THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

Ernst & Young Services Limited

Building a better working world

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Statement of Management Responsibilities

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 2022, 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
16 March 2023

General Manager
16 March 2023

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Trinidad

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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 2022, the statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

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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

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.
- 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.

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)

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

- 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.

EY

Port of Spain,
TRINIDAD:
16 March 2023

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(Expressed in thousands of Trinidad and Tobago dollars)

Assets	Notes	2022 $	2021 $
Property, plant and equipment	4	43,138	43,207
Deferred tax asset	5(i)	927	502
Taxation recoverable		10,414	10,141
Reinsurance assets	11	52,143	47,987
Trade and other receivables	6	19,758	17,775
Investments	7	230,460	231,815
Term deposits		19,668	19,382
Cash and cash equivalents	8	35,872	26,673
Total assets		**412,380**	**397,482**
Equity and liabilities			
Equity			
Stated capital	9	17,618	17,618
Capital reserve		24,305	29,750
Catastrophe reserve fund		3,041	1,600
Retained earnings		172,086	164,283
Total equity		**217,050**	**213,251**
Liabilities			
Insurance contracts	11	155,987	157,667
Deferred tax liability	5(iii)	4,048	3,880
Taxation payable		1,941	1,157
Trade and other payables	12	33,354	21,527
Total liabilities		**195,330**	**184,231**
Total equity and liabilities		**412,380**	**397,482**

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 16 March 2023 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 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2022 $	2021 $
Insurance contracts premium revenue	11(b)	129,656	117,793
Reinsurers' share of insurance contracts premium revenue	11(b)	(59,093)	(49,267)
Net insurance contracts premium revenue		**70,563**	**68,526**
Gross change in unearned premium provision and unexpired risks		(6,389)	(2,542)
Reinsurers' share of change in unearned premium provision and unexpired risks		5,464	3,209
Net change in unearned premium provision and unexpired risks		**(925)**	**667**
Net insurance revenue		**69,638**	**69,193**
Reinsurance commissions		13,132	10,170
Investment and other income	13	9,763	8,986
Total revenue		**92,533**	**88,349**
Gross claims incurred	11(a)	(34,765)	(40,056)
Reinsurers' share of gross claims incurred	11(a)	3,932	4,608
Net insurance claims incurred		**(30,833)**	**(35,448)**
Agents and brokers commissions		(20,867)	(19,266)
Other operating and administrative expenses	14	(24,785)	(23,298)
Total claims incurred and other expenses		**(76,485)**	**(78,012)**
Net profit before taxation		16,048	10,337
Taxation expense	5(v)	(3,446)	(3,330)
Net profit after taxation		**12,602**	**7,007**

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 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	2022 $	2021 $
Net profit after taxation	**12,602**	**7,007**
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations	(745)	814
Net change in fair value of available-for-sale investments	(5,445)	8,637
Total comprehensive income for the year	**6,412**	**16,458**

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 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital $	**Capital reserves $**	**Catastrophe reserve $**	**Statutory surplus reserve $**	**Retained earnings $**	**Total $**
Balance at 1 January 2022	**17,618**	**29,750**	**1,600**	–	**164,283**	**213,251**
Net profit after taxation	–	–	–	–	12,602	12,602
Other comprehensive income						
Foreign currency translation differences	–	–	–	–	(745)	(745)
Net unrealised loss on revaluation of available-for-sale investments	–	(5,445)	–	–	–	(5,445)
Total comprehensive income for the year	–	**(5,445)**	–	–	**11,857**	**6,412**
Other transactions recorded directly in equity						
Transfer to Catastrophe Reserve (Note 21)			1,441		(1,441)	–
Dividends declared (Note 10)	–	–	–	–	(2,613)	(2,613)
Total other transactions	–	–	1,441	–	**(4,054)**	**(2,613)**
Balance at 31 December 2022	**17,618**	**24,305**	**3,041**	–	**172,086**	**217,050**
Balance at 1 January 2021	**17,618**	**21,113**	**1,600**	**32,637**	**124,696**	**197,664**
Net profit after taxation	–	–	–	–	7,007	7,007
Other comprehensive income						
Foreign currency translation differences	–	–	–	–	814	814
Net unrealised gain on revaluation of available-for-sale investments	–	8,637	–	–	–	8,637
Total comprehensive income for the year	–	**8,637**	–	–	**7,821**	**16,458**
Other transactions recorded directly in equity						
Transfer from statutory surplus reserve	–	–	–	(32,637)	32,637	–
Dividends declared (Note 10)	–	–	–	–	(871)	(871)
Total other transactions	–	–	–	**(32,637)**	**31,766**	**(871)**
Balance at 31 December 2021	**17,618**	**29,750**	**1,600**	–	**164,283**	**213,251**

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 2022
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2022 $	2021 $
Cash flows from operating activities			
Premium received from policyholders/agents/brokers		123,831	120,236
Payments to the re-insurers, net of commissions and claims		(28,822)	(26,000)
Payment of direct claims	11(a)	(42,835)	(35,196)
Payments of commission and brokerage		(20,867)	(19,266)
Payments of other operating expenses		(19,721)	(18,864)
Corporation taxes paid (net)		(3,191)	(2,198)
Other payments		(129)	(141)
Net cash from operating activities		**8,266**	**18,571**
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	(531)	(1,825)
Proceeds from disposal of property, plant and equipment		51	–
Purchase of investments		(25,988)	(76,890)
Sales of investments		21,617	41,937
Rents/interests/dividends received		9,862	8,264
Net cash flow generated from/(used in) investing activities		**5,011**	**(28,514)**
Cash flows used in financing activities			
Interest and dividends paid		(3,333)	(984)
Payments for lease liability		(746)	(584)
Net cash flow used in financing activities		**(4,078)**	**(1,568)**
Net increase/(decrease) in cash and cash equivalents		9,199	(11,511)
Cash and cash equivalents at the beginning of the year	8	26,673	38,184
Cash and cash equivalents at the end of the year		**35,872**	**26,673**

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

1. Incorporation and principal activity

The New India Assurance Company (Trinidad and Tobago) Limited (the Company) is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India (the ultimate parent). The Company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia, St. Maarten, and Guyana. The Company also maintains a run-off portfolio in the island of 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 (IASB). These financial statements have been prepared on the historical cost basis except for the measurement at fair value of available-for-sale investments.

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Each territory determines its own functional currency which is translated into Trinidad and Tobago dollars at year end.

These financial statements are presented in Trinidad and Tobago dollars which is the Company's 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.

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:

- Amendments to IFRS 3 - Reference to the Conceptual Framework (effective 1 January 2022)

  The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

  The amendment had no impact on the Company’s financial statements.

- Amendment to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)

  The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment had no impact on the Company’s financial statements.

2. Significant accounting policies (continued)

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

i. New and amended standards and interpretations (continued)

- Amendment to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022)

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

  The Company opted not to early adopt IFRS 17 (Insurance Contracts), thus the amendment had no impact on the Company's financial statements in the current year.

- Amendment to IFRS 9 – Fees in the '10 per cent' test for derecognition of financial liabilities (effective 1 January 2022).

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

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

2. Significant accounting policies (continued)

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

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.

- IFRS 17 – Insurance contracts, (effective 1 January 2023)

  The Company will apply IFRS 17 'Insurance Contracts' for the first time on 1 January 2023. IFRS 17 will bring changes to the accounting for insurance and reinsurance contracts held.

  The IASB issued IFRS 17 in May 2017 and the Amendments to IFRS 17 in June 2020. IFRS 17, as amended, is effective for annual reporting periods beginning on or after 1 January 2023, to be applied retrospectively.

  IFRS 17 will replace IFRS 4 and the principles underlying IFRS 17 differ from IFRS 4, affecting how the Company accounts for its insurance contracts and when and how it reports financial performance in the financial statements. The following outlines some of the key differences:

  - Under IFRS 17, the Company will discount the future cash flows when measuring liabilities for incurred claims whereas under IFRS 4, the Company currently does not discount such future cash flows.
  - The Risk Adjustment ("RA") represents the compensation required for uncertainty related to non-financial risk. Provisions for uncertainty related to financial risk are reflected in the present value of insurance contract liabilities. Under IFRS 4, amounts provided for non-financial and financial risks are both reflected in provisions for adverse deviation ("PfAD") which is part of insurance liabilities.

2. Significant accounting policies (continued)

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

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

- IFRS 17 – Insurance contracts, (effective 1 January 2023) (continued)

  The Company has elected to apply the Premium Allocation Approach (PAA), for its insurance contracts and related reinsurance contracts, mainly because the coverage period of each contract is one year or less.

  On transition to IFRS 17, the Company expects to apply the full retrospective approach on its insurance contracts.

  The Company is still in the process of implementing IFRS 17. As industry practice and interpretation of the Standard is still developing, the likely financial impact of its implementation remains uncertain.

- IFRS 9 – Financial Instruments

  The Company will apply IFRS 9 'Financial Instruments' for the first time on 1 January 2023. IFRS 9 will bring changes to the accounting for financial instruments.

  IFRS 9 provides changes to the classification and measurement of financial assets and liabilities, an expected credit loss model that replaces the existing incurred loss impairment model and new hedge accounting guidance. In September 2016, the IASB issued an amendment to IFRS 4 to provide qualifying insurers with an optional temporary exemption from applying IFRS 9. The Company qualifies and has elected to take the deferral approach as its activities are predominantly connected with insurance.

2. Significant accounting policies (continued)

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

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

- IFRS 9 – Financial Instruments (continued)

  In December 2021, the IASB published a narrow-scope amendment to IFRS 9, which allow insurers to apply the classification overlay to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on the initial application of IFRS 9 and IFRS 17.

  The Company is not expecting a material change in the accounting for its financial instruments upon adoption of IFRS 9, however the Company is currently assessing the impact of implementing the Standard on its financial statements.

- Amendment to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023)
- Amendments to IAS 12 – Deferred Tax related Assets and Liabilities arising from a single transaction (effective 1 January 2023)
- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective 1 January 2024)

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 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	10% on cost
Motor vehicles	12.5% on cost
Office equipment	10% – 33% on cost

The asset's residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Land is not depreciated.

(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.

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

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 *(i)* 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.

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.

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 income.

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 income.

(h) Impairment

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

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 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 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.

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.

Subsequent measurement

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of income.

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.

2. Significant accounting policies (continued)

(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 statement of financial position 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 of foreign operations are translated to Trinidad and Tobago dollars at exchange rates at the reporting date. Income and expenses are translated using the average rates for the year.

(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

As required by Section 44 of the Insurance Act, 2018 of Trinidad and Tobago, 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 previously required by Section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the Company's profit from general insurance business, for the preceding year is to be appropriated towards a Statutory Surplus Reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. The Statutory Surplus Reserve is not required under the Insurance Act 2018 of Trinidad and Tobago and was reappropriated to retained earnings.

2. **Significant accounting policies** (continued)

(o) Product classification

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is 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 31 December 2022 and 2021 have been classified as insurance contracts.

(p) Claims

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

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

2. Significant accounting policies (continued)

(p) Claims (continued)

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 6 February 2023 that the carrying amounts of the insurance liabilities of the general insurance as at 31 December 2022, in respect of IBNR claims and claims from unexpired contracts were adequate.

(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.

2. Significant accounting policies (continued)

(q) Insurance contract liabilities (continued)

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.

(t) Employee benefits

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

(u) Revenue recognition

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.

2. Significant accounting policies (continued)

(u) Revenue recognition (continued)

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).

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 statement of income
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 income when the sale transaction occurs.

2. Significant accounting policies (continued)

(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).

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 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 accounted as expense and premium income recognised as gross income.

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.

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.

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

- *Impairment of assets*

  The identification of impairment and the determination of recoverable amounts is an 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.

- *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.

  <u>Estimating the incremental borrowing rate</u>
  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.

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

- *Leases* (continued)

  Estimating the incremental borrowing rate (continued)

  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.

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets. The Company has considered the impact of COVID-19 and other market volatility in preparing its financial statements.

Insurance contract liabilities
The Company ensures that the assumptions used in the calculation of the actuarial reserve considered the impact of COVID-19. These include the inputs used in the relevant assumptions reflect the market condition in light of the pandemic.

There were no substantial changes to the methodology or approach in light of the pandemic.

(Expressed in thousands of Trinidad and Tobago Dollars)

4. Property, plant and equipment

	Land & building $	Leasehold improve-ments $	Office equipment & motor vehicles $	Right-of-use asset (property rental) $	Asset work in progress	Total $
Cost/valuation						
At 1 January 2022	45,028	395	7,936	1,944	625	55,928
Additions during 2022	–	26	505	989	–	1,520
Write off during 2022	–	–	(597)	(190)	–	(787)
At 31 December 2022	**45,028**	**421**	**7,844**	**2,743**	**625**	**56,661**
Depreciation						
At 1 January 2022	5,766	264	5,965	726	–	12,721
Charge during 2022	640	41	627	534	–	1,842
Write off during 2022	–	–	(549)	(491)	–	(1,040)
At 31 December 2022	**6,406**	**305**	**6,043**	**769**	–	**13,523**
Net written down value at 31 December 2022	**38,622**	**116**	**1,801**	**1,974**	**625**	**43,138**

(Expressed in thousands of Trinidad and Tobago Dollars)

4. Property, plant and equipment (continued)

	Land & building $	Leasehold improve-ments $	Office equipment & motor vehicles $	Right-of-use asset (property rental) $	Asset work in progress	Total $
Cost/valuation						
At 1 January 2021	45,028	395	7,034	2,401	–	54,858
Additions during 2021	–	–	1,200	307	625	2,132
Write off during 2021	–	–	(298)	(764)	–	(1,062)
At 31 December 2021	**45,028**	**395**	**7,936**	**1,944**	**625**	**55,928**
Depreciation						
At 1 January 2021	5,125	225	5,651	1,031	–	12,032
Charge during 2021	641	39	612	459	–	1,751
Write off during 2021	–	–	(298)	(764)	–	(1,062)
At 31 December 2021	**5,766**	**264**	**5,965**	**726**	–	**12,721**
Net written down value at 31 December 2021	**39,262**	**131**	**1,971**	**1,218**	**625**	**43,207**

(Expressed in thousands of Trinidad and Tobago Dollars)

5. Taxation	31 December 2022 $	31 December 2021 $
(i) Deferred tax asset		
The deferred tax asset is attributable to:		
Gratuity provision	630	502
Statutory losses	297	–
	927	**502**
(ii) The movement in the deferred tax asset is as follows:		
Balance at beginning of year	502	721
Statutory losses	297	(283)
Gratuity provision	128	64
	927	**502**
(iii) Deferred tax liability		
The deferred tax liability is attributable to:		
Property, plant and equipment	(4,048)	(3,880)
	(4,048)	**(3,880)**
(iv) The movement in the deferred tax liability is as follows:		
Balance at the beginning of the year	(3,880)	(3,692)
Property, plant and equipment	(168)	(188)
	(4,048)	**(3,880)**

(Expressed in thousands of Trinidad and Tobago Dollars)

5. Taxation (continued)	**31 December 2022 $**	**31 December 2021 $**
(v) Taxation expense		
Current year – Provision of taxation	3,703	1,602
Deferred tax expense relating to the origination/reversal of temporary differences	(257)	407
Prior year adjustment to deferred tax	–	–
Prior year adjustment to corporation tax	–	1,321
	3,446	**3,330**

The following is a reconciliation between taxation expense and net profit before taxation computed by applying the statutory tax rates.

Net profit before taxation	16,048	10,337
Tax at applicable rates	4,696	2,919
Net tax effect of items disallowed for tax purposes	(1,274)	(910)
Prior year adjustment to deferred tax	24	–
Prior year adjustment to corporation tax	–	1,321
	3,446	**3,330**

6. Trade and other receivables

Insurance receivables	15,700	13,262
Amounts due from reinsurers		
- New India, Mumbai	455	295
- Other reinsurers	397	978
Other receivables	3,206	3,240
	19,758	**17,775**

(Expressed in thousands of Trinidad and Tobago Dollars)

	31 December 2022 $	31 December 2021 $
7. Investments		
Available-for-sale		
Bonds and other securities	126,753	115,206
Quoted shares	44,061	46,652
Unquoted shares	320	320
Mutual funds	15,163	23,866
Repurchase agreements	15,037	17,193
	201,334	203,237
Held-to-maturity		
Bonds	29,126	28,578
	230,460	**231,815**

Bonds and securities pledged with the Inspector of Financial Institutions amounted to $29,115 at 31 December 2022 (31 December 2021: $28,573).

In addition, $20,144 (2021: $2,169) of the total balance of term deposits and repurchase agreements of $34,705 (2021: $9,106) at 31 December 2022 are pledged with the Inspector of Financial Institutions.

	31 December 2022 $	31 December 2021 $
8. Cash and cash equivalents		
Cash on hand	9	5
Cash at bank	34,064	23,849
Cash with investment broker	1,799	2,819
	35,872	**26,673**

9. Stated capital

Authorised		
22,000,000 shares of no-par value		
Issued and fully paid		
17,418,946 shares of no-par value	**17,618**	**17,618**

(Expressed in thousands of Trinidad and Tobago Dollars)

	31 December 2022 $	31 December 2021 $
10. Dividends paid and proposed		
Declared and/or paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2021: $0.15 (2020: $0.05)	2,613	871
Proposed:		
Dividend proposed for 2022: $0.20 (2021: $0.15)	3,484	2,613

11. Insurance contracts liabilities

		31 December 2022			31 December 2021		
	Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$	$	$	$
Provision for claims reported by policyholders		65,197	(23,305)	41,892	73,126	(24,955)	48,171
Provisions for claims incurred but not reported		16,581	(1,042)	15,539	16,722	(701)	16,021
Total claims reported and IBNR	11 (a)	81,778	(24,347)	57,431	89,848	(25,656)	64,192
Provision for unearned premiums	11 (b)	67,462	(25,268)	42,194	61,654	(20,301)	41,353
Provision for unexpired risks	11 (c)	6,747	(2,528)	4,219	6,165	(2,030)	4,135
Total insurance contracts liabilities		155,987	(52,143)	103,844	157,667	(47,987)	109,680

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

	31 December 2022			31 December 2021		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At 1 January	89,848	(25,656)	64,192	84,989	(29,153)	55,836
Claims incurred	34,765	(3,932)	30,833	40,056	(4,608)	35,448
Claims paid during the year	(42,835)	5,241	(37,594)	(35,197)	8,105	(27,092)
At 31 December	81,778	(24,347)	57,431	89,848	(25,656)	64,192

(Expressed in thousands of Trinidad and Tobago Dollars)

11. **Insurance contracts liabilities** (continued)

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

	31 December 2022			31 December 2021		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At 1 January	61,654	(20,301)	41,353	59,344	(17,384)	41,960
Premium written in the year	129,656	(59,093)	70,563	117,793	(49,267)	68,526
Premium earned during the year	(123,848)	54,126	(69,722)	(115,483)	46,350	(69,133)
At 31 December	67,462	(25,268)	42,194	61,654	(20,301)	41,353

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

	31 December 2022			31 December 2021		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At 1 January	6,165	(2,030)	4,135	5,934	(1,738)	4,196
Incurred and utilised during the year	582	(498)	84	231	(292)	(61)
At 31 December	6,747	(2,528)	4,219	6,165	(2,030)	4,135

(Expressed in thousands of Trinidad and Tobago Dollars)

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	7+	Total
2016	Paid	13,816	16,541	834	285	1	–	(3)	31,474
	O/s	18,750	1,524	449	69	–	–	–	20,792
2017	Paid	25,570	114,693	14,789	1,194	30	5		156,281
	O/s	104,065	20,253	2,695	244	165	145		127,567
2018	Paid	1,915	4,175	71	23	60			6,244
	O/s	7,283	641	266	81	56			8,327
2019	Paid	1,409	1,041	370	41				2,861
	O/s	1,615	1,197	474	450				3,736
2020	Paid	1,031	810	78					1,919
	O/s	3,927	2,621	2,634					9,182
2021	Paid	1,210	1,751						2,961
	O/s	2,276	58						2,334
2022	Paid	442							442
	O/s	2,214							2,214

Business class: Motor

Loss year		Development year $ 1	2	3	4	5	6	7+	Total
2016	Paid	26,095	6,797	1,439	1,330	1,117	1,301	2,682	40,761
	O/s	11,418	4,093	4,920	5,595	6,331	5,135	14,474	51,966
2017	Paid	24,353	14,822	2,282	2,919	3,565	1,099		49,040
	O/s	20,599	8,580	10,063	8,559	6,605	5,013		59,419
2018	Paid	18,678	6,395	1,369	1,054	3,048			30,544
	O/s	7,068	5,402	8,461	10,026	7,413			38,370
2019	Paid	16,301	5,677	2,540	4,176				28,694
	O/s	8,212	10,189	10,249	6,311				34,961
2020	Paid	13,400	3,997	2,823					20,220
	O/s	7,181	7,120	5,688					19,989
2021	Paid	13,608	7,784						21,392
	O/s	9,680	7,008						16,688
2022	Paid	17,525							17,525
	O/s	9,306							9,306

(Expressed in thousands of Trinidad and Tobago Dollars)

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	7+	Total
2016	Paid	210	364	93	511	51	194	240	1,663
	O/s	112	253	851	157	769	619	1,460	4,221
2017	Paid	181	240	636	44	256	42		1,399
	O/s	549	977	568	237	646	584		3,561
2018	Paid	592	480	29	59	9			1,169
	O/s	709	487	85	244	241			1,766
2019	Paid	220	198	34	180				632
	O/s	558	402	373	322				1,655
2020	Paid	319	151	19					489
	O/s	536	478	437					1,451
2021	Paid	250	260						510
	O/s	789	987						1,776
2022	Paid	304							304
	O/s	322							322

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

Business class: Fire

Loss year		Development year $ 1	2	3	4	5	6	7+	Total
2016	Paid	2,856	2,045	122	105	0	0	(5)	5,123
	O/s	2,676	252	116	5	0	0	0	3,049
2017	Paid	3,781	1,087	2,441	401	6	1		7,717
	O/s	5,201	876	599	14	2	0		6,692
2018	Paid	1,093	890	13	5	18			2,019
	O/s	1,690	156	100	27	21			1,994
2019	Paid	539	386	51	14				990
	O/s	548	464	232	221				1,465
2020	Paid	357	345	6					708
	O/s	701	144	140					985
2021	Paid	512	573						1,085
	O/s	714	16						730
2022	Paid	103							103
	O/s	569							569

(Expressed in thousands of Trinidad and Tobago Dollars)

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**	**7+**	**Total**
2016	Paid	26,096	6,797	1,439	1,123	920	899	406	37,680
	O/s	11,418	3,868	3,947	4,373	3,996	2,957	4,359	34,918
2017	Paid	24,353	14,822	2,193	1,768	2,012	1,041		46,189
	O/s	20,599	7,328	6,647	5,229	4,551	3,098		47,452
2018	Paid	18,677	6,390	1,369	1,054	3,041			30,531
	O/s	7,013	5,192	7,628	7,529	5,247			32,609
2019	Paid	16,301	5,440	2,540	3,403				27,684
	O/s	7,867	8,692	8,543	5,481				30,583
2020	Paid	13,400	4,329	2,614					20,343
	O/s	7,179	6,741	4,392					18,312
2021	Paid	13,614	7,751						21,365
	O/s	9,029	5,709						14,738
2022	Paid	17,471							17,471
	O/s	9,306							9,306

Business class: Miscellaneous

Loss year		**Development year $ 1**	**2**	**3**	**4**	**5**	**6**	**7+**	**Total**
2016	Paid	111	226	91	172	48	194	240	1,082
	O/s	88	115	262	151	769	565	995	2,945
2017	Paid	69	97	629	44	203	42		1,084
	O/s	328	908	358	202	391	340		2,527
2018	Paid	176	99	4	55	9			343
	O/s	300	362	82	134	136			1,014
2019	Paid	42	73	30	180				325
	O/s	297	383	354	322				1,356
2020	Paid	126	148	19					293
	O/s	489	389	383					1,261
2021	Paid	120	167						287
	O/s	516	806						1,322
2022	Paid	214							214
	O/s	278							278

(Expressed in thousands of Trinidad and Tobago Dollars)

	31 December 2022	31 December 2021
12. Trade and other payables	**$**	**$**
Sundry creditors and accruals	13,196	14,399
Lease liabilities (see below)	2,051	1,329
Amounts due to reinsurers	18,107	5,799
	33,354	**21,527**

The Company has lease contracts for various items of property used in its operations. Leases of property generally have lease terms between 3 and 5 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 2022	1,124	205	1,329
Additions	1,249	–	1,249
Accretion of interest	165	9	174
Payments	(539)	(162)	(701)
Lease liabilities as at 31 December 2022	1,999	52	2,051

	Office premises $	Residential accommodation $	Total $
Lease liabilities as at 1 January 2021	1,418	70	1,488
Additions	–	307	307
Accretion of interest	127	10	137
Payments	(421)	(182)	(603)
Lease liabilities as at 31 December 2021	1,124	205	1,329

(Expressed in thousands of Trinidad and Tobago Dollars)

	31 December 2022 $	31 December 2021 $
12. Trade and other payables (continued)		
Maturity analysis:		
Current	742	315
Non-current	1,309	1,014
Short term lease expense	517	488

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

13. Investment and other income	**31 December 2022 $**	**31 December 2021 $**
Interest income	7,414	7,096
Dividend income	1,481	1,493
Other income	868	397
	9,763	**8,986**

14. Other operating and administrative expenses

Staff cost	8,868	9,827
Legal and professional	2,551	2,238
Provision for doubtful debts	2,188	2,062
Depreciation	1,842	1,751
Advertising	850	1,092
Telephone and electricity	916	790
Travelling and motor vehicle	1,180	643
Foreign exchange (gain)/loss	(3)	200
Directors' fees	129	137
Miscellaneous	6,264	4,558
	24,785	**23,298**

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 statement of financial position date.

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

Assumptions

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

Sensitivities

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

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

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 at 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.

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.

(Expressed in thousands of Trinidad and Tobago Dollars)

16. **Fair value** (continued)

(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.

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 2022					
Assets	–	–	29,126	29,153	29,126
Held-to-maturity investments					
As at 31 December 2021					
Assets					
Held-to-maturity investments	–	–	28,578	29,316	28,578

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

(Expressed in thousands of Trinidad and Tobago Dollars)

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 2022					
Assets					
Equities	44,061	–	320	44,381	44,381
Debt securities	21,922	104,831	–	126,753	126,753
	65,983	**104,831**	**320**	**171,134**	**171,134**
As at 31 December 2021					
Assets					
Equities	46,652	–	320	46,972	46,972
Debt securities	25,856	89,350	–	115,206	115,206
	72,508	**89,350**	**320**	**162,178**	**162,178**

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.

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.

(Expressed in thousands of Trinidad and Tobago Dollars)

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	**2022 $**	**2021 $**
Available-for-sale investments	156,953	156,265
Held-to-maturity investments	29,126	28,578
Trade and other receivables	19,758	17,775
Reinsurance assets	52,143	47,987
Term deposits	19,668	19,382
Cash and cash equivalents	35,872	26,673
	313,520	**296,660**

(Expressed in thousands of Trinidad and Tobago Dollars)

17. Risk management (continued)

c. ***Credit risk*** (continued)

Exposure to credit risk (continued)

The maturity analysis of investments at the reporting date:

	31 December 2022 $	**31 December 2021 $**
Short term – maturity within year	50,793	44,195
Long term – maturity after one year	179,667	187,620
Total investments	**230,460**	**231,815**

The aging of insurance receivables at the reporting date was:

	Gross 2022	**Impairment 2022**	**Gross 2021**	**Impairment 2021**
	$	$	$	$
0 – 45 days	10,068	6	10,311	247
46 – 90 days	4,766	671	3,649	1,364
91 – 180 days	3,391	2,019	4,083	3,239
181 – 360 days	2,720	2,622	772	703
Over 360 days	22,593	22,520	20,083	20,083
	43,538	**27,838**	**38,898**	**25,636**

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

	2022 $	**2021 $**
Balance at beginning of year	25,636	23,823
Impairment loss recognized	2,188	2,062
Write back/(off) during the year	14	(249)
Balance at end of year	**27,838**	**25,636**

(Expressed in thousands of Trinidad and Tobago Dollars)

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 2022 $	**31 December 2021 $**
Liabilities due within one year	193,080	182,466
Liabilities due after one year	1,309	608
Total liabilities	**194,389**	**183,074**

17. Risk management (continued)

e. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognized in the statement of financial position.

Management of interest rate risk

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

At the reporting date the interest rate profile of the interest-bearing financial instruments was:

	Carrying amount	
	2022	**2021**
	$	**$**
Fixed rate instruments		
Term deposits	19,668	19,382
Investments	186,079	184,843
	205,747	204,225

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.

(Expressed in thousands of Trinidad and Tobago Dollars)

17. **Risk management** (continued)

f. ***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured. The company carries on general insurance business in Trinidad and Tobago (TT$), Dominica (EC$), St. Lucia (EC$), Barbados (BB$), 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.

	31 December 2022					
Details	**TT$**	**EC$**	**FLS$**	**BD$**	**G$**	**Total**
Assets						
Cash and cash equivalents	23,669	8,313	2,604	59	1,227	35,872
Term deposits	10,975	786	4,587	–	3,320	19,668
Investments	192,375	37,441	–	644	–	230,460
Trade and other receivables	11,062	7,446	134	273	843	19,758
Reinsurance assets	28,058	12,468	449	7,230	3,938	52,143
Total assets	**266,139**	**66,454**	**7,774**	**8,206**	**9,328**	**357,901**
Liabilities						
Insurance contracts	103,065	36,430	3,108	8,262	5,122	155,987
Trade and other payables	20,731	10,741	553	–	1,329	33,354
Total liabilities	**123,796**	**47,171**	**3,661**	**8,262**	**6,451**	**189,341**
Net exposure	**142,343**	**19,283**	**4,113**	**(56)**	**2,877**	**168,560**

(Expressed in thousands of Trinidad and Tobago Dollars)

17. Risk management (continued)

f. Foreign currency risk (continued)

	31 December 2021					
Details	**TT$**	**EC$**	**FLS$**	**BB$**	**GY$**	**Total**
Assets						
Cash and cash equivalents	14,223	7,569	4,017	31	833	26,673
Term deposits	10,728	814	4,591	–	3,249	19,382
Investments	194,131	37,027	–	657	–	231,815
Trade and other receivables	10,286	6,713	60	273	443	17,775
Reinsurance assets	25,375	11,699	350	6,840	3,723	47,987
Total assets	**254,743**	**63,822**	**9,018**	**7,801**	**8,248**	**343,632**
Liabilities						
Insurance contracts	108,283	31,779	4,426	8,628	4,551	157,667
Trade and other payables	11,498	7,461	1,840	–	728	21,527
Total liabilities	**119,781**	**39,240**	**6,266**	**8,628**	**5,279**	**179,194**
Net exposure	**134,962**	**24,582**	**2,752**	**(827)**	**2,969**	**164,438**

Sensitivity analysis

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

	31 December 2022		**31 December 2021**	
	Increase	**Decrease**	**Increase**	**Decrease**
FLS dollar	106	(106)	8	(8)
GY dollar	29	(29)	26	(26)
EC dollar	115	(115)	407	(407)

g. Equity price risk

Equity price risk is the risk that investments held in the portfolio will fluctuate due to changes in market price. The Company invests in financial instruments that are traded on registered exchanges. These securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. A change of 5 percent (5%) on equity prices will result in a change of $2,203 on the fair value of the equity.

(Expressed in thousands of Trinidad and Tobago Dollars)

17. Risk management (continued)

g. Equity price risk (continued)

The table below summarises the Board's exposure to price risk by geographical concentrations:

	2022 $	2021 $
Trinidad and Tobago	43,942	46,550
Barbados	92	65
Jamaica	27	37
Total geographic concentration	**44,061**	**46,652**

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.

Expenses	**2022** **$**	**2021** **$**
Management fees	500	500
Reinsurance premiums	2,024	1,812
Directors' fees (Note 14)	129	137

Amounts due from related parties are disclosed in Note 6.

(c) Transactions with key management personnel

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

	2022 **$**	**2021** **$**
Short-term employee benefits	1,391	2,545

19. Capital commitment

The Company has entered into an agreement for new software in financial year 2021 which is under the development stage. Estimated cost of the software, hardware and required licenses would be around $2,600. At the end of year 2022 the estimated outstanding amount payable would be $2,000.

There were no additional capital commitments by the company as at 31 December 2022.

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 2022 and 2021, 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

In year 2022, an amount of $5,604 was transferred from retained earnings to catastrophe reserves as required by section 44 of Insurance Act, 2018.

In year 2021, Statutory Surplus Reserve was reappropriated to retained earnings. As the requirement of established and maintained Statutory Surplus Reserve was under the provision of the Insurance Act 1980. Based on the new Insurance Act 2018, which came into effect on 1 January 2021, this will no longer be a requirement for a Company.

22. Subsequent events

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