRS 17 with respect to the Company's operations and has determined that the following are likely to have an immaterial effect on the financial statements. The impact of IFRS 17 will be determined in the next financial year.

- IFRS 17, *Insurance, contracts*, (effective 1 January 2023)
- Amendments to References in the Conceptual Framework in IFRS Standards, (effective 1 January 2020)
- Amendments to IFRS 3 – Definition of Business, (effective 1 January 2020)
- Amendments to IAS 1 and IAS 8 – Definition of Material, (effective 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rates Benchmark Reform, (effective 1 January 2020)

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(c) Property, plant and equipment

All property, plant and equipment, except land are stated at historical cost less accumulated depreciation and impairment losses. Land is stated at historical cost less 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 benefit 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.

Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives.

The rate 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 cost on reducing balance

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

(d) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(d) *Leases* (continued)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property, plant and equipment	3-10 years
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If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy (h) for impairments.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(g) Financial instruments (continued)

(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.

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.

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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Measurement (continued)

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.

(h) 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 (h)(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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(h) Impairment (continued)

(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.

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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

2. Significant accounting policies (continued)

(i) Financial liabilities excluding insurance contract and claims liabilities

Initial recognition and measurement:

Financial liabilities excluding insurance contract and claims liabilities are recognised at their fair value.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(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) 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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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(Continued)

2. Significant accounting policies (continued)

(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.

(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 dependent on both the probability of an insured event and the magnitude of its potential effect.

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

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, 2019 have been classified as insurance contracts.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(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.

Liability adequacy test

In accordance with IFRS 4, reserving for liabilities existing as at the reporting date from property and casualty lines of business has been tested for adequacy by independent actuarial consultants using the Bornhuetter-Fergusson model.

The Bornhuetter-Fergusson model can be summarised as follows:

- This valuation method makes an independent estimate of the gross ultimate claims to a corresponding premium for each underwriting year based on expectations of claims arising from the gross premiums written in that year;
- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim;
- From the independent estimate of gross ultimate claims, the portion that relates to past periods is removed and the resultant balance is the gross claims yet to emerge.

The independent actuaries concluded in their report dated February 4, 2020 that the carrying amounts of the insurance liabilities of the general insurance as at 31 December 2019, in respect of IBNR claims and claims from unexpired contracts were adequate.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

2. Significant 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) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (salvage). The Company may also have the right to pursue third parties for payment of some or all costs (subrogation). Both, salvage and subrogation reimbursements are recognised on a cash basis and credited to claims.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(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 from contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services

Premium income

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

Reinsurance commission

Reinsurance commission is recognised 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.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

2. Significant accounting policies (continued)

(u) Revenue from contracts with Customers (continued)

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.

(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.

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).

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

2. Significant accounting policies (continued)

(x) *Taxation* (continued)

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.

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

3. Use of estimates, assumptions and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Trinidad and Tobago Dollars)

(Continued)

3. Use of estimates, assumptions and judgements (continued)

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 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.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Trinidad and Tobago Dollars)

(Continued)

3. Use of estimates, assumptions and judgements (continued)

- *Leases*

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Company included the renewal period as part of the lease term for leases of properties with shorter non-cancellable period (i.e., 3 to 6 years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimating the incremental borrowing rate

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

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

- *Employee benefits*

The Company estimates the liability towards the gratuity payable to employees depending on their salary and years of service in the Company.

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

4. Property, plant and equipment

	Land & building \$	Leasehold improve- ments \$	Office equipment & motor vehicles \$	Right-of-use asset (property rental) \$	Total \$
Cost/valuation					
At 1 January 2019	46,236	1,051	8,734	2,351	58,372
Additions during 2019	–	–	131	121	252
Write off during 2019	–	(655)	(2,970)	–	(3,625)
At 31 December 2019	46,236	396	5,895	2,472	54,999
Depreciation					
At 1 January 2019	3,974	919	6,406	–	11,299
Charge during 2019	679	87	374	425	1,565
write off during 2019	–	(655)	(2,807)	–	(3,462)
At 31 December 2019	4,653	351	3,973	425	9,402
Net written down value at 31 December 2019	41,583	45	1,922	2,047	45,597
Cost/valuation					
At 1 January 2018	45,871	1,051	8,904	–	55,826
Additions during 2018	–	–	195	–	195
Reclassification	365	–	(365)	–	–
At 31 December 2018	46,236	1,051	8,734	–	56,021
Depreciation					
At 1 January 2018	3,199	852	6,074	–	10,125
Charge during 2018	775	67	332	–	1,174
At 31 December 2018	3,974	919	6,406	–	11,299
Net written down value at 31 December 2018	42,262	132	2,328	–	44,722

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(Continued)

5. Taxation	31 December 2019	31 December 2018
	\$	\$
(i) Deferred tax asset		
The deferred tax asset is attributable to:		
Claims	–	1,909
Bad debts provision	1,609	–
Statutory losses	652	1,471
	<u>2,261</u>	<u>3,380</u>
(ii) The movement in the deferred tax asset is as follows:		
Balance at beginning of year	3,380	2,406
Claims	(1,909)	(497)
Statutory losses	(819)	1,471
Bad debts provision	1,609	–
	<u>2,261</u>	<u>3,380</u>
(iii) Deferred tax liability		
The deferred tax liability is attributable to:		
Unrealised gain on revaluation of available-for-sale investments	–	(5,238)
Foreign currency translation	–	838
Property, plant and equipment	(3,775)	(3,345)
	<u>(3,775)</u>	<u>(7,745)</u>
(iv) The movement in the deferred tax liability is as follows:		
Balance at the beginning of the year	(7,745)	(6,898)
Unrealised gains on revaluation of available-for-sale investments	5,238	(1,179)
Foreign currency translation	(838)	742
Property, plant and equipment	(430)	(410)
	<u>(3,775)</u>	<u>(7,745)</u>

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

5. Taxation (continued)	31 December 2019	31 December 2018
	\$	\$
(v) Taxation expense		
Current year – Provision of taxation in St. Maarten, St. Lucia, Dominica and Trinidad & Tobago	2,231	3,262
Deferred tax expense relating to the origination/reversal of temporary differences	3,036	1,344
Prior year over estimation of deferred tax	(654)	(2,668)
Prior year over estimation of tax	(3,367)	–
	1,246	1,938
The following is a reconciliation between taxation expense and net profit before taxation computed by applying the statutory tax rates.		
Net profit before taxation	11,284	21,451
Tax at applicable rates	3,333	5,981
Net tax effect of items disallowed for tax purposes	1,934	(1,375)
Prior year over provision deferred tax	(654)	(2,668)
Prior year over provision of tax	(3,367)	–
	1,246	1,938
6. Trade and other receivables		
Insurance receivables	21,789	30,436
Amounts due from reinsurers		
- New India, Mumbai	20	11,494
- Other reinsurers	6,886	10,546
Other receivables	2,378	2,481
	31,073	54,957

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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(Continued)

	31 December 2019	31 December 2018
	\$	\$
7. Investments		
Available-for-sale		
Bonds and other securities	66,913	65,802
Quoted shares	43,687	43,357
Unquoted shares	325	315
Mutual funds	18,706	13,037
Repurchase agreements	11,258	15,164
	<u>140,889</u>	<u>137,675</u>
Held-to-maturity		
Bonds	7,362	7,357
	<u>148,251</u>	<u>145,032</u>

Bonds and securities pledged with the Inspector of Financial Institutions amounted to \$54,204 at 31 December 2019 (31 December 2018: \$50,330).

In addition, \$20,379 (2018: \$20,132) of term deposits totaling \$36,996 (2018: \$28,358) at 31 December 2019 are pledged with the Inspector of Financial Institutions.

	31 December 2019	31 December 2018
	\$	\$
8. Cash and cash equivalents		
Cash on hand	12	6
Cash at bank	39,027	26,903
Cash with investment broker	7,615	–
	<u>46,654</u>	<u>26,909</u>
9. Stated capital		
Authorised		
22,000,000 shares of no-par value		
Issued and fully paid		
17,418,946 shares of no-par value	<u>17,618</u>	<u>17,618</u>

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(Continued)

	31 December 2019	31 December 2018
	\$	\$
10. Dividends paid and proposed		
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2018: \$0.05 (2017: nil)	871	–
Proposed:		
No dividend proposed yet for 2019 (2018:\$0.05)		

11. Insurance contracts liabilities

		31 December 2019			31 December 2018		
		Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	Notes	\$	\$	\$	\$	\$	\$
Provision for claims reported by policyholders		69,025	(30,645)	38,380	107,977	(65,464)	42,513
Provisions for claims incurred but not reported		13,757	(3,520)	10,237	19,569	(11,513)	8,056
Total claims reported and IBNR	11 (a)	82,782	(34,165)	48,617	127,546	(76,977)	50,569
Provision for unearned premiums	11 (b)	57,293	(16,422)	40,871	57,193	(13,157)	44,036
Provision for unexpired risks	11 (c)	5,729	(1,642)	4,087	5,719	(1,316)	4,403
Total insurance contracts liabilities		145,804	(52,229)	93,575	190,458	(91,450)	99,008

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

	31 December 2019			31 December 2018		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	\$	\$	\$	\$	\$	\$
At 1 January	127,546	(76,977)	50,569	441,574	(377,959)	63,615
Claims incurred	9,852	21,767	31,619	(10,064)	38,539	28,475
Claims paid during the year	(54,616)	21,045	(33,571)	(303,964)	262,443	(41,521)
At 31 December	82,782	(34,165)	48,617	127,546	(76,977)	50,569

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(Continued)

11. Insurance contracts liabilities (continued)

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

	31 December 2019			31 December 2018		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	\$	\$	\$	\$	\$	\$
At 1 January	57,193	(13,157)	44,036	65,603	(19,242)	46,361
Premium written in the year	114,463	(44,149)	70,314	121,021	(42,809)	78,212
Premium earned during the year	(114,363)	40,884	(73,479)	(129,431)	48,894	(80,537)
At 31 December	57,293	(16,422)	40,871	57,193	(13,157)	44,036

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

	31 December 2019			31 December 2018		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	\$	\$	\$	\$	\$	\$
At 1 January	5,719	(1,316)	4,403	6,560	(1,924)	4,636
Incurred and utilised during the year	10	(326)	(316)	(841)	608	(233)
At 31 December	5,729	(1,642)	4,087	5,719	(1,316)	4,403

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11. Insurance contracts liabilities (continued)

(d) Claims development table (Gross claims excluding IBNR)

Business class: Fire

Loss year		Development year \$						
		1	2	3	4	5	6	6+
2013 & prior	Paid	1,649	6,091	74	6			
	O/s	2,859	604	221				
2014	Paid	512	1,147	25	244	(20)		
	O/s	1,404	791	424	123	123	23	
2015	Paid	2,638	497	1,584	2,604	642		
	O/s	14,998	14,902	13,309	10,720	9,137		
2016	Paid	13,816	16,541	834	285			
	O/s	18,750	1,524	449	69			
2017	Paid	25,570	114,693	14,789				
	O/s	104,065	20,253	2,695				
2018	Paid	1,915	4,175					
	O/s	7,283	641					
2019	Paid	1,409						
	O/s	1,615						

Business class: Motor

Loss year		Development year \$						
		1	2	3	4	5	6	6+
2013 & prior	Paid	12,591	4,649	887	545	1,182	374	3,017
	O/s	6,482	2,731	2,031	1,590	1,468	812	12,766
2014	Paid	14,347	6,091	1,437	342	978	911	
	O/s	7,255	3,898	3,827	3,608	2,606	1,124	
2015	Paid	20,439	7,684	2,727	1,245	508		
	O/s	7,247	3,482	3,994	3,304	3,982		
2016	Paid	26,095	6,797	1,439	1,330			
	O/s	11,418	4,093	4,920	6,230			
2017	Paid	24,353	14,822	2,282				
	O/s	20,599	8,580	9,706				
2018	Paid	18,678	6,395					
	O/s	7,068	5,413					
2019	Paid	16,301						
	O/s	7,820						

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(Continued)

11. Insurance contracts liabilities (continued)

(d) Claims development table (Gross claims excluding IBNR) (continued)

Business class: Miscellaneous

Loss year		Development year \$						
		1	2	3	4	5	6	6+
2013 & prior	Paid	294	416	435	93	108	309	131
	O/s	783	468	498	572	614	617	2,691
2014	Paid	295	624	69	22	95	273	
	O/s	131	294	231	394	1,294	971	
2015	Paid	176	272	37	23	349		
	O/s	504	477	715	763	472		
2016	Paid	210	364	93	511			
	O/s	112	253	851	157			
2017	Paid	181	240	636				
	O/s	549	977	568				
2018	Paid	592	480					
	O/s	709	487					
2019	Paid	220						
	O/s	558						

(e) Claims development table (Net claims excluding IBNR)

Business class: Fire

Loss year		Development year \$						
		1	2	3	4	5	6	6+
2013 & prior	Paid	435	428	8	–	–	–	–
	O/s	400	42	17	–	–	–	–
2014	Paid	76	443	8	25	(3)	–	
	O/s	640	146	46	15	16	11	
2015	Paid	1,077	140	308	156	120		
	O/s	1,297	1,211	920	766	544		
2016	Paid	2,856	2,045	122	105			
	O/s	2,676	252	116	5			
2017	Paid	3,781	1,087	2,441				
	O/s	5,201	876	599				
2018	Paid	1,093	890					
	O/s	1,690	156					
2019	Paid	539						
	O/s	548						

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(Continued)

11. Insurance contracts liabilities (continued)

(e) Claims development table (Net claims excluding IBNR) (continued)

Business class: Motor

Loss year		Development year\$						
		1	2	3	4	5	6	6+
2013 & prior	Paid	12,592	4,649	677	545	632	353	775
	O/s	6,482	2,383	1,736	1,156	907	512	3,628
2014	Paid	14,347	6,091	1,437	342	770	409	
	O/s	7,171	3,663	3,307	2,666	1,838	583	
2015	Paid	20,439	7,685	2,153	1,215	523		
	O/s	7,132	3,253	3,086	2,540	2,616		
2016	Paid	26,096	6,797	1,439	1,123			
	O/s	11,418	3,868	3,947	5,008			
2017	Paid	24,353	14,822	2,193				
	O/s	20,599	7,328	6,290				
2018	Paid	18,677	6,390					
	O/s	7,013	5,202					
2019	Paid	16,301						
	O/s	7,476						

Business class: Miscellaneous

Loss year		Development year\$						
		1	2	3	4	5	6	6+
2013 & prior	Paid	88	333	429	93	14	107	131
	O/s	655	468	398	472	514	517	2,155
2014	Paid	217	596	69	22	95	273	
	O/s	115	289	231	394	819	521	
2015	Paid	94	140	37	23	349		
	O/s	419	399	633	682	450		
2016	Paid	111	226	91	172			
	O/s	88	115	262	151			
2017	Paid	69	97	629				
	O/s	328	908	358				
2018	Paid	176	99					
	O/s	300	362					
2019	Paid	42						
	O/s	297						

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(Continued)

12. Trade and other payables	31 December 2019	31 December 2018
	\$	\$
Sundry creditors and accruals	12,934	12,239
Lease liabilities (See below)	1,971	–
Amounts due to reinsurers	58	13,520
	<u>14,963</u>	<u>25,759</u>

The Company has lease contracts for various items of property used in its operations. Leases of property generally have lease terms between 3 and 10 years.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Office premises	Residential accommodation	Total
	\$	\$	\$
Lease liabilities as at 1 January 2019	2,054	297	2,351
Additions	–	121	121
Accretion of interest	15	5	20
Payments	(363)	(158)	(521)
Lease liabilities as at 31 December 2019	<u>1,706</u>	<u>265</u>	<u>1,971</u>

Maturity analysis:

Current	575
Non-current	1,396
Short term lease expense	544

Refer to Note 4 for the carrying amounts of right-of-use assets recognised and the movements during the year.

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(Continued)

	31 December 2019	31 December 2018
	\$	\$
13. Investments and other income		
Interest income	3,824	4,664
Dividend income	1,262	1,367
Other (loss)/ income	(830)	51
	<u>4,256</u>	<u>6,082</u>
14. Other operating and administrative expenses		
Depreciation	1,565	1,174
Staff cost	7,414	7,562
Directors' fees	144	145
Provision for doubtful debts	5,378	7,820
Legal and professional	2,317	1,686
Advertising	917	734
Telephone and electricity	843	849
Travelling and motor vehicle	740	698
Miscellaneous	5,939	6,020
	<u>25,257</u>	<u>26,688</u>
15. 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.

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(Continued)

15. Insurance contracts liabilities and reinsurance assets – terms, assumptions and sensitivities (continued)

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.

16. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as the measurement date.

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.

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(Continued)

16. Fair value (continued)

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.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets and liability either directly or indirectly.

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(Continued)

16. Fair value (continued)

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

Level 3 inputs are unobservable inputs for the asset or liability. These are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value \$	Total carrying amount \$
As at 31 December 2019					
<i>Assets</i>					
Held-to-maturity investments	–	–	7,362	6,855	7,362
As at 31 December 2018					
<i>Assets</i>					
Held-to-maturity investments	–	–	7,357	7,357	7,357

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

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(Continued)

16. Fair value (continued)

(iv) Financial instruments measured at fair value

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value \$	Total carrying amount \$
As at 31 December 2019					
<i>Assets</i>					
Equities	43,687	–	–	43,687	43,687
Debt securities	–	66,913	–	66,913	66,913
	43,687	66,913	–	110,600	110,600
As at 31 December 2018					
<i>Assets</i>					
Equities	43,357	–	–	43,357	43,357
Debt securities	–	66,117	–	66,117	66,117
	43,357	66,117	–	109,474	109,474

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

17. 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
- 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.

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17. 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.

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(Continued)

17. Risk management (continued)

c. Credit risk (continued)

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	2019	2018
	\$	\$
Available for sale investments	96,887	93,955
Held-to-maturity investments	7,362	7,357
Trade and other receivables	31,073	54,957
Reinsurance assets	52,229	91,450
Term deposits	31,584	28,311
Cash and cash equivalents	<u>46,654</u>	<u>26,909</u>
	<u>265,789</u>	<u>302,939</u>

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(Continued)

17. Risk management (continued)

c. Credit risk (continued)

Exposure to credit risk (continued)

The maturity analysis of investments at the reporting date:

	31 December 2019	31 December 2018
	\$	\$
Short term – maturity within year	20,377	17,973
Long term – maturity after one year	<u>127,874</u>	<u>127,059</u>
Total investments	<u>148,251</u>	<u>145,032</u>

The aging of insurance receivables at the reporting date was:

	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
	\$	\$	\$	\$
0 – 45 days	9,961	–	9,763	–
46 – 90 days	5,225	–	6,320	–
91 – 180 days	3,743	–	13,836	–
Over 180 days	<u>26,595</u>	<u>23,735</u>	<u>18,965</u>	<u>18,448</u>
	<u>45,524</u>	<u>23,735</u>	<u>48,884</u>	<u>18,448</u>

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

	2019	2018
	\$	\$
Balance at beginning of year	18,448	11,449
Impairment loss recognized	<u>5,287</u>	<u>6,999</u>
Balance at end of year	<u>23,735</u>	<u>18,448</u>

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(Continued)

17. 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.

Aging analysis of financial liabilities is as under.

	31 December 2019	31 December 2018
	\$	\$
Liabilities due within one year	163,146	223,962
Liabilities due after one year	1,396	—
Total liabilities	164,542	223,962

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(Continued)

17. 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	
	2019	2018
	\$	\$
Fixed rate instruments		
Term deposits	31,584	28,311
Investments	<u>104,239</u>	<u>101,360</u>
	<u>135,823</u>	<u>129,671</u>

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.

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(Continued)

17. Risk management (continued)

f. **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 (TT\$), Dominica (EC\$), St. Lucia (EC\$), Guyana (GY\$), St. Maarten (FLS\$) and Anguilla (EC\$). The functional and presentation currency is Trinidad and Tobago dollars. Foreign currency risk arises in the other islands of operations.

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

Details	31 December 2019				
	TT\$	EC\$	FLS\$	GY\$	Total
Assets					
Cash and cash equivalents	14,379	29,163	1,806	1,306	46,654
Term deposits	11,663	15,062	3,065	1,794	31,584
Investments	140,889	6,677	-	685	148,251
Trade and other receivables	55,686	(23,565)	557	(1,605)	31,073
Reinsurance assets	32,005	12,167	480	7,577	52,229
Total assets	254,622	39,504	5,908	9,757	309,791
Liabilities					
Insurance contracts	100,248	30,242	4,953	10,361	145,804
Trade and other payables	12,005	1,071	1,867	20	14,963
Total liabilities	112,253	31,313	6,820	10,381	160,767
Net exposure	142,369	8,191	(912)	(624)	149,024

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(Continued)

17. Risk management (continued)

f. Foreign currency risk (continued)

Details	31 December 2018				
	TTS	EC\$	FLSS	GY\$	Total
Assets					
Cash and cash equivalents	13,355	9,723	2,777	1,054	26,909
Term deposits	8,491	14,978	3,074	1,768	28,311
Investments	137,676	6,708	-	648	145,032
Trade and other receivables	19,604	6,217	29,033	103	54,957
Reinsurance assets	41,013	24,693	17,896	7,848	91,450
Total assets	220,139	62,319	52,780	11,421	346,659
Liabilities					
Insurance contracts	110,583	44,872	24,529	10,474	190,458
Trade and other payables	58,438	(69,617)	35,680	958	25,759
Total liabilities	169,021	(24,445)	60,209	11,432	216,217
Net exposure	51,118	86,764	(7,429)	(11)	130,442

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:

	31 December 2019		31 December 2018	
	Increase	Decrease	Increase	Decrease
FLS dollar	35	(35)	(505)	505
GY dollar	32	(32)	16	(16)
EC dollar	442	(442)	356	(356)

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NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

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.

	2019	2018
	\$	\$
Expenses		
Management fees	500	500
Reinsurance premiums	2,998	2,259
Directors' fees	<u>144</u>	<u>148</u>

Amounts due from related parties are disclosed in note 6 and amounts due to related parties are disclosed in note 12.

(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:

	2019	2018
	\$	\$
Short-term employee benefits		
Accommodation	267	237

19. Capital commitment

No capital commitments by the company as at 31 December 2019 and as at 31 December 2018.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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(Continued)

20. Capital management

When managing capital, which is a broader concept than the ‘equity’ on the face of the statement of financial position, the objectives of the Company are:

- To comply with the capital requirements set by regulators;
- To safeguard the Company’s ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

In each country in which the Company operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held in addition to their insurance liabilities. The Company is subject to the insurance solvency regulations in all the territories in which it issues insurance contracts. The minimum required capital must be maintained at all times throughout the year. In 2019 and 2018 the Company complied with the externally imposed capital requirements and no changes were made to its capital base, objectives, policies and processes from the previous year.

21. Other transactions recorded directly to equity

In 2019, an adjustment was made to reverse the deferred tax liability as at 31 December 2018 on net unrealised gains on the revaluation of available-for-sale investments as the Company does not trade in investments. This resulted in a decrease in deferred tax liability as at 31 December 2018 of \$5,238 and an increase in retained earnings of \$5,238. A substantial portion of this adjustment related to years prior to 2016, and as such has been reversed through equity.

22. Subsequent events

On 30 January 2020, the World Health Organization declared the outbreak, of a novel strain of coronavirus (“COVID-19”), to constitute a “Public Health Emergency of International Concern.” This global outbreak has disrupted supply chains across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain. The related financial impact and duration of which, cannot be reasonably estimated at this time.

There were no other 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.