Assuria Life (T&T) Ltd.

Audited Financial Statements

For the year ended December 31, 2018

Assuria Life (T&T) Ltd.

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Assuria Life (T&T) Ltd.

Corporate Information

December 31, 2018

CHAIRMAN	Armand Achaibersing, MBA
DIRECTORS	Mario Merhai, MSc., AAG Stephen Smit, MSc. D.R. Parbhudayal, MSc., AAG Jason Clarke, BSc Angela Lee Loy FCCA, CA Martin Jim, FCCA, CA
Senior Manager, Finance	Rhonda Donatien, FCCA, LLB
Senior Manager, Administration	Joyce Davis, FLMI, AIAA, ARA, PCS
Senior Manager, Marketing and Sales	Anya Aziz, BA (Hons), Dip CII
Senior Manager, Product Development and Actuary	Kamini Maharaj FSA, ACIA
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	Shoppes of 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.

Chairman's Report

December 31, 2018

I am pleased to present the Chairman's report, Actuarial Certification and the Audited Financial Statements to the Shareholders' of Assuria Life (T&T) Ltd for the year ending 31st December 2018.

We have seen signs of improvement within the varying economies where we operate and more specifically within T&T where Assuria Life (T&T) is domiciled. Whilst the T&T economy has not fully recovered, we are thankful and hopeful that the future economic outlook as pronounced by well-respected institutions is for continuing improvements of the T&T economy as well as within Suriname.

Our expectation of the operating and financial performance of the Company at this stage of development was higher, nevertheless we are comforted that the financial integrity of the Company is sound. We will reflect on what is needed for us to transition our Company to another level of development. At the end of 2018, we took steps towards this end and thus far in 2019, the Company has already launched a number of significant initiatives which have been fruitful and will improve its future financial prospects. The journey to creating a successfully company is never easy nor made up of a straight line to the top but filled with challenges, ups, downs and bends, all with the intention of achieving an upward trend.

As the New Insurance Act looms in the wings to be proclaimed by the President of the Republic of T&T and new tax regimes for Insurance Companies are being devised, we continue to put our Company in order so that we can successful navigate those expected changes as well as any other which may befall our Company.

The Board of Directors has performed its duties in compliance with our Corporate Governance requirements, Articles of Association and international best practice and I'm grateful for their stellar efforts and contribution during the financial year. I look forward to their continued energy and passion in assisting to make this Company a success. We also take this opportunity to thank Mr. Henriques our former Director and wish his all the best in his future endeavors.

We can confirm that the Company has satisfied all its regulatory requirements and the Board will continue to monitor the Company and the environment to ensure we satisfy our statutory commitments.

Dividend Proposal

The Board at this time does not propose any dividend distribution based on our current financial performance as well as the more rigid risk-based capital requirements expected under the New Insurance Act.

Appointments

According to Section 3.05.1 d of the By – Laws the Directors hold officer until the end of the Annual General Meeting.

We recommend to the Shareholders that all the current Directors are reappointed for a further year.

The Directors will appoint the Chairman and Deputy Chairman as outlined in Section 4.01.1.

Assuria Life (T&T) Ltd.

Chairman's Report

December 31, 2018

On behalf of the Board of Directors we extend our sincere appreciate to our policyholders for the trust they have placed in our Company. Our Employees, Managers and Agents, our most valuable assets for their dedication and devotion despite the varying challenges they face. We look forward to continuing our journey together towards building a successful Company.

Assuria Life (T&T) Ltd.

Armand Achaibersing
Chairman and Group CEO

Assuria Life (T&T) Ltd.

Managing Director's Report

December 31, 2018

The Company faced several challenges during the financial reporting period ended December 31st, 2018, which adversely impacted its operating and financial performance. As a result, the Board implemented corrective action in order to ensure the future financial viability of the Company.

The T&T economy has begun to show signs of recovering from a prolonged recession driven by energy supply shocks and lower energy prices. Projected positive growth of 1.0% is expected for 2018 compared to negative growth of -2.6% and -6.1% in 2017 and 2016 respectively. Whilst there have been some improvements in the availability of foreign exchange compared to the prior years, we still continue to face some challenges easily and quickly accessing foreign exchange. Inflation continues to be relatively low whereas interest rates on investments increased only marginally, therefore continuing to adversely impact our reinvestment returns. Positive growth of 1.0% is forecasted for 2019 which should auger well for the Company.

We will continue to monitor our external environment and implement strategies necessary to ensure the future viability of our Company.

Financial Highlights

For the financial year ended 31st December 2018, we realized a Profit for the year of $84,034 compares to a profit for the corresponding 2017 prior year period of $611,850. Nevertheless, we realized a Total comprehensive loss of ($2.7 million) compared to a Total comprehensive income of $2.1 million for the corresponding prior year.

Our current year results were affected by the following items:

- Our insurance premium was more than twelve percent lower than that of the prior period. We continue to face significant challenges developing our distribution channels whilst our existing portfolio continues to mature at a faster rate than the rate of development of our new business.

- Realized and unrealized returns from our investment portfolio fell significantly during the current period. Interest on the reinvestment of maturing assets continue to be at rates lower than that of the maturing investment book as reinvestment interest rates continues to be low, only increasing marginally in 2018. In June 2018, the Government of Barbados defaulted on their local and foreign currency bonds which also resulted in the Company recognizing an impairment on those bonds. To date the Government of Barbados has not restructured the foreign currency bonds, the terms of which may have an impact on our future results.

- The Company's expenses increased in 2018 to $40.1 million compared to $38.8 million against a declining book of insurance premiums and investment income. We have since implemented several cost effectiveness and efficiency strategies which we believe will have a favorable impact on the future cost structure of the Company.

Financial Highlights (continued)

- We recorded an Actuarial Loss on Retirement Benefits Assets of ($2.6 million) in 2018 compared to a loss of ($1.0 million) in 2017. The was realized due to an actuarial increase in the present value of the pension plan liabilities and a decrease in the present value of the pension plan assets. We will continue to monitor these developments closely going forward and implement strategies accordingly.

Our People

We will regenerate our focus on improving the skill sets of our employees in line with the philosophies of the Assuria Group. This is key to improving the future growth prospects of our Company and ensuring a well-balanced employee and partnership among all stakeholders.

During the year one member of our team retired after years of yeoman service to the Company. We thank them for their dedication and loyalty to the Company and wish them all the best in their future journey.

Our current team continues to provide service using available resources at their disposal which at times may limit our competitiveness. We thank them for their continuing service as we partner together towards a brighter future for our Company so that we can achieve world class services to our policyholders.

The Future

We must evolve and adapt to the ever-changing environment if we are to ensure the continued existence of our Company. To standstill is to invite extinction of our kind. There are therefore several key initiatives which the Company will be undertaking over the coming period, which we believe will ensure our continued existence.

One of these is the implementation of a new Insurance system. We seek to modernism and improve our effectiveness and efficiency and the upgrading of our technology system to one which is internet base and paperless will kickstart our evolution. Our employees will be able to more efficiently perform their duties thus improving their productivity. Whilst our distribution channels and policyholders will also be able to more easily do business with us thus further cementing our bond.

We will also quicken our pace of collaboration with our local sister company, Gulf Insurance Limited, so that we can reap more synergistic benefits between the parties for the mutual benefit of our Group. There are many things we can learn from each other and initiatives we can partner together on which will redound to the benefit of each Company and our Group.

The Future (continued)

We thank our policyholders for the continued trust in our Company without which we will not exist. Our Shareholders for their continued patience as we retool our efforts to find a model which will ensure them a fair return on their investment. We also thank the Board of Directors for their guidance and tireless efforts in facilitating our Company's search for its space in this competitive environment.

Assuria Life (T&T) Ltd.

Jason Clarke

Executive Director/ Country Manager

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, 2018.

I have examined the data for the insurance business in force as at December 31, 2018, the statement of income and the balance sheet 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, 2018, 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 $240,734,522, which is comprised of $91,072,674 with respect to the individual ordinary life insurance business, $147,890,478 with respect to the individual annuity business, and $1,771,370 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.

Date

Assuria Life (T&T) Ltd.

Actuarial Certificate

December 31, 2018

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, 2018.

______________________________	April 4, 2019
Jason Clarke Country Manager Assuria Life (T&T) Limited	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	April 4, 2019
Edward Kuo Fellow, Society of Actuaries Fellow, Canadian Institute of Actuaries Principal and Consulting Actuary Actuarial Perspective Inc.	Date

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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, 2018 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, 2018, 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.

April 24, 2019

Port of Spain
Trinidad and Tobago

Assuria Life (T&T) Ltd.

Statement of Financial Position

As at December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

	Notes	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	38,650,474	39,423,659
Investment property	4	45,233,333	45,133,333
Investments	5	132,099,903	127,117,273
Retirement benefit asset	6	10,630,100	13,276,400
Loans receivable	7	2,346,513	2,744,962
		228,960,323	227,695,627
Current assets			
Investments	5	30,448,891	50,638,406
Taxation recoverable		631,753	638,252
Loans receivable	7	533,648	431,786
Trade and other receivables	8	6,231,449	4,727,669
Cash and cash equivalents		33,568,722	25,428,673
		71,414,463	81,864,786
Total assets		**$300,374,786**	**$309,560,413**
EQUITY			
Share capital	9	57,401,357	57,401,357
Revaluation reserve		52,599,693	52,499,693
Retained deficit		(93,427,248)	(90,636,551)
Total equity		16,573,802	19,264,499
LIABILITIES			
Non-current liabilities			
Insurance contracts	10	214,925,814	220,446,634
Due to related party	16	10,667,061	10,103,930
Borrowings	11	17,601,384	18,234,645
Deferred tax liability	12	532,781	529,680
		243,727,040	249,314,889
Current liabilities			
Insurance contracts	10	36,384,438	38,362,244
Trade and other payables	13	2,290,893	1,853,426
Borrowings	11	1,398,613	765,355
		40,073,944	40,981,025
Total liabilities		**283,800,984**	**290,295,914**
Total equity and liabilities		**$300,374,786**	**$309,560,413**

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

On 24th April 2019 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, 2018

(Expressed in Trinidad and Tobago Dollars)

	Notes	2018	2017
Revenue			
Long-term insurance premiums		26,335,124	29,661,537
Insurance premiums ceded to reinsurers		(3,616,835)	(3,423,114)
Net insurance premiums		22,718,289	26,238,423
Reinsurance commission		83,976	210,155
Investment income		10,219,584	11,154,995
Other income		3,437,532	394,505
Appreciation in the value of investment property		100,000	-
Realized gain on disposal of investments		8,379	3,838,329
Realized gain on disposal of property, plant and equipment		-	42,850
Unrealized loss allowance	5	(1,650,862)	-
Net unrealized gain (loss) in value of investments		841,335	(1,638,182)
Net unrealized (loss) gain in value of cash equivalents		(918,265)	410,616
Net revenue		34,839,968	40,651,691
Insurance benefits		5,694,362	833,047
Expenses			
Insurance claims	22	(23,616,598)	(24,938,530)
Commissions		(773,839)	(971,450)
Marketing and administration expenses	16	(13,919,225)	(12,883,442)
Total expenses		(38,309,662)	(38,793,422)
Profit from operating activities		2,224,668	2,691,316
Finance cost		(1,784,421)	(1,752,450)
Profit before taxation		440,247	938,866
Taxation	17	(356,213)	(327,016)
Net profit for the year attributable to equity holders		84,034	611,850
Other comprehensive (loss) income			
Items that may be reclassified to profit and loss			
Appreciation in the value of property		100,000	
Items that will never be reclassified to profit and loss			
Actuarial loss on retirement benefit asset		(2,595,928)	(993,600)
Deferred taxation adjustment on retirement benefit asset		(278,803)	2,458,772
Other comprehensive (loss) income		(2,874,731)	1,465,172
Total comprehensive (loss) income for the year		**$(2,690,697)**	**$2,077,022**

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, 2018

(Expressed in Trinidad and Tobago Dollars)

	Share capital	Revaluation reserve	Retained deficit	Total equity
Year ended December 31, 2018	57,401,357	52,499,693	(90,636,551)	19,264,499
Balance at January 1, 2017				
Comprehensive (loss)/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 income		**100,000**	**(2,790,697)**	**(2,690,697)**
Balance at December 31, 2018	**$57,401,357**	**$52,599,693**	**$(93,427,248)**	**$16,573,802**
Year ended December 31, 2017				
Balance at January 1, 2017	57,401,357	52,499,693	(92,713,573)	17,187,477
Comprehensive (loss)/income for the year:				
Net profit for the year attributable to equity holders	-	-	611,850	611,850
Other comprehensive (loss)/income:				
Actuarial loss on retirement benefit asset	-	-	(993,600)	(993,600)
Deferred taxation adjustment on retirement benefit asset (Note 12)	-	-	2,458,772	2,458,772
Total comprehensive income			**2,077,022**	**2,077,022**
Balance at December 31, 2017	**$57,401,357**	**$52,499,693**	**$(90,636,551)**	**$19,264,499**

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, 2018

(Expressed in Trinidad and Tobago Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	440,247	938,866
Adjustments for:		
Depreciation	1,509,366	1,369,150
Appreciation in the value of investment property	(100,000)	-
Realized gains on disposal of plant and equipment	-	(42,850)
Change in insurance contracts	(7,498,626)	2,464,872
Revaluation of foreign currency investments	35,413	(148,708)
Realized gains of disposal of investments	(8,379)	(3,838,329)
Net unrealized (gain)/loss in the value of investments	(841,335)	1,638,182
Unrealised loss allowance	1,650,862	-
Interest income reinvested	2,529	(93,763)
Net amortized discounts on bonds	(431,722)	(895,387)
Interest and dividend income	(8,846,102)	(10,049,681)
Interest expense	1,784,421	1,752,524
Trade and other receivables	(1,537,453)	(1,386,169)
Trade and other payables	269,097	(925,860)
Cash used in operations	(13,571,682)	(9,217,153)
Interest paid	(1,221,293)	(1,197,984)
Taxes paid	(406,674)	(350,774)
Net cash used in operating activities	**(15,199,649)**	**(10,765,911)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,324,961	9,224,754
Dividend received	554,814	467,928
Proceeds from disposal of property, plant and equipment	-	228,579
Acquisition of property, plant and equipment	(636,181)	(2,117,567)
Mortgage loans granted	(800,000)	(2,932,500)
Mortgage repayments	131,259	93,618
Policy loans granted	(1,064,476)	(460,946)
Policy loans repayments	1,097,534	720,828
Policy loan reversal on claim write back	263,529	-
Purchase of investments	(11,209,976)	(17,642,520)
Proceeds from disposal of investments	26,678,234	17,510,084
Net cash generated from investing activities	**23,339,698**	**5,092,258**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	-	(424,114)
Proceeds from loan	-	-
Net cash used in financing activities	**-**	**(424,114)**
Net increase (decrease) in cash and cash equivalents	**8,140,049**	**(6,097,767)**
CASH AND CASH EQUIVALENTS, JANUARY 1	**25,428,673**	**31,526,440**
CASH AND CASH EQUIVALENTS, DECEMBER 31	**$33,568,722**	**$25,428,673**

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 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 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.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these financial statements as none of these is expected to have a significant effect on the financial statements of the Company.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. This standard is effective January 1, 2018 however the Company has chosen to defer the adoption of IFRS 9. Temporary exemption permits companies whose activities are predominantly connected with insurance to defer the application of IFRS 9 until the earlier of:

(a) the application of the forthcoming insurance contracts Standard; or
(b) January 1, 2021.

These companies will continue to apply IAS 39 during this period and will be required to make additional disclosures to enable users of financial statements to make comparisons with companies applying IFRS 9.

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 amortized 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 rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact.

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.

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.

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.

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.

2.1 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)

IAS 23 Borrowing Costs. When an entity uses funds borrowed generally for the purposes of constructing a qualifying asset, paragraph 14 of IAS 23 requires it to apply a capitalisation rate to the expenditure on that qualifying asset. This capitalisation rate is the weighted average of the entity's borrowings that are outstanding during the period, excluding borrowings made specifically for the purpose of constructing that, or any other, qualifying asset. The amendment to IAS 23 clarifies that once a qualifying asset funded through specific borrowings becomes ready for its intended use or sale (such that borrowing costs incurred on the specific borrowings can no longer be capitalised as part of the cost of that qualifying asset), those borrowings then become part of the pool of general borrowings. Therefore, from that date, the rate applied on those borrowings are included in the determination of the capitalisation rate applied to general borrowings for the purposes of paragraph 14. The amendment to IAS 23 is effective for periods beginning on or after January 1, 2019, although earlier application is permitted. Entities are required to apply the amendment only to borrowing costs incurred on or after the beginning of the annual reporting period in which the amendment is first applied. Therefore, there is no effect on equity at the start of the earliest period presented.

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

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.

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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 straight-line basis except for freehold land, 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.

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%

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 2020.

2.5 Financial assets – investments

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

2. Summary of significant accounting policies (continued)

2.5 Financial assets – investments (continued)

Held to maturity

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.

Available for sale

Available for sale financial assets 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.

Available for sale financial assets are initially recognised at fair value plus transactions cost that are directly attributable to their acquisition.

After initial recognition, investments which are classified as “available for sale” 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.

The fair value of available for sale financial assets 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. Summary of significant accounting policies (continued)

2.5 Financial assets – investments (continued)

Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit and loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit and loss if the Company manages such investments and make purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit and loss as incurred. Financial assets at fair value through profit and loss are measured at fair value, and changes therein are recognized in profit and loss.

Financial assets designated at fair value through profit and loss equity securities that otherwise would have been classified as available-for-sale.

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 available for sale financial asset 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 available for sale financial asset 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 available for sale financial assets that are debt securities, the reversal is recognised in statement of comprehensive income. For available for sale financial assets 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)

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 and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, green fund levy and any adjustment of tax payable for the previous years.

- **Long-term business**

  Corporation tax at 15% is payable on the net income derived from investment. When profits from the long-term business are transferred to the shareholders' account an additional 10% corporation tax is payable on the amounts so transferred.

- **Other than long-term business**

  Corporation tax is 30% (2016: 25% up to TTD 1 million of chargeable profits and 30% on the excess) is payable on the net income derived from other business.

  Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

  Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

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 when exist 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

The Company issues insurance contracts that transfer significant insurance risk and financial risk. 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.

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. They are accrued, unless the cash surrender value of the policy is insufficient to cover the cost of insurance. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability is recorded for contractual benefits that are expected to be incurred in the future. The liability is determined as the sum of the expected discounted values of future benefit payments, administration expenses, agent commissions, reinsurance premium payments and taxes that are directly related to the contract that would be required to meet the benefits and administration expenses based on the valuation assumptions used less expected future premiums and reinsurance recovery for ceded benefits. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are reviewed and established every year based on current estimated future cash flow. A margin for adverse deviations is included in the assumptions.

Underwriting

Full underwriting procedures, which takes into account reinsurers guidelines are in place for selection of risks for life insurance business.

Experience analysis

Mortality experience of ordinary life insurance business is reviewed and analyzed every year. The actual death claims are compared with expected figures projected by the actuarial models to ensure that the policy liabilities contain sufficient margin to cover unexpected adverse mortality experience. See Note 12(a) for a comparison of actual and projected claims.

Lapse and expense studies are performed yearly to monitor the experiences.

2. Summary of significant accounting policies (continued)

2.12 Insurance contracts (continued)

Liability adequacy test

At each reporting date, the Consulting Actuary values the policy liabilities using Policy Premium Method. Under this method, all future policy cash flows are projected. Estimates and assumptions are evaluated every year based on the Company's current operating experiences. Any change in policy liabilities is immediately charged to the profit and loss.

Insurance risks are constantly selected, monitored and mitigated by the Company through the following programmes: underwriting, experience analysis and reinsurance.

2.13 Re-insurance contracts

Reinsurance

The Company utilizes reinsurance arrangements to mitigate the mortality and morbidity risks associated with its ordinary life insurance and personal accident insurance businesses.

For ordinary life insurance business, the mortality risk exposures exceeding the retention limit on a per-life basis are reinsured. See Note 10(c) for the concentration of sums insured before and after the reinsurance programme.

Morbidity exposure associated with personal accident insurance business is mitigated through a coinsurance arrangement. There is no reinsurance arrangement for annuity business.

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.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable less any applicable reinsurance allowance. The net reinsurance asset is not reported separately in the financial statements. Instead, it is deducted from the gross policy liabilities in the valuation.

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, 2018 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.

2. Summary of significant accounting policies (continued)

2.14 Employee benefits (continued)

Defined benefit plan (continued)

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.

2.16 Revenue recognition

Premium income

Premium income is recognised in accordance with - see accounting policy (2.12)..

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. Summary of significant accounting policies (continued)

2.17 Claims

Claims incurred comprise the value of all claims occurring during the period reported, together with related handling and administrative expenses.

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 been reported occurred up to the reporting date of the Company. The Company does not discount its liabilities for unpaid claims.

2.18 Operating expenses

Other expenses are generally recognised on an accrual basis.

2.19 Leases

Leases entered into by the Company are all operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When the operating 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 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
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, 2017							
Cost/Valuation							
Balance as at December 31, 2016	36,766,667	3,102,056	2,530,825	7,715,041	2,005,876	703,500	52,823,965
Additions	938,907	157,250	37,035	602,483	381,892	-	2,117,567
Disposals	-	-	-	(5,890)	(6,461)	(271,000)	(283,351)
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**
Balance as at December 31, 2016	581,165	2,703,570	2,334,740	6,375,263	1,792,255	176,000	13,962,993
Charge for the year	505,964	163,647	74,954	446,163	72,922	105,500	1,369,150
Disposals	-	-	-	(2,454)	-	(95,167)	(97,621)
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**
Net Book Value							
At December 31, 2017	**$36,618,445**	**$392,089**	**$158,166**	**$1,492,662**	**$516,130**	**$246,167**	**$39,423,659**

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

4. Investment property

	2018	2017
Cost/valuation		
Balance as at beginning of year	45,133,333	45,133,333
Revaluation	100,000	-
Balance as at end of year	**$45,233,333**	**$45,133,333**

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

	2018	2017
Held to maturity		
Non-current assets		
Bonds	127,906,648	123,583,070
Mortgages	4,193,255	3,534,203
Total non-current portion	**132,099,903**	**127,117,273**
Current assets		
Bonds	10,670,985	31,748,548
Mortgages	134,564	124,875
	10,805,549	31,873,423
Available for sale		
Unquoted equity (Note 18)	122,686	122,686
Financial asset at fair value through profit and loss		
Quoted equity	16,838,161	15,957,270
Mutual Fund (Note 18)	2,682,495	2,685,027
	19,520,656	18,642,297
Total current portion	**30,448,891**	**50,638,406**
Total investments	**$162,548,794**	**$177,755,679**

As the Government of Barbados defaulted on their interest payments from August 2018, an impairment allowance of $1,650,862 was provided for on these bonds. The carrying value of these bonds are now $12,539,073. This impairment recognition is consistent under IAS 39 as well as IFRS 9 which has not yet been adopted.

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.

	2018	2017
Pension assets		
Present value of the defined benefit obligation	(33,152,300)	(31,162,900)
Fair value of plan assets	43,782,400	44,439,300
Recognised asset	**$10,630,100**	**$13,276,400**
Reconciliation of activity during the year		
Opening defined benefit asset	13,276,400	14,195,800
Net pension cost	(2,646,300)	(919,400)
Closing defined benefit asset	**$10,630,100**	**$13,276,400**
Movement in the defined benefit obligation over the year is as follows:		
Beginning of year	(31,162,900)	(30,781,300)
Current service cost	(638,900)	(562,500)
Plan participants' contributions	(212,400)	(182,600)
Interest cost	(1,538,100)	(1,500,700)
Actuarial loss on obligation	(1,252,700)	(417,000)
Benefits paid	1,652,700	2,281,200
Balance as at end of year	**$(33,152,300)**	**$(31,162,900)**
Movement in the fair value of plan assets of the year is as follows:		
Beginning of year	44,439,300	44,977,100
Administration expenses	(216,100)	(240,200)
Expected return on plan assets	2,185,900	2,195,000
Actuarial loss on plan assets	(1,398,800)	(576,600)
Employer contributions	212,400	182,600
Plan participants' contributions	212,400	182,600
Benefits paid	(1,652,700)	(2,281,200)
Fair value of plan assets as at the end of the year	**$43,782,400**	**$44,439,300**

Plan assets comprise the following:

	%	%
Local Equities	28	33
Government Securities	27	28
Corporate Bonds	5	3
Foreign Investments	34	31
Mutual Funds	1	1
Short Term Securities	2	2
Other	3	2

	2018	2017
6. Retirement benefit asset (continued)		
The amounts recognised in profit and loss are as follows:		
Administration expenses	216,100	(240,200)
Current service cost	(638,900)	(562,500)
Net interest income	647,800	694,300
	$225,000	**$(108,400)**
Actual return on plan assets	**$787,100**	**$1,618,400**
Amounts recognized in other comprehensive income:		
Experience losses - demographic	(1,252,700)	(417,000)
Experience losses - financial	(1,398,800)	(576,600)
	$(2,651,500)	**$(993,600)**
The principal actuarial assumptions used for accounting purposes were:		
Discount Rate at end of year	5.00%	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	$(3,618,200)	$(2,873,400)
Salary growth	$947,700	$768,100

7. Loans receivable

Non-current portion	2,346,513	2,744,962
Current portion	533,648	431,786
Total policy loans	**$2,880,161**	**$3,176,748**

Policy loans represents 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 policy.

8. Trade and other receivables

Receivables arising from insurance business	1,546,299	3,276,996
Other receivables	4,685,150	1,450,673
Total trade and other receivables	**$6,231,449**	**$4,727,669**

Management fee receivable $2,987,730 represents the offset of a claim in the High Court against The Demerara Life Assurance Company of Trinidad and Tobago Limited .

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.

<u>Experience analysis</u>

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

	2018	2017
Actual death claims ($000)	3,323	5,977
Projected death claims ($'000)	5,977	4,981
Actual/projected ratio	55.6%	120%

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 $240,734,522 as at December 31, 2018 (2017: $246,428,883).

	2018	2017
Long-term insurance contracts:		
- with fixed and guaranteed terms	171,381,402	172,081,464
- universal life	69,353,120	74,347,419
	240,734,522	246,428,883
Claims admitted or intimated but not paid	7,527,740	10,668,927
Amount due to reinsurers	3,047,990	1,711,068
Total insurance liabilities	**$251,310,252**	**$258,808,878**
Non-current liabilities	214,925,814	220,446,634
Current liabilities	36,384,438	38,362,244
Total insurance liabilities	**$251,310,252**	**$258,808,878**

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 2018 ($,000)	2017 ($,000)
Mortality	Margin for adverse deviation of group creditor life was increased due to data quality issue.	33	2,590
Interest Rate	Interest rate assumption was adjusted to reflect changes in the Company's investment portfolio and expected future investment returns.	812	779
Lapse	Expected lapse assumptions were adjusted to reflect current experience.	443	405
Expense	Expected per-policy administrative expense and expected future inflation rate were adjusted to reflect current experience and the Company's Cost Rationalization Plan which would take place in 2019. Margin for adverse deviation was also increased to reflect the increased uncertainty associated with future expenses.	(6,337)	(1,979)
Premium Persistency	Expected premium persistency ratios for universal life were adjusted to reflect current experience.	(209)	(1,313)

10. Insurance contracts (continued)

(b) Actuarial valuation (continued)

Ordinary life insurance policies

Assumption	Change	Change in Policy liabilities 2018 ($,000)	2017 ($,000)
Individual annuity policies			
Mortality	Expected mortality assumptions were adjusted to reflect mortality improvement.	25	345
Interest Rate	Interest rate assumption was adjusted to reflect changes in the Company's investment portfolio and expected future investment returns.	2,348	(441)
Lapse	Expected lapse assumption for accumulation annuity was adjusted to reflect current experience.	764	(821)
Expense	Expected per-policy administrative expense and expected future inflation rate were adjusted to reflect current experience and the Company's Cost Rationalization Plan which would take place in 2019. Margin for adverse deviation was also increased to reflect the increased uncertainty associated with future expenses.	(3,622)	(1,123)
Premium Persistency	Expected premium persistency ratios for accumulation annuity were adjusted to reflect current experience.	(125)	0.4

Change in assumptions

Sensitivity analysis

Variable	2018 Change in variable	2018 Change in Policy liabilities ($'000)	2018 Percentage of change	2017 Change in variable	2017 Change in policy liabilities ($'000)	2017 Percentage of change
Worsening in ordinary life mortality	10%	4,035	1.7%	10%	4,407	1.8%
Improvement in annuity Mortality	10%	557	0.2%	10%	438	0.2%
Increase in lapses of all lines of business in all future years	10%	1,679	0.7%	10%	1,235	0.5%
Decrease in valuation interest rates in all future years	25 basis points	8,911	3.7%	50 basis points	20,423	8.3%
Increase in policy maintenance expense	10%	2,257	0.9%	10%	3,700	1.5%
Decrease in premium persistency ratios for flexible-premium products in all future years	10%	1,532	0.6%	10%	1,709	0.7%

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 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%	9,574	0.71%
Total	**$2,547,348**	**100%**	**$1,348,122**	**100%**

	Total ordinary life sums assured as at the end of 2017 ($,000)			
Sums assured per-Life	Before reinsurance		After reinsurance	
0 - 100	518,148	18.92%	527,815	31.18%
100 - 200	471,238	17.21%	570,406	33.70%
200 - 300	304,566	11.12%	169,027	9.99%
300 - 500	312,323	11.40%	371,214	21.93%
Over 500	1,132,434	41.35%	54,195	3.20%
Total	**$2,738,709**	**100%**	**$1,692,657**	**100%**

11. Borrowings

	2018	2017
Bank loans-Non-current portion	17,601,384	18,234,645
Bank loan-Current portion	1,398,616	765,355
Total borrowings	**$19,000,000**	**$19,000,000**

Bank loan

This represents an amortised eight (8) year loan from Republic Bank Limited. The loan is secured on land situated at 51-53 Dundonald Street and #3-7 Melville Lane, Port of Spain and attracts interest at a fixed rate of 6.5% per annum

12. Deferred tax liabilities

	2018	2017
Balance at beginning of year	529,680	2,922,491
Matured zero rated bonds	(283,170)	-
Deferred taxation on actuarial loss on retirement benefit asset	(55,571)	-
Deferred taxation adjustment on retirement benefit asset	278,803	(2,458,772)
Current year charge for zero rated bonds (Note 15)	63,039	65,961
Balance at end of year	**$532,781**	**$529,680**
Deferred taxation is attributable to the following items:		
Retirement benefit asset	223,232	-
Zero rated bonds	309,549	529,680
	$532,781	**$529,680**

13. Trade and other payables

	2018	2017
Trade payables and accrued expenses	2,225,990	1,576,470
Accrued expenses and other payables	64,903	276,956
	$2,290,893	**$1,853,426**

14. Marketing and administration expenses

	2018	2017
Depreciation	1,509,366	1,369,150
Employee benefit expense (Note 14.1)	7,901,671	7,143,651
Professional fees	1,558,060	998,043
Purchase of goods and services	2,950,128	3,372,598
Total expenses	**$13,919,225**	**$12,883,442**

14.1. Employee benefit expense

	2018	2017
Salaries, wages and allowances	6,520,613	5,966,988
Pension costs	285,242	227,514
Other benefits	1,095,816	949,149
Employee benefit expense	**$7,901,671**	**$7,143,651**

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

15. Taxation

	2018	2017
Current tax	235,344	361,354
Prior year over (under) provision	24,131	(134,722)
Green fund levy	33,699	34,420
Deferred tax current year charge to profit	63,039	65,964
Tax expense	**$356,213**	**$327,016**
Profit before tax	**440,247**	**938,866**
Tax at statutory rates 30%/25% applicable to profits	132,074	234,717
Effect of different tax rate of life insurance companies	(106,886)	295,579
Deferred tax	63,039	65,964
Green fund levy	33,699	34,420
Prior year (under) provision	24,131	(134,722)
Tax effects of:		
Income not subject to tax	(8,928,538)	(7,302,754)
Expenses not deductible for tax	9,138,694	7,133,812
Tax expense	**$356,213**	**$327,016**

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 represent advances received from the parent company Assuria N.V. These loans have varying maturity dates and attract interest at a rate of 6.5% per annum.

Due to parent company

	2018	2017
Related party loans	8,100,857	8,046,631
Related party loans interest accrued	2,566,204	2,057,299
Total related party loan	**$10,667,061**	**10,103,930**

The key management personnel compensation is as follows:

		2018	2017
a)	Directors' fees	96,000	96,000
b)	Key management compensation	2,418,333	2,469,832
c)	Finance cost	548,695	523,674

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

Investment securities

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.

Loans and receivables

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:

	2018	**2017**
At fair value through profit and loss (Note 5)	2,682,495	2,685,027
At amortised cost		
Held-to-maturity (Note 5)	142,905,452	158,990,696
Loans receivable (Note 7)	2,880,161	3,176,748
Trade and other receivables (Note 8)	6,231,449	4,727,669
Cash and cash equivalent	33,568,722	25,428,673
	$188,268,279	**$195,008,813**

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

Trinidad and Tobago Government Bonds	28,129,839	28,239,191
Other Commonwealth Government Bonds	26,447,202	29,103,791
Bonds and certificates of interest issued by banks	17,923,120	21,119,424
Other corporate bonds and notes	73,087,786	83,213,315
Corporate and individual customers	7,414,191	6,453,743
Cash at banks	1,548,836	2,877,266
Money market funds and term deposits	32,019,886	22,551,407
Other counter-parties	1,697,419	1,450,676
	$188,268,279	**$195,008,813**

The exposure to credit risk by geographic region was:

Trinidad and Tobago	157,554,840	162,124,395
Barbados	12,539,073	13,799,249
Saint Lucia	2,917,698	3,877,870
Bahamas	7,583,601	7,597,552
Suriname	72,739	72,893
St. Vincent & the Grenadines	2,690,760	3,110,446
Bermuda	716,068	718,674
United States of America	4,193,500	3,707,734
	$188,268,279	**$195,008,813**

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 Company 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 Company.

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

2018	**AA**	**A**	**BBB**	**BB**	**CCC**	**Not Rated**	**Total**
Non-current	-	3,398,563	77,317,557	7,583,601	-	43,800,182	132,099,903
Investment	-	-	-	-	-	2,346,513	2,346,513
Loan receivable	-	3,398,563	77,317,557	7,583,601	-	46,146,695	134,446,416
Current							
Investment	-	-	5,693,136	-	-	7,794,908	13,488,044
Loan 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	-	6,617,132	-	-	18,963,166	53,821,863
	$28,241,565	**$3,398,563**	**$83,934,689**	**$7,583,601**	**-**	**$65,109,811**	**$188,268,279**

17. Financial risk management (continued)

(b) *Credit risk (continued)*

2017	AA	A	BBB	BB	CCC	Not Rated	Total
Non-current							
Investment	-	3,403,691	34,051,478	7,597,552	13,260,963	68,803,590	127,117,273
Loan receivable	-	-	-	-	-	2,744,962	2,744,962
	-	3,403,691	34,051,478	7,597,552	13,260,963	71,548,552	129,862,235
Current							
Investment	-	-	30,294,047	-	538,286	3,726,117	34,558,450
Loan receivable	-	-	-	-	-	431,786	431,786
Trade and other receivables	-	-	-	-	-	4,727,669	4,727,669
Cash and cash equivalents	19,000,931	-	1,982,824	-	-	4,444,918	25,428,673
	19,000,931	-	32,276,871	-	538,286	13,330,489	65,146,577
	$19,000,931	**$3,403,691**	**$66,328,349**	**$7,597,552**	**$13,799,249**	**$84,879,041**	**$195,008,813**

(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:

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	19,000,000	19,000,000	1,398,613	7,253,695	10,347,689
Trade and other payables	2,290,893	2,290,893	2,290,893	**-**	**-**
	$283,268,206	**$283,268,206**	**$40,073,944**	**$73,633,458**	**$169,560,801**

2017	Carrying amount	Contractual cash flows	Less than 12 months	2-4 years	More than 4 years
Insurance contracts	258,808,878	258,808,878	38,362,244	68,360,410	152,086,224
Due to related party	10,103,930	10,103,930			10,103,930
Borrowings	19,000,000	19,000,000	765,355	3,975,699	14,258,946
Trade and other payables	1,853,426	1,853,426	1,853,426	**-**	**-**
	$289,766,234	**$289,766,234**	**$40,981,025**	**$72,336,109**	**$176,449,100**

(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.

17. Financial risk management (continued)

(d) Market risk (continued)

(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:

	2018	2017
Fixed rate instruments		
Financial assets	142,905,452	152,185,448
Financial liabilities	(27,100,857)	(27,052,164)
	\$115,804,595	**\$125,133,284**
Variable rate instruments		
Financial assets	33,568,722	32,233,921
Financial liabilities		
	\$33,568,722	**\$32,233,921**

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.

Cash flow sensitivity analysis for variable rate instruments

A change of one percent in interest rates at the balance sheet 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 2017.

Variable rate instruments	2018	2017
1% increase	\$335,687	\$322,339
1% decrease	\$(335,687)	\$(322,339)

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 (12%) of its total assets.

The exposure to price risk at the reporting date is $16,960,847 (2017: $16,079,956).

(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 36% (2017: 33%) 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	**Jamaican dollars**	**United States dollars**	**Canadian dollars**
2018				
Investment at fair value through profit and loss	3,103,170	2,311,630	-	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)	-
Trade and other payables		-		-
Net exposure	**$54,174,310**	**$2,311,630**	**$51,071,140**	**$791,540**

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

2017	**Carrying amount**	**Jamaican dollars**	**United States dollars**	**Canadian dollars**
Investment at fair value through profit and loss	2,640,660	1,699,170	-	941,490
Investments held-to-maturity	51,706,828	-	51,706,828	-
Cash and cash equivalents	11,931,876	-	11,931,876	-
Due to related party	(10,103,930)	-	(10,103,930)	-
Trade and other payables	(45,936)	-	(45,936)	-
Net exposure	**$56,129,498**	**$1,699,170**	**$53,488,838**	**$941,490**

17. Financial risk management (continued)

(d) Market risk (continued)

(iii) Currency risk (continued)

Management of currency risk (continued)

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:	**2018**	**2017**
United States Dollar	$6.7986	$6.7744
Jamaican Dollar	$0.0534	$0.0527

Sensitivity analysis

A one percent strengthening of the Trinidad and Tobago Dollar against the United States Dollar, Jamaican 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

	2018	**2017**
United States Dollar	$(510,711)	$(534,943)
Jamaican Dollar	$(23,116)	$(16,992)
Canadian Dollar	$(7,915)	$(9,415)

(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:

- 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

17. Financial risk management (continued

(e) Operational risk (continued)

- 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 12.32%, 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;

	2018	2018	2017	2017
	Carrying value	Fair value	Carrying value	Fair value
Unquoted government bonds	12,048,377	11,843,616	12,611,940	12,446,747
Unquoted other bonds	8,779,010	9,182,794	10,724,477	10,758,949
Quoted government bonds	42,528,664	43,589,269	44,731,034	46,138,674
Quoted other bonds	75,221,582	76,719,378	87,264,167	88,837,662
Mortgages	4,327,819	4,327,819	3,659,078	3,659,078
	$142,905,452	**$145,662,876**	**$158,990,696**	**$161,841,110**

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.

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.

18. Financial instruments (continued)

Fair value (continued)

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;

2018	Carrying amount	Fair Value Level 1	Level 2	Level 3
Financial assets measured at fair value				
Available for sale financial asset	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**

2017	Carrying amount	Fair Value Level 1	Level 2	Level 3
Financial assets measured at fair value				
Available for sale financial asset	122,686	-	-	122,686
Financial asset at fair value through profit and loss (Note 5)	18,642,297	15,957,270	2,685,027	-
	$18,764,983	**$15,957,270**	**$2,685,027**	**$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. Operating leases

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

	2018	2017
Lease payments falling due:		
Less than one year	392,933	452,933
Between one and five years	827,865	1,232,798

During the year ended December 31, 2018 $505,933 (2017: $560,808) were recognised as an expense in the profit and loss in respect of operating 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.

Investments	158,274,026	174,240,127
Cash and cash equivalents	33,568,722	25,207,007
Property	50,337,747	50,766,084
Other	4,327,819	3,659,078
Total pledged assets	**$246,508,314**	**$253,872,296**

22. Claims

A review of the company's outstanding claims was undertaken. 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 2018, claims amounting to $1,801,694 were written off.

23. Subsequent event

The Company evaluated all events that occurred from January 1, 2019 through April 24th, 2019, 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.

ASSURIA LIFE (T&T) LTD.

Supplementary Financial Information

December 31, 2018

Directors' interest

	2018	2017
Shares held	-	-

Ordinary shares issued and fully paid

As at December 31, 2018 and 2017, none of the Directors of the Board held shares with the Company.

Substantial interest

Ordinary shares issued and fully paid	2018	2017	2018	2017
Assuria N.V.	98%	98%	$273,248,349	$273,248,349

A substantial interest means one-twentieth or more of the issued share capital of the Company.

	2018 ($'000)	2017 ($'000)
Financial review		
Total assets	$300,375	$309,560
Equity	$16,574	$19,264
Net income	$36,490	$40,652
Decrease in insurance benefits	$(5,694)	$(833)
Insurance claims	$23,617	$24,939
Expenses of commissions, marketing and administration	$16,344	$13,854
Profit for the year	$84	$612

Statement of new business and business in force

	2018	2017
New business		
No. of policies	180	369
Net sum assured ($'000)	$14,215	$22,360
Annualized premium ($'000)	$519	$896
Business in force		
No. of policies	16,000	16,757
Net sum assured ($'000)	$930,783	$981,842
Annualised premium ($'000)	$35,567	$37,497