Assuria Life (T&T) Ltd.

Audited Financial Statements

For the year ended December 31, 2019

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For the year ended December 31, 2019

Assuria Life (T&T) Ltd.

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Corporate Information

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CHAIRMAN	Armand Achaibersing, MBA
DIRECTORS	Mario Merhai, MSc., AAG Stephen Smit, MSc. D.R. Parbhudayal, MSc., AAG Angela Lee Loy FCCA, CA Martin Jim, FCCA, CA
Country Manager-Trinidad Operations	Jason Clarke, BSc
Senior Manager, Finance	Rhonda Donatien, FCCA, LLB
Senior Manager, Marketing and Sales	Anya Aziz, BA (Hons), Dip CII
Company Secretary	Melissa Suraj, Bsc
REGISTERED OFFICE	49 Dundonald Street, Port of Spain
BRANCH MANAGERS	
Russel Sookram	Center Pointe Mall, Chaguanas
Erline Evans-Herbert	37D 10th Avenue, Barataria
Dexter Nandlal	Independence Avenue, San Fernando
SERVICES-CENTRES	
Tobago	Bacolet Street, Scarborough
Arima	Xtra Foods Plaza, O'Meara Road,Arima
AUDITORS	BDO 122-124 Frederick Street, Port of Spain
BANKERS	RBC Royal Bank Limited 55 Independence Square, Port of Spain
	Republic Bank Limited 72 Independence Square, Port of Spain
	DSB De Surinaamsche Bank Paramaribo, Suriname
ATTORNEYS-AT-LAW	J.D. Sellier & Co 129-131 Abercromby Street, Port of Spain
	Pollonais, Blanc, de la Bastide & Jacelon Pembroke Courts, 17-19 Pembroke Street, Port of Spain

Assuria Life (T&T) Ltd

Actuarial Certification pursuant to Section 56(2) of the

Insurance Act 1980 of the Republic of Trinidad and Tobago

This actuarial certificate and opinion is provided in accordance with the requirements of Section 56(2) of the Insurance Act 1980 with respect to the long-term insurance business registered in Assuria Life (T&T) Ltd ("the Company") as at December 31, 2019.

I have examined the data for the insurance business in force as at December 31, 2019, the statement of income and the Statement of Financial Position for the year then ended. I have applied tests of reasonableness and accuracy to such data which I feel are appropriate. Except the group creditor life data, I consider the data supplied to be sufficient and accurate for my calculations.

On the basis of my calculations, it is my opinion that as at December 31, 2019, the aggregate amount of the policy liabilities of the Company with respect to the long-term insurance business registered in Trinidad and Tobago is not in excess of $237,116,150, which is comprised of $86,846,404 with respect to the individual ordinary life insurance business, $148,755,667 with respect to the individual annuity business, and $1,514,780 with respect to other long term insurance business including personal accident insurance and group creditor life insurance.

Edward Kuo
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
Principal and Consulting Actuary
Actuarial Perspective Inc.

February 6, 2020
Date

Assuria Life (T&T) Ltd.

Actuarial Certificate

December 31, 2019

Certificates Required by Section 5 Part 1 of the Second Schedule

I hereby certify that to the best of my knowledge and belief, the data supplied by the Company is accurate for the purpose of the actuarial valuation of its long-term insurance business as at December 31, 2019.

Jason Clarke
Country Manager
Assuria Life (T&T) Limited

February 6, 2020
Date

I certify that the valuation of the long-term insurance business has been accurately made on the basis of the data provided by the Company and on the basis and methods described in the valuation report. I have carefully reviewed the data and compared it with data for previous years and the accounts and any questions I had have been satisfactorily answered by the Company.

Edward Kuo
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
Principal and Consulting Actuary
Actuarial Perspective Inc.

February 6, 2020
Date

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Port-Of-Spain
Trinidad and Tobago

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Assuria Life (T&T) Ltd.

Opinion

We have audited the financial statements of Assuria Life (T&T) Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2019 and the 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 December 31, 2019, and of 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' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

INDEPENDENT AUDITOR'S REPORT (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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

June 29, 2020

Port of Spain
Trinidad and Tobago

Assuria Life (T&T) Ltd.

Statement of Financial Position

As at December 31, 2019

(Expressed in Trinidad and Tobago Dollars)

	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	37,773,198	38,650,474
Investment property	4	45,233,333	45,233,333
Investments	5	119,676,653	132,099,903
Retirement benefit asset	6	12,463,500	10,630,100
Loans receivable	7	2,393,333	2,346,513
		217,540,017	228,960,323
Current assets			
Investments	5	33,492,456	30,448,891
Taxation recoverable		631,753	631,753
Loans receivable	7	598,333	533,648
Trade and other receivables	8	3,747,634	6,231,449
Cash and cash equivalents		47,484,810	33,568,722
		85,954,986	71,414,463
Total assets		**$303,495,003**	**$300,374,786**
EQUITY			
Share capital	9	57,401,357	57,401,357
Revaluation reserve		52,705,144	52,599,693
Retained deficit		(88,704,718)	(93,427,248)
Total equity		21,401,783	16,573,802
LIABILITIES			
Non-current liabilities			
Insurance contracts	10	216,856,417	214,925,814
Due to related party	16	32,255,918	10,667,061
Borrowings	11	-	17,601,384
Deferred tax liability	12	822,823	532,781
		249,935,158	243,727,040
Current liabilities			
Insurance contracts	10	30,548,059	36,384,438
Trade and other payables	13	1,610,003	2,290,893
Borrowings	11	-	1,398,613
		32,158,062	40,073,944
Total liabilities		**282,093,220**	**283,800,984**
Total equity and liabilities		**$303,495,003**	**$300,374,786**

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

On June 29, 2020 the Board of Directors authorised these financial statements for issue.

____________________ Director   ____________________ Director

Assuria Life (T&T) Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2019

(Expressed in Trinidad and Tobago Dollars)

	Notes	2019	2018
Revenue			
Long-term insurance premiums		26,955,779	26,335,124
Insurance premiums ceded to reinsurers		(3,370,992)	(3,616,835)
Net insurance premiums		23,584,787	22,718,289
Reinsurance commission		43,226	83,976
Investment income		9,475,877	10,219,584
Other income		129,106	3,437,532
Appreciation in the value of investment property		-	100,000
Realised gains on disposal of property, plant and equipment		139,997	8,379
Impairment loss		(1,580,093)	(1,650,862)
Net unrealised gain in value of investments		2,078,317	841,335
Net unrealised gain (loss) in value of cash equivalents		1,714,865	(918,265)
Net revenue		35,586,082	34,839,968
Insurance benefits		3,618,372	5,694,362
Expenses			
Insurance claims	22	(24,978,034)	(23,616,598)
Commissions		(877,718)	(773,839)
Marketing and administration expenses	14	(8,579,169)	(13,919,225)
Total expenses		(34,434,921)	(38,309,662)
Profit from operating activities		4,769,533	2,224,668
Finance cost		(1,416,892)	(1,784,421)
Profit before taxation		3,352,641	440,247
Taxation credit (charge)	15	329,981	(356,213)
Net profit for the year attributable to equity holders		3,682,622	84,034
Other comprehensive income (loss)			
Items that may be reclassified to profit and loss			
Appreciation in the value of property		105,451	100,000
Items that will never be reclassified to profit and loss			
Actuarial (gain) loss on retirement benefit asset		1,605,071	(2,595,928)
Deferred taxation in respect of retirement benefit asset		(565,163)	(278,803)
Other comprehensive income (loss)		1,145,359	(2,774,731)
Total comprehensive income (loss) for the year		**$4,827,981**	**$(2,690,697)**

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

Assuria Life (T&T) Ltd.

Statement of Changes in Equity

For the year ended December 31, 2019

(Expressed in Trinidad and Tobago Dollars)

	Share capital	Revaluation reserve	Retained deficit	Total equity
Year ended December 31, 2019				
Balance as at January 1, 2019	57,401,357	52,599,693	(93,427,248)	16,573,802
Comprehensive income for the year:				
Net profit for the year attributable to equity holders	-	-	3,682,622	3,682,622
Other comprehensive income/(loss):				
Actuarial gain on retirement benefit asset	-	-	1,605,071	1,605,071
Deferred taxation on actuarial loss on retirement benefit asset (Note 12)	-	-	(565,163)	(565,163)
Revaluation of property	-	105,451	-	105,451
Total comprehensive income	**-**	**105,451**	**4,722,530**	**4,827,981**
Balance as at December 31, 2019	**$57,401,357**	**$52,705,144**	**$(88,704,718)**	**$21,401,783**
Year ended December 31, 2018				
Balance as at January 1, 2018	57,401,357	52,499,693	(90,636,551)	19,264,499
Comprehensive income for the year:				
Net profit for the year attributable to equity holders	-	-	84,034	84,034
Other comprehensive (loss)/income:				
Actuarial loss on retirement benefit asset	-	-	(2,595,928)	(2,595,928)
Deferred taxation on actuarial loss on retirement benefit asset (Note 12)	-	-	(278,803)	(278,803)
Revaluation of property	-	100,000	-	100,000
Total comprehensive (loss)/income		**100,000**	**(2,790,697)**	**(2,690,697)**
Balance as at December 31, 2018	**$57,401,357**	**$52,599,693**	**$(93,427,248)**	**$16,573,802**

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

Assuria Life (T&T) Ltd.

Statement of Cash Flows

For the year ended December 31, 2019

(Expressed in Trinidad and Tobago Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,352,641	440,247
Adjustments to reconcile profit before taxation to net cash used in operations:		
Depreciation	1,024,577	1,509,366
Decrease in insurance contracts liability	(3,905,776)	(7,498,626)
Revaluation of foreign currency investments	(32,739)	35,413
Realised gains of disposal of investments	-	(8,379)
Realised gains on disposal of plant and equipment	(139,997)	-
Appreciation in the value of investment property	-	(100,000)
Net unrealised gain in the value of investments	(2,078,317)	(841,335)
Unrealised loss allowance	1,580,093	1,650,862
Interest income reinvested	-	2,529
Net amortized discounts on bonds	-	(431,722)
Interest and dividend income	(7,928,023)	(8,846,102)
Interest expense	1,416,892	1,784,421
Decrease/(increase) in trade and other receivables	2,483,815	(1,537,453)
(Decrease)/increase in trade and other payables	(680,890)	269,097
Cash used in operations	(4,907,724)	(13,571,682)
Interest paid	(709,431)	(1,221,293)
Taxes paid	(192,327)	(406,674)
Net cash used in operating activities	**(5,809,482)**	**(15,199,649)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7,890,991	8,324,961
Dividend received	416,293	554,814
Proceeds from disposal of property, plant and equipment	280,664	-
Acquisition of property, plant and equipment	(125,414)	(636,181)
Mortgage loans granted	(600,000)	(800,000)
Mortgage repayments	136,966	131,259
Policy loans granted	(635,077)	(1,064,476)
Policy loans repayments	523,572	1,097,534
Policy loan reversal on claim write back	-	263,529
Purchase of investments	(11,163,490)	(11,209,976)
Proceeds from disposal of investments	21,125,172	26,678,234
Net cash generated from investing activities	**17,849,677**	**23,339,698**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(19,000,000)	-
Proceeds from loan	20,397,600	-
Advances from related party	478,293	-
Net cash generated from financing activities	**1,875,893**	**-**
Net increase in cash and cash equivalents	**13,916,088**	**8,140,049**
CASH AND CASH EQUIVALENTS, JANUARY 1	**33,568,722**	**25,428,673**
CASH AND CASH EQUIVALENTS, DECEMBER 31	**47,484,810**	**$33,568,722**

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

1. Incorporation and business activities

Assuria Life (T&T) Ltd. (the "Company"), was incorporated in the Republic of Trinidad and Tobago in 1980 and was continued under the provisions of the Company's Act 1995. Its registered address is located at 49 Dundonald Street, Port of Spain, Trinidad. Its principal activity is the underwriting of long-term insurance risks. The Company is a 98% owned subsidiary of Assuria N.V., a company incorporated in the Republic of Suriname.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets measured at fair value and property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

(i) Standards, amendments and interpretations to existing Standards applicable to the Company in the current year which were adopted by the Company

The Company adopted IFRS 16 *Leases* on January 1, 2019 however its adoption did not have a significant impact on the financial statements of the Company.

IFRS 16 *Leases* supersedes IAS 17 *Leases* and its related interpretations. IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. However, IFRS 16 exempts a lessee to recognise assets and liabilities for short term leases and leases of low-value assets. IFRS 16 clarifies that a lessee separates lease components and service components of a contract and applies the lease accounting requirements only to the lease components. IFRS 16 applies to annual periods commencing on or after January 1, 2019.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company *(continued)*

IFRS 9 *Financial instruments* – This new standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities and replaces parts of IAS 39. The standard is effective for annual periods beginning on after January 1, 2018 with early adoption permitted. IFRS 4 *Insurance Contracts* was subsequently amended to permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until January 1, 2022. The Company has selected the deferral option and intends to adopt the standard on January 1, 2022. IFRS 9 is required to be applied retrospectively. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost or fair value, replacing the four-category classification in IAS 39. The determination is made at initial recognition. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 uses an impairment model that is more 'forward looking' in that a credit event no longer has to occur before credit losses are recognised. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income ("OCI") rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact.

IFRS 17 *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The scope of IFRS 17 includes insurance contracts, including reinsurance contracts issued and held by an entity, and investment contracts with discretionary participation features an entity issues provided the entity also issues insurance contracts. Any promises to transfer distinct goods or non-insurance services to a policyholder are separated and accounted for in accordance with IFRS 15. On initial recognition an entity is required to measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. Subsequently, the carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The standard provides two methods to measure the liability for remaining coverage of a group of insurance contracts. These are the general approach and a simplified premium allocation approach. An entity is only permitted to use the premium allocation approach if this method is expected to result in the measurement of the liability for remaining coverage not differing materially from the liability that would be calculated using the general model, and the coverage period of each contract in the group is one year or less. IFRS 17 also explicitly requires claims liabilities to be discounted. This discount is not permitted to be based on the return on the investment portfolio but must instead be linked to the characteristics inherent in the claim liabilities cash flows (e.g. duration, risk, etc.). A further requirement is that policy acquisition costs are netted against insurance liabilities. However, an entity also has the choice of simply expensing all acquisitions costs as incurred. The effective date for IFRS 17 is January 1, 2022. Early application is permitted, but only if IFRS 9 and IFRS 15 have also been adopted. IFRS 17 requires comparative information for the immediately preceding annual reporting period to be restated.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company *(continued)*

Other standards, amendments and interpretation to existing standards in issue but not yet effective are not considered to be relevant to the Company and have not been disclosed.

(iii) Standards, amendments and interpretations to existing standards early adopted by the Company

The Company did not early adopt any new revised or amended standards.

2.2 Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Trinidad and Tobago Dollars, which is the Company's functional and presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Land and buildings are stated at revalued amounts less accumulated depreciation.

Freehold property is revalued every three (3) years by an external professional valuator. The last valuations were performed in 2018 and the next valuations are due in 2021.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the Statement of Comprehensive Income during the financial period in which the expense is incurred.

Depreciation is charged to the Statement of Comprehensive Income on a reducing balance basis except for freehold land and building, over the estimated useful lives of items of property, plant and equipment and major components that are accounted for separately. Freehold land is not depreciated. Freehold building is depreciated on a straight-line basis over its estimated useful life.

Depreciation and amortisation have been provided at rates sufficient to write-off the assets over their estimated useful lives. The rates are as follows:

Freehold building	2%
Fittings and fixtures	25%
Office furniture & equipment	25%
Computer equipment	25%
Plant and equipment	25%
Motor vehicles	25%

2. Summary of significant accounting policies *(continued)*

2.3 Property, plant and equipment *(continued)*

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining the net income for the period.

When revalued property is sold, the amounts included in capital reserve are transferred to the statement of comprehensive income.

2.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any changes recognised in profit and loss.

Any gain or loss on disposal of an investment property is recognised in profit and loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Investment property is revalued every three (3) years by an external professional valuator. The last valuations were performed in 2018 and the next valuations are due in 2021.

2.5 Financial assets – investments

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

Held to maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Company has the intent and ability to hold to maturity. Held to maturity financial assets are initially measured at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument.

All non-trading financial liabilities and held-to-maturity assets are subsequently 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.

Financial assets at fair value are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

Financial assets at fair value are initially recognised at fair value plus transactions cost that are directly attributable to their acquisition.

After initial recognition, investments which are classified as "financial assets at fair value" are measured at fair value with unrealised gains or losses on revaluation recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the capital reserve is included in the statement of comprehensive income.

2. Summary of significant accounting policies *(continued)*

2.5 Financial assets – investments *(continued)*

The fair value of financial assets at fair value are based on; if readily available, market prices at the close of business on the reporting date for listed instruments. 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 reporting date for an instrument with similar terms and conditions.

All industry norm purchases and sales of financial assets are recognised on the settlement date. From this date, any gains and losses arising from changes in fair value of assets are recognised in the statement of comprehensive income.

Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

2.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an financial asset at fair value is calculated by reference to its fair value.

All impairment losses are recognised in the statement of comprehensive income. Any cumulative loss in respect of an financial asset at fair value recognised previously in equity is transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and financial assets at fair value that are debt securities, the reversal is recognised in statement of comprehensive income. For financial assets at fair value that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is adjusted to reflect the revised estimate.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

2. Summary of significant accounting policies *(continued)*

2.6 Impairment *(continued)*

Non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

2.7 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 income tax which is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the reporting date, on worldwide income and any adjustments of tax payable for the previous years.

Tax on income comprises current tax from business inside and outside of Trinidad and Tobago and the change in deferred tax. Current tax comprises income tax which is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the reporting date, on worldwide income and any adjustments of tax payable for the previous years.

Premium taxes are deducted from the relevant premium income recognised.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the rate at which it is estimated that the tax will be paid or recovered when temporary differences reverse.

A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.8 Due from insurance contracts

Amounts due from insurance contracts are recognised when due. Amounts due from insurance contracts are classified as loans and receivables and are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. These include amounts due to and from contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the statement of comprehensive income. (See Note 2.6 for the accounting policy on impairment.)

2.9 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.

Cash and cash equivalents comprise of cash balances which are payable on demand and deposits with maturities of three months or less from the date of acquisition. Bank overdrafts are disclosed as current liabilities.

2. Summary of significant accounting policies *(continued)*

2.10 Stated capital

Issued shares are classified as equity when there is no obligation to transfer cash or other assets to the shareholders. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Transfers to stated capital for which shares have not yet been issued are reflected as contributed capital.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the obligation.

2.12 Insurance contracts

Insurance contracts are those contracts that contain significant insurance risk at the inception of the contract. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

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.

Any contracts not considered insurance contract under IFRS are classified as investment contracts. All contracts held by the Company as at December 31, 2019 have been classified as insurance contracts.

Insurance contracts are categorised depending on the duration of risk and whether or not the terms and conditions are fixed. All of the Company’s insurance contracts are classified as short-term insurance contracts.

These contracts are principally property, motor, casualty (employer’s liability, public liability) and marine.

Short term insurance contracts

Property insurance contracts indemnify clients in the event of losses from perils such as fire, earthquake or windstorm up to the insured amount within the policy conditions.

Motor insurance contracts indemnify clients for their losses under the road traffic act of the territory. Contracts are extended to personal injury, third party or theft.

Casualty insurance contracts indemnify clients for liability exposures from workmen’s compensation, public liability and third-party business customers.

Marine insurance contracts indemnify clients for cargo, pleasure crafts and marine hull.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. Premiums are shown before deduction of commissions and are gross of any taxes or duties levied on premiums.

2. Summary of significant accounting policies *(continued)*

2.13 Reinsurance assets/liabilities

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

2.14 Employee benefits

Short term

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and loans and post-employment benefits such as pensions.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. Post-employment benefits are accounted for as described below.

Defined benefit plan

Independent qualified actuaries carried out a valuation of the Company's significant post-retirement benefits as at December 31, 2019 which has been fully reflected in these financial statements.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company operates a defined benefit plan and the assets supporting the plan are invested through a "Deposit Administration Policy" with Sagicor Life Inc. The Trustees are employees at the Company and the plan is funded by the employees and the Company, taking into account the recommendations of independent qualified actuaries.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the discount rate.

The Company recognises all actuarial gains and losses arising from the defined benefit plan immediately in OCI and all expenses related to the defined benefit plan in operating expense in the statement of comprehensive income.

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

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies *(continued)*

2.16 Revenue recognition

Premium income

Premium income is recognised over the period in which insured risk is covered. Premiums are accounted for when the risks commence. The provision for unearned premiums has been calculated using the three sixty fifths method.

Investment income

Investment income is accounted for on an accruals basis taking into account the effective yield of the asset or an applicable floating rate and is shown net of direct investment expenses incurred in relation thereto. Dividend income is recognised when received in the financial period.

Commission income

Amounts received as commission are recognised as revenue in the period in which it is earned unless they relate to service to be provided in future periods. If the amounts received are for services to be provided in future periods, they are deferred and recognised in the Statement of Comprehensive Income as the service is provided over the term of the contract. Initiation and other front-end fees are also deferred and recognised over the term of the contract.

2.17 Claims

Claims incurred comprise the value of all claims occurring during the period, whether reported or not, together with related handling and administrative expenses. Anticipated inflation and trends in settlement, together with adjustments for claims outstanding from previous years, are also taken into account.

Claims and loss adjustment expenses are charged to the profit and loss as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the reporting date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the reporting 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 (IBNR) until after the reporting 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 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 have happened.

2. Summary of significant accounting policies *(continued)*

2.18 Operating expenses

Other expenses are generally recognised on an accrual basis.

2.19 Leases

Payments made under leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. When the lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

2.20 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly expenses of management. Expenses of management are apportioned to the various business segments on a direct basis except for indirect expenses which are apportioned based on premium income written for each class of business.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

2.21 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

3. Property, Plant and Equipment

	Land and buildings	Fittings and fixtures	Office furniture and equipment	Computer equipment	Plant and equipment	Motor vehicles	Total
As at December 31, 2018							
Cost/Valuation							
Balance as at December 31, 2017	37,705,574	3,259,306	2,567,860	8,311,634	2,381,307	432,500	54,658,181
Additions	-	54,251	41,505	442,126	98,299	-	636,181
Revaluation	100,000	-	-	-	-	-	100,000
Balance as at December 31, 2018	**37,805,574**	**3,313,557**	**2,609,365**	**8,753,760**	**2,479,606**	**432,500**	**55,394,362**
Accumulated Depreciation							
Balance as at December 31, 2017	1,087,129	2,867,217	2,409,694	6,818,972	1,865,177	186,333	15,234,522
Charge for the year	517,073	171,683	80,048	466,210	168,852	105,500	1,509,366
Balance as at December 31, 2018	**1,604,202**	**3,038,900**	**2,489,742**	**7,285,182**	**2,034,029**	**291,833**	**16,743,888**
Net Book Value							
At December 31, 2018	**$36,201,372**	**$274,657**	**$119,623**	**$1,468,578**	**$445,577**	**$140,667**	**$38,650,474**
At December 31, 2019							
Cost/Valuation							
Balance as at December 31, 2018	37,805,574	3,313,557	2,609,365	8,753,760	2,479,606	432,500	55,394,362
Additions	-	-	1,555	123,859	-	-	125,414
Disposals	-	-	-	-	-	(422,000)	(422,000)
Revaluation	(938,908)	-	-	-	-	-	(938,908)
Balance as at December 31, 2019	**36,866,666**	**3,313,557**	**2,610,920**	**8,877,619**	**2,479,606**	**10,500**	**54,158,868**
Accumulated Depreciation							
Balance as at December 31, 2018	1,604,202	3,038,900	2,489,742	7,285,182	2,034,029	291,833	16,743,888
Revaluation	(1,101,462)	-	-	-	-	-	(1,101,462)
Disposals	-	-	-	-	-	(281,333)	(281,333)
Charge for the year	157,022	142,574	69,466	485,086	170,429	-	1,024,577
Balance as at December 31, 2019	**659,762**	**3,181,474**	**2,559,208**	**7,770,268**	**2,204,458**	**10,500**	**16,385,670**
Net Book Value							
At December 31, 2019	**$36,206,904**	**$132,083**	**$51,712**	**$1,107,351**	**$275,148**	**-**	**$37,773,198**

Certain items included in the above assets are pledged with the Inspector of Financial Institutions as disclosed in Note 21.

	2019	2018
4. Investment property		
Cost/valuation		
Balance as at beginning of year	45,233,333	45,133,333
Revaluation	-	100,000
Balance as at end of year	**$45,233,333**	**$45,233,333**

The investment property is externally valued once every three (3) years by an external independent professional valuator. The last valuation was performed in 2018 and the next valuation is due in 2021.

5. Investments

	2019	2018
Financial asset measured at amortised cost		
Non-current portion		
Bonds	115,044,632	127,906,648
Mortgage	4,632,021	4,193,255
Total non-current portion	**119,676,653**	**132,099,903**
Current portion		
Bonds	11,564,282	10,670,985
Mortgage	158,832	134,564
	11,723,114	10,805,549
Financial asset at fair value through OCI		
Unquoted equity (Note 18)	122,686	122,686
Financial asset at fair value through profit and loss		
Quoted equity	18,703,066	16,838,161
Mutual Fund (Note 18)	2,943,590	2,682,495
	21,646,656	19,520,656
Total current portion	**33,492,456**	**30,448,891**
Total investments	**$153,169,109**	**$162,548,794**

Risk associated with the investment portfolio is addressed in Note 17 and fair value is discussed in Note 18.

Certain of the above assets are pledged with the Inspector of Financial Institutions as disclosed in Note 21.

6. Retirement benefit asset

The following information summarises the IAS 19 – Employee benefits components of the net benefit expense recognized in the Statement of Comprehensive Income and the amounts recognized in the statement of financial position.

	2019	2018
Pension assets		
Present value of the defined benefit obligation	(31,651,700)	(33,152,300)
Fair value of plan assets	44,115,200	43,782,400
Recognised asset	**$12,463,500**	**$10,630,100**
Reconciliation of activity during the year		
Opening defined benefit asset	10,630,100	13,276,400
Net pension cost	1,833,400	(2,646,300)
Closing defined benefit asset	**$12,463,500**	**$10,630,100**

Movement in the defined benefit obligation over the year is as follows:

Beginning of year	(33,152,300)	(31,162,900)
Current service cost	(492,800)	(638,900)
Plan participants' contributions	(210,200)	(212,400)
Interest cost	(1,622,000)	(1,538,100)
Actuarial loss on obligation	994,500	(1,252,700)
Benefits paid	2,831,100	1,652,700
Balance as at end of year	**$(31,651,700)**	**$(33,152,300)**

Movement in the fair value of plan assets for the year is as follows:

Beginning of year	43,782,400	44,439,300
Administration expenses	(98,900)	(216,100)
Expected return on plan assets	2,197,400	2,185,900
Actuarial loss on plan assets	645,000	(1,398,800)
Employer contributions	210,200	212,400
Plan participants' contributions	210,200	212,400
Benefits paid	(2,831,100)	(1,652,700)
Fair value of plan assets as at the end for the year	**$44,115,200**	**$43,782,400**

Plan assets comprise the following:

	%	%
Local Equities	27	28
Government Securities	24	27
Corporate Bonds	5	5
Foreign Investments	37	34
Mutual Funds	1	1
Short Term Securities	3	2
Other	3	3

6. Retirement benefit asset *(continued)*

The amounts recognised in profit and loss are as follows:

	2019	2018
Administration expenses	(98,900)	216,100
Current service cost	(492,800)	(638,900)
Net interest income	575,400	647,800
	$(16,300)	**$225,000**
Actual return on plan assets	**$2,842,400**	**$787,100**
Amounts recognized in other comprehensive income:		
Experience gains/(losses) - demographic	(994,500)	1,252,700
Experience gains/(losses) - financial	(645,000)	1,398,800
	$(1,639,500)	**$2,651,500**

The principal actuarial assumptions used for accounting purposes were:		
Discount rate at end of year	5.25%	5.00%
Future salary increases	3.00%	3.00%
Future pension increase- post retirement	0.00%	0.00%

Sensitivity to present value of defined benefit obligation:

	1% Increase	1% Increase
Discount rate	$(3,388,500)	$(3,618,200)
Salary growth	$881,000	$947,700

7. Loans receivable

Non-current portion	2,393,333	2,346,513
Current portion	598,333	533,648
Total policy loans	**$2,991,666**	**$2,880,161**

Policy loans represent amount due by policyholders, in respect to loans provided against the cash surrender values and premiums outstanding on in-force policies, in excess of three months. Each loan is secured by the cash surrender value of the respective of policy.

8. Trade and other receivables

Receivables arising from insurance business	1,326,790	1,546,299
Other receivables	927,000	1,697,420
Management fee receivable (see below)	1,493,844	2,987,730
Total trade and other receivables	**$3,747,634**	**$6,231,449**

Management fee receivable of $1,493,844 (2018: $2,987,730) represents the residual balance due to the Company in relation to a claim against The Demerara Life Assurance Company of Trinidad and Tobago Limited.

	2019	2018
9. Share capital		
Issued and fully paid 277,704,880		
Ordinary shares of no par value	**$57,401,357**	**$57,401,357**

10. Insurance contracts

(a) *Insurance risk*

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim.

Insurance risks arise from the loss due to actual experience being different from the expectation with respect to claims and benefit payments and the cost of embedded options and guarantees associated with the insurance contracts. The Company is exposed to the following insurance risks: mortality risk, longevity risk, morbidity risk, interest rate risk and expense and inflation risk.

Mortality risk is the most significant risk taken by the Company from its ordinary life insurance business.

For traditional life insurance policies, the death benefits and premiums are guaranteed. For universal life (GEM) policies, cost of insurance charges can be adjusted by the Company, subject to certain maximum insurance factors.

AIDS epidemic is an important consideration in selecting and managing mortality risk. HIV test is incorporated in the underwriting requirement for risk selection, and additional provision in policy liability is made for the possible extra mortality due to AIDS.

Experience analysis

The comparison of actual and projected claims is shown in the following table:

Actual death claims ($000)	3,323	3,323
Projected death claims ($'000)	5,977	5,977
Actual/projected ratio	55.6%	55.6%

The Company's deferred annuity contracts provide guarantees on maximum annuity purchase rates upon maturity. Such business is exposed to the risk of mortality improvement being higher than the pricing assumptions.

The Company is exposed to morbidity risk through its personal accident business. The risk exposure from this business is limited.

Interest rate risk

The Company is exposed to the interest rate risk from the following two sources: (i) higher market interest rate than the credited rate can lead to larger than expected early surrenders of the life insurance policies with cash values and deferred annuity policies; (ii) lower earned interest rate than the minimum guaranteed credited rate for universal life (GEM) and deferred annuity (ERA and URA) policies will lead to additional cost to the Company in providing such guarantees. Universal life and deferred annuity policy contracts specify surrender charge schedules, which alleviate the interest rate risk associated with these products.

Expense and inflation risk

All products are exposed to the risk that the actual expenses in carrying out the business are higher than the expense components assumed in the premium rates. All traditional life product premium rates are guaranteed by the Company. The Company has the right to change the expense charge of universal life (GEM) policies, but only to the extent that such change arises from change in government taxes or duties.

10. Insurance contracts *(continued)*

(b) Actuarial valuation

The last actuarial valuation using the Policy Premium Method was carried out by the Company's actuaries and is dated April 4, 2019, which revealed total policy liabilities of $237,116,150 as at December 31, 2019 (2018: $240,734,522).

	2019	2018
Long-term insurance contracts:		
- with fixed and guaranteed terms	171,701,411	171,381,402
- universal life	65,414,739	69,353,120
	237,116,150	240,734,522
Claims admitted or intimated but not paid	7,920,583	7,527,740
Amount due to reinsurers	2,367,743	3,047,990
Total insurance liabilities	**$247,404,476**	**$251,310,252**
Non-current liabilities	216,856,417	214,925,814
Current liabilities	30,548,059	36,384,438
Total insurance liabilities	**$247,404,476**	**$251,310,252**

Valuation assumptions

Mortality

For ordinary life insurance policies, the mortality assumptions are made based on 1986-92 Canadian Institute of Actuaries select and ultimate mortality tables. An investigation into the Company's mortality experience was performed, and the mortality tables are adjusted to reflect the Company's experience and territory difference. Additional provisions for AIDS extra mortality based on United States experience are added to the expected mortality assumptions.

For individual annuity policies, the mortality assumptions are based on 1983 Society of Actuaries Individual Annuitant Mortality tables. Mortality improvement at an annual rate of 0.5% was assumed for past (since 1983) and future years.

Lapse

For ordinary life insurance policies, the lapse assumptions are made based on the Company's experience. A study into the Company's lapse experience was performed and the assumptions are derived separately for traditional life insurance policies, universal life insurance policies and accumulation annuity policies.

Interest Rate

Valuation interest rate assumptions are based on the Company's current investment performance during the year of valuation. Additional allowances are made for investment income tax, investment expenses, asset default and asset/liability mismatch.

Expense and Inflation

Policy maintenance expense assumptions are made based on the Company's operating experience during the year of valuation. An expense analysis is performed by the Company, and a per-policy maintenance expense is derived from the analysis results. Future expected rate of inflation is assumed based on the actual rate of inflation in Trinidad and Tobago during the year of valuation.

10. Insurance contracts *(continued)*

(b) Actuarial valuation (continued)

Tax

There is no premium tax for long-term insurance business. The allowance for investment income tax is made as a deduction from the interest rate whenever applicable. It is assumed that current tax legislation and rates continue in the future.

Interest credited rate

The future interest credited rate assumptions are made for the valuation of policies with accumulation accounts, including universal life insurance and accumulation annuities. The assumptions are set according to the Company's guaranteed interest credit rates.

Premium persistency

Premium persistency assumptions are made in projecting the future premium payments for the Company's flexible premium products, including universal life and accumulation annuities. A premium persistency experience study based on the actual premium payment data during the year of valuation was performed. For each class of business, a premium persistency rate, defined as the ratio of actual premium paid during the year to the annual minimum premium, is estimated for each policy year.

Change in assumptions

The changes in assumptions from the prior year valuation and their impact on policy liabilities are summarised as follows:

Ordinary life insurance policies

Assumption	**Change**	**Change in Policy liabilities 2019 ($,000)**	**Change in Policy liabilities 2018 ($,000)**
Mortality	Expected mortality of fully underwritten individual life insurance policies was increased to reflect unfavorable claim experience in the past year.	2,240	33
Interest Rate	Interest rate assumption was adjusted to reflect changes in the Company's investment portfolio and expected future investment returns.	(1,450)	812
Lapse	Expected lapse assumptions were adjusted to reflect current experience.	(5,202)	443
Expense	Expected per-policy administrative expense and expected future inflation rate were adjusted to reflect current experience.	(1,024)	(6,337)
Premium Persistency	Expected premium persistency ratios for universal life were adjusted to reflect current experience.	(773)	(209)

10. Insurance contracts *(continued)*

(b) Actuarial valuation *(continued)*

Assumption	Change	Change in Policy liabilities 2019 ($,000)	2018 ($,000)
Individual annuity policies			
Mortality	Expected mortality assumptions were adjusted to reflect mortality improvement.	28	25
Interest Rate	Interest rate assumption was adjusted to reflect changes in the Company's investment portfolio and expected future investment returns.	(2,289)	2,348
Lapse	Expected lapse assumptions were adjusted to reflect current experience.	572	764
Expense	Expected per-policy administrative expense and expected future inflation rate were adjusted to reflect current experience.	(610)	(3,622)
Premium Persistency	Expected premium persistency ratios for deferred annuity policies were adjusted to reflect current experience.	33	(125)

Change in assumptions

Sensitivity analysis

Variable	2019 Change in variable	2019 Change in Policy liabilities ($'000)	2019 Percentage of change	2018 Change in variable	2018 Change in policy liabilities ($'000)	2018 Percentage of change
Worsening in ordinary life mortality	10%	5.004	2.1%	10%	4,035	1.7%
Improvement in annuity Mortality	10%	617	0.3%	10%	557	0.2%
Increase in lapses of all lines of business in all future years	10%	1,560	0.7%	10%	1,679	0.7%
Decrease in valuation interest rates in all future years	25 basis points	8,843	3.7%	25 basis points	8,911	3.7%
Increase in policy maintenance expense	10%	2,739	1.2%	10%	2,257	0.9%
Decrease in premium persistency ratios for flexible-premium products in all future years	10%	1,853	0.8%	10%	1,532	0.6%

10. Insurance contracts *(continued)*

(b) Actuarial valuation *(continued)*

The above analyses are based on a change in an assumption while holding all other assumptions constant. The purpose is to provide a measure of sensitivity of the policy liabilities to each individual assumption. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated.

(c) Reinsurance

The following table presents the concentration of sum insured before and after the reinsurance programme.

	Total ordinary life sums assured as at the end of 2019 ($,000)			
Sums assured per-Life	Before reinsurance		After reinsurance	
0 - 100	469,064	16.81%	501,381	37.59%
100 - 200	429,094	15.38%	734,065	55.03%
200 - 300	296,655	10.63%	75,954	5.69%
300 - 500	343,718	12.32%	15,779	1.18%
Over 500	1,251,316	44.86%	6,785	0.51%
Total	**$2,789,847**	**100%**	**$1,333,964**	**100%**

	Total ordinary life sums assured as at the end of 2018 ($,000)			
Sums assured per-Life	Before reinsurance		After reinsurance	
0 - 100	489,544	19.22%	506,106	37.54%
100 - 200	443,159	17.40%	703,143	52.16%
200 - 300	289,445	11.36%	101,926	7.56%
300 - 500	298,786	11.73%	27,372	2.03%
Over 500	1,026,414	40.29%	9,575	0.71%
Total	**$2,547,348**	**100%**	**$1,348,122**	**100%**

	2019	2018
11. Borrowings		
Bank loan-Non-current portion	-	17,601,384
Bank loan-Current portion	-	1,398,613
Total borrowings	**-**	**$18,999,997**

Bank loan

This represented an amortised eight (8) year loan from Republic Bank Limited which was secured on land situated at 51-53 Dundonald Street and #3-7 Melville Lane, Port of Spain . The bank loan was repaid in full on the July 17, 2019.

12. Deferred tax liabilities

	2019	2018
Balance at beginning of year	532,781	529,680
Matured zero rated bonds	-	(283,170)
Deferred taxation on actuarial (gain)/loss on retirement benefit asset	34,428	(55,571)
Deferred taxation adjustment on retirement benefit asset	565,163	278,803
Current year charge for zero rated bonds (Note 15)	(309,549)	63,039
Balance at end of year	**$822,823**	**$532,781**

Deferred taxation is attributable to the following items:

	2019	2018
Retirement benefit asset	822,823	223,232
Zero rated bonds	-	309,549
	$822,823	**$532,781**

13. Trade and other payables

	2019	2018
Trade payables	1,427,168	2,225,990
Other payables	182,835	64,903
	$1,610,003	**$2,290,893**

14. Marketing and administration expenses

	2019	2018
Depreciation	1,024,577	1,509,366
Employee benefit expense (Note 14.1)	4,748,296	7,901,671
Professional fees	892,733	1,558,060
Purchase of goods and services	1,913,563	2,950,128
Total expenses	**$8,579,169**	**$13,919,225**

14.1. Employee benefit expense

	2019	2018
Salaries, wages and allowances	3,952,435	6,520,613
Pension costs	167,271	285,242
Other benefits	628,590	1,095,816
Employee benefit expense	**$4,748,296**	**$7,901,671**

The above amounts do not include expenses relating to the Agents of the Company.

15. Taxation

	2019	2018
Current tax	52,276	235,344
Prior year (under) over provision	(99,485)	24,131
Green fund levy	26,777	33,699
Deferred tax current year charge to profit	(309,549)	63,039
Tax expense	**$(329,981)**	**$356,213**
Profit before tax	**$3,352,641**	**$440,247**
Tax at statutory rates 30% applicable to profits	1,005,792	132,074
Effect of different tax rate 15% of life insurance companies	(879,710)	(106,886)
Deferred tax	(309,549)	63,039
Green fund levy	26,777	33,699
Prior year (under) over provision	(99,485)	24,131
Tax effects of:		
Income not subject to tax	825,395	(8,928,538)
Expenses not deductible for tax	(899,201)	9,138,694
Tax expense	**($329,981)**	**$356,213**

16. Related party transactions and balances

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

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

The related party loans include advances received from the Parent Company Assuria N.V. which have varying maturity dates and attract interest at a rate of 6.5% per annum. Additionally, on the July 10, 2019 Assuria Schadeverzekering N.V., loaned the company USD 3,000,000 . The interest rate is 2.75% per annum and repayment is due by June 30, 2029.

Related party loans	28,498,561	8,100,857
Related party loans interest accrued	3,279,064	2,566,204
Other related party balances	478,293	-
Total related party loans	**$32,255,918**	**$10,667,061**

The related party transactions included in the Statement of Comprehensive Income are as follows:

a) Finance cost	744,926	548,695
b) Key management personnel compensation		
Directors' fees	124,000	96,000
Key management compensation	872,114	2,418,333

17. Financial risk management

Introduction and overview

The Company has exposure to the following risks:

- Insurance risk
- Credit risk
- Liquidity risk
- Market risk
- Operational 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.

The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the financial performance of the Company through diversity and regular reviews of its investment portfolio. The Board of Directors approves written principles for overall risk management and investing excess liquidity and Management is responsible for its implementation.

(a) Insurance risk

Insurance risk is addressed in Note 10.

(b) Credit risk

Credit risk arises from the possibility that counterparts may default on their obligation to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

Management of credit risk

<u>Investment securities</u>

The Company limits its exposure to credit risk by investing in liquid securities i.e. securities traded on the open market, bonds and fixed deposits held with reputable institutions. The Company invests in institutions with higher creditworthiness.

<u>Loans and receivables</u>

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. Each year, management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

17. Financial risk management *(continued)*

(b) ***Credit risk*** *(continued)*

Management of credit risk

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. Loans awarded on policies are secured by the cash surrender value accumulated on the policy. Informal credit checks are performed for agents.

Exposure to credit risk would be the carrying amount of financial assets at December 31, as follows:

	2019	2018
At fair value through profit and loss (Mutual Funds) (Note 5)	2,943,590	2,682,495
At amortised cost		
(Bond and Mortgages) (Note 5)	131,399,767	142,905,452
(Loans receivable) (Note 7)	2,991,666	2,880,161
(Trade and other receivables) (Note 8)	3,747,634	6,231,449
Cash and cash equivalents	47,484,810	33,568,722
	$188,567,467	**$188,268,279**

The exposure to credit risk by type of counter party was:

	2019	2018
Trinidad and Tobago Government Bonds	25,516,075	28,129,839
Other Commonwealth Government Bonds	23,463,463	26,447,202
Bonds and certificates of interest issued by Banks	61,012,949	51,491,842
Corporate bonds, individual customers and other counter-parties	78,574,980	82,199,396
	$188,567,467	**$188,268,279**

The exposure to credit risk by geographic region was:

	2019	2018
Trinidad and Tobago	160,000,084	157,554,840
Other Caricom	22,819,720	25,803,871
Other	5,747,663	4,909,568
	$188,567,467	**$188,268,279**

17. Financial risk management *(continued)*

***(b) Credit risk** (continued)*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's. The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Standard & Poor's issued credit rating.

AAA - An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA - An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is very strong.

A - An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB - An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Below BBB - Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

Not Rated - This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification includes obligations due from individuals, short term securities and receivables arising under contracts of insurance underwritten in the international property and casualty business of the Group.

The below table shows the concentration of credit risk at December 31.

2019	AA	A	BBB	BB	B	Not Rated	Total
Non-current							
Investments	-	1,778,276	92,717,885	18,480,149	2,075,326	4,625,017	119,676,653
Loans receivable	-	-	-	-	-	2,393,333	2,393,333
	-	1,778,276	92,717,885	18,480,149	2,075,326	7,018,350	122,069,986
Current							
Investments	-	-	6,702,838	593,714	247,848	7,122,304	14,666,704
Loans receivable	-	-	-	-	-	598,333	598,333
Trade and other receivables	-	-	-	-	-	3,747,634	3,747,634
Cash and cash equivalents	15,920,680	8,000,000	22,288,193	-	-	1,275,937	47,484,810
	15,920,680	8,000,000	28,991,031	593,714	247,848	12,744,208	66,497,481
	$15,920,680	**$9,778,276**	**$121,708,916**	**$19,073,863**	**2,323,174**	**$19,762,558**	**$188,567,467**

17. Financial risk management *(continued)*

(b) Credit risk *(continued)*

2018	AA	A	BBB	BB	CCC	Not Rated	Total
Non-current							
Investments	-	3,398,563	105,887,222	7,583,601	-	15,230,517	132,099,903
Loans receivable	-	-	-	-	-	2,346,513	2,346,513
	-	3,398,563	105,887,222	7,583,601	-	17,577,030	134,446,416
Current							
Investments	-	-	6,868,136	-	-	6,619,908	13,488,044
Loans receivable	-	-	-	-	-	533,648	533,648
Trade and other receivables	-	-	-	-	-	6,231,449	6,231,449
Cash and cash equivalents	28,241,565	-	923,996	-	-	4,403,161	33,568,722
	28,241,565	-	7,792,132	-	-	17,788,166	53,821,863
	$28,241,565	**$3,398,563**	**$113,679,354**	**$7,583,601**	-	**$35,365,196**	**$188,268,279**

(c) 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.

The following are the contractual maturities of financial liabilities and payments coming due subsequent to December 31:

2019	Carrying amount	Contractual cash flows	Less than 12 months	2-4 years	More than 4 years
Insurance contracts	247,404,476	247,404,476	30,548,059	65,348,112	151,508,305
Due to related party	32,255,918	32,255,918	-	-	32,255,918
Trade and other payables	1,610,003	1,610,003	1,610,003	-	-
	$281,270,397	**$281,270,397**	**$32,158,062**	**$65,348,112**	**$183,764,223**

2018	Carrying amount	Contractual cash flows	Less than 12 months	2-4 years	More than 4 years
Insurance contracts	251,310,252	251,310,252	36,384,438	66,379,763	148,546,051
Due to related party	10,667,061	10,667,061	-	-	10,667,061
Borrowings	18,999,997	18,999,997	1,398,613	7,253,695	10,347,689
Trade and other payables	2,290,893	2,290,893	2,290,893	-	-
	$283,268,203	**$283,268,203**	**$40,073,944**	**$73,633,458**	**$169,560,801**

17. Financial risk management *(continued)*

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rates

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 directors and provides 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.

The strategies adopted to reduce interest rate risk are as follows:

a. Investments will generally be purchased on the primary market and on the secondary market at a price of par or below and held to maturity.
b. Purchases on the secondary market will be made above par where the yield to maturity is consistent with returns being enjoyed on comparable investments.
c. Investments will also be made with a view to holding to maturity.
d. The Company will maintain an appropriate balance of long term and short term instruments to smooth un-realised gains or losses on long term instruments caused by fluctuations in interest rates.

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2019	2018
Fixed rate instruments		
Financial assets	178,884,577	176,474,174
Financial liabilities	(28,498,561)	(27,100,854)
	$150,386,016	**$149,373,320**

Fair value sensitivity analysis for fixed rate instruments

The Company is unable to assess the sensitivity of the fair values of financial assets at fair value through profit and loss as a result of changes in interest rates at the reporting date due to the lack of sufficient information.

17. Financial risk management *(continued)*

(d) Market risk *(continued)*

(ii) Price risk

Price risk is the risk that the value of a security will decline in the future.

Management of price risk

The Company manages its equity price risk by limiting its investment in those equities that are traded on the open market to no more than ten percent (10%) of its total assets.

The exposure to price risk at the reporting date is $18,825,752 (2018: $16,960,847).

Price sensitivity analysis for financial instruments

A change of one percent in interest rates at the Statement of Financial Position date would have increased (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2018.

	2019	**2018**
1% increase	$188,257	$169,608
1% decrease	$(188,257)	$(169,608)

(iii) 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.

The Company is exposed to currency risk on its revenue and services that are denominated in other currencies other than its functional currency. The Company's functional currency is Trinidad and Tobago Dollars (TTD). The other primary currency that these transactions are denominated in is United States Dollar (USD).

Management of currency risk

The Company mitigates against this risk by holding about 32% (2018: 36%) of its investment portfolio to provide a natural hedge to settle transactions with its foreign suppliers. The Company uses the spot market to adjust any imbalances.

Exposure to currency risk shown in Trinidad and Tobago Dollars at December 31;

	Carrying amount	**United States Dollars**		**Canadian Dollars**
2019				
Investment at fair value through profit and loss	926,766	-		926,766
Investments held-to-maturity	46,489,836	46,489,836	-	-
Cash and cash equivalents	13,237,495	13,237,495	-	-
Due to related party	(32,255,918)	(32,255,918)	-	-
Net exposure	**$28,398,179**	**$27,471,413**		**$926,766**

17. Financial risk management (continued)

***(d) Market risk** (continued)*

(iii) Currency risk (continued)

Management of currency risk (continued)

Exposure to currency risk shown in Trinidad and Tobago Dollars at December 31;

2018	Carrying amount	United States Dollars	Canadian Dollars
Investment at fair value through profit and loss	791,540	-	791,540
Investments held-to-maturity	51,231,692	51,231,692	-
Cash and cash equivalents	10,506,509	10,506,509	-
Due to related party	(10,667,061)	(10,667,061)	-
Net exposure	**$51,862,680**	**$51,071,140**	**$791,540**

There were no foreign currency sales or purchases forecasted for the subsequent three months after year end which would otherwise have been included in the exposure analysis above.

The following significant exchange rates applied during the year:

Reporting date spot rate:	2019	2018
United States Dollar	$6.7992	$6.7986
Canadian Dollar	$5.4548	$5.2730

Sensitivity analysis

A one percent strengthening of the Trinidad and Tobago Dollar against the United States Dollar and Canadian Dollar at December 31 would have increased (decreased) profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2017

	2019	2018
United States Dollar	$(274,714)	$(510,711)
Canadian Dollar	$(9,268)	$(7,915)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to key management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

17. Financial risk management *(continued)*

(e) ***Operational risk*** *(continued)*

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by senior management.

18. Financial instruments

Fair value

The estimated fair values of certain financial instruments have been determined using available market information, and accordingly, the estimates presented here are not necessarily indicative of the amounts that the Company could realise in a current market exchange.

The carrying amounts of financial assets and liabilities, included under loans and receivables, cash and cash equivalents and trade and other payables, approximate their fair values because of the short-term maturities of these instruments.

The carrying amount of the bank loan approximates its fair value.

Held-to-maturity investments are carried at amortised cost less any impairment losses. This includes quoted and unquoted government securities and other bonds, which have interest rates that vary between 3.25% and 12.25%, and maturity dates which vary between years 2018 to 2036.

The below table shows the carrying amount and fair value of the held to maturity investments at December 31;

	2019	**2019**	**2018**	**2018**
	Carrying value	Fair value	Carrying value	Fair value
Unquoted government bonds	-	-	12,048,377	11,843,616
Unquoted other bonds	4,284,650	2,043,079	8,779,010	9,182,794
Quoted government bonds	48,979,539	50,563,731	42,528,664	43,589,269
Quoted other bonds	73,344,725	75,046,107	75,221,582	76,719,378
Mortgages	4,790,853	4,790,853	4,327,819	4,327,819
	$131,399,767	**$132,443,770**	**$142,905,452**	**$145,662,876**

As stated in Note 3(c), available-for-sale investments and investments at fair value through profit and loss are carried at their fair values based on quoted market prices.

18. Financial instruments *(continued)*

Fair value *(continued)*

Fair value hierarchy

The different levels of hierarchy have been defined as follows:

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

At the reporting date financial instruments carried at fair value, were categorized under Levels 1 and 3. There was no transfer of financial instruments carried at fair value between levels during the year, neither were there any changes in the categorization from prior year.

Classifications and fair values

The following table shows the carrying amounts of financial assets carried at fair value, including their levels – the fair value hierarchy at December 31;

2019	**Carrying amount**	**Fair Value**		
		Level 1	**Level 2**	**Level 3**
Financial assets measured at fair value				
Financial asset at fair value through OCI	122,686	-	-	122,686
Financial asset at fair value through profit and loss (Note 5)	21,646,656	18,703,066	2,943,590	-
	$21,769,342	**$18,703,066**	**$2,943,590**	**$122,686**

2018	**Carrying amount**	**Fair Value**		
		Level 1	**Level 2**	**Level 3**
Financial assets measured at fair value				
Financial asset at fair value through OCI	122,686	-	-	122,686
Financial asset at fair value through profit and loss (Note 5)	19,520,656	16,838,161	2,682,495	-
	$19,643,342	**$16,838,161**	**$2,682,495**	**$122,686**

19. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company is subject to the capital requirements under the Insurance Act, 1980 as follows:

(a) Section 13(1): no company may be registered to carry on ordinary long-term insurance business unless it has paid-up share capital of not less than $3,000,000, such capital to be fully paid-up in cash.

(b) Section 37(4): every company carrying on long-term insurance business in Trinidad and Tobago should place in trust in Trinidad and Tobago assets equal to its liability and contingency reserves with respect to its Trinidad and Tobago policyholders as established by the statement of financial position of the company as at the end of its last financial year.

There were no changes in the Company's approach to capital management during the year.

20. Leases

As at December 31, the commitments under leases were as follows:

	2019	**2018**
Lease payments falling due:		
Less than one year	$252,000	$392,933
Between one and five years	$144,000	$827,865

During the year ended December 31, 2019 $414,250 (2018: $505,933) were recognised as an expense in the profit and loss in respect of leases.

21. Assets pledged with the Inspector of Financial Institutions

The following category of assets includes assets that were pledge with the Inspector of Financial Institutions as required by the insurance act of Trinidad and Tobago and Central Bank of Trinidad and Tobago, the Company's regulatory body.

	2019	**2018**
Investments	146,259,823	158,274,026
Cash and cash equivalents	44,567,672	33,568,722
Property	48,343,579	50,337,747
Other	4,790,853	4,327,819
Total pledged assets	**$243,961,927**	**$246,508,314**

22. Claims

A review of the company's outstanding claims was undertaken during the year ended December 31, 2019. Where all the criteria for payment on claims over ten (10) years are not met by the policy holder and or the beneficiary, the company's claims committee made recommendations on those that should be considered for write off. In 2019, claims amounting to $27,211 (2018: $1,801,694) were written off.

23. Subsequent event

The Company evaluated all events that occurred from January 1, 2020 through June 29, 2020, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements except for the following:

Impact of Covid-19

In December 2019, the first cases of Covid-19 infections were confirmed in China. The problem really became known in January 2020 and the impact gradually became clear in the months afterwards. In March 2020 the government of Trinidad & Tobago implemented measures for public health and safety. Companies also took measures to ensure the safety of both their staff and clients. The (partial) lock-down instituted by the government followed shortly after. After the first infection case became known, Assuria immediately took safety measures and the organization was able to successfully provide its services via digital channels and telephone rather than physically at the offices. The Covid-19 situation does not appear to have adversely impacted premium income subsequent to the year end. However, the market prices of marketable securities on international stock markets has declined significantly subsequent to the year end due to uncertainty surrounding the pandemic. As the company owns investments which are traded on international stock markets, it has been negatively impacted by the market declines. No further significant impact has been noted on the Company's operating results as a result of the Covid 19 pandemic post the year end.