



2020

Assuria 
LIFE T&T LTD. *Solid & Secure*

ANNUAL REPORT

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C O N T E N T S

CORPORATE RECAP



December 31, 2020

CHAIRMAN

Mario Merhai, MSc., AAG

DIRECTORS

Stephen Smit, MSc.
D.R. Parbhudayal, MSc., AAG
Angela Lee Loy FCCA, CA
Martin Jim, FCCA, CA
Jason Clarke, BSc.

Country Manager

Jason Clarke, BSc.

Company Secretary

Melissa Suraj, BSc.

REGISTERED OFFICE

49 Dundonald Street, Port of Spain

SERVICES-CENTRES

Tobago
Chaguanas
Arima
San Fernando

Unit 9, E-Teck Mall, Sangster Hill, Tobago
Mid Centre Mall, Chaguanas
Xtra Foods Plaza, O'Meara Road, Arima
11 Independence Avenue, San Fernando

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

ATTORNEYS-AT-LAW

J.D. Sellier & Co
129-131 Abercromby Street, Port of Spain

CORE VALUES

The Company is dedicated to providing Life Insurance options to people of all ages and walks of life through its core values Integrity, Care, Innovation and Expertise and Customer Focus.

VISION

Our **VISION** is to be a people-focused Caribbean financial institution of choice, offering trustworthy, innovative and easily accessible insurance solutions to protect what you value, built on a solid and secure base.

MISSION

Our **MISSION** is to deliver an innovative and best-in-class customer experience, with care, through a wide array of solutions. We are a trustworthy partner and respect the interests and aspirations of our stakeholders and community. We aim to provide an opportunity for growth and development of our employees, and a fair return for shareholders.

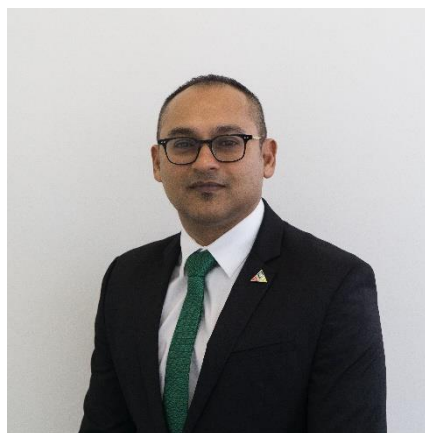
CHAIRMAN'S REPORT

Shareholders, it is with great pleasure that I present the Chairman's Report, and the Audited Financial Statements of Assuria Life (T&T) Ltd (the "Company") for the year ending 31st December 2020.

We continue to endure the consequences of the Covid-19 pandemic which was declared since March 11, 2020. The pandemic disrupted economic activities and financial markets worldwide. As a result, the Company's performance was impacted resulting in our Total Comprehensive Income for the year ended December 31, 2020, declining to \$3.06 million compared to \$4.83 million for the same period of 2019. We continue to put measures in place to mitigate any further declines and to prepare for the reopening of our economy and the world.

Our broad strategy was unchanged, and the team adapted their processes to the new market dynamics that arose from the pandemic, a testament to their resilience. Our team continued the diligent task of restructuring and reorganizing the Company to improve operating efficiencies. Efforts thus far have resulted in significant reductions in our operating cost.

The Insurance Act (2018) (the "Act") was finally proclaimed by the President. The effective start date being January 1st, 2021. A key component of the Act is the new method for measuring the capital adequacy of insurers. This new risk-based method is anticipated to require an increase in the equity base of the Company. Plans are currently being development by the team to ensure that the Company satisfies all requirements of the new Act.



Our Group completed its strategic plans for the period 2021 to 2026. An integrated group approach was used to formulate our plans, with members from all companies and jurisdictions participating in developing the strategies. We are proud of the results and the new group Vision, Mission and Core Values which were agreed and adopted by all subsidiaries of our Group. We are now all aligned as a single force, with a clear future destination.

Principally, the Board's responsibility is to continuously ensure our expertise is used to consider shareholders' needs. In this regard, the Board of Directors has performed its duties in compliance with our Corporate Governance requirements, Byelaws and International Best Practices. I remain grateful for members' immeasurable hard work, dedication and contributions during the financial year and anticipate their continued momentum and passion in fuelling this Company's success.

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 that we satisfy our statutory commitments.

Chairman's Report (cont.)

December 31, 2020

Dividend Proposal

The Board at this time does not propose any dividend distribution.

Appointments

According to Section 3.05.1 of the Byelaws, the Directors hold office 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.

Finally, on behalf of the Board of Directors, we remain appreciative to our loyal customers who have continuously placed their trust in our Company and its development. To our evermore dedicated and devoted employees, managers and agents, our company's successes, past and future, is not possible without their contribution. Some members of our team have had to continue to service our customers during the pandemic at the frontline and we are eternally grateful for their sacrifice and dedication. We look forward to continuing our journey together towards making our Company, a people focused T&T financial institution of choice.

Assuria Life (T&T) Ltd.

Mario Merhai
Chairman

MANAGING DIRECTOR'S REPORT

For the financial period ended December 31, 2020, Assuria Life T&T Ltd©. (the "Company") performance was severely impacted by the Covid-19 pandemic. The pandemic which was declared on March 11, 2020, disrupted economic activities worldwide, and the free movement of people, goods and services. This caused and continues to cause loss of value and volatility in the international and local equity and bond financial markets. Projections from leading economist are for a contraction in T&T's 2020 GDP of just over 9%. Initial forecast made by the World Bank after the start of the pandemic was for a contraction of only (4.5%). Whilst a number of international financial markets were able to recover significant lost values by the end of 2020, unfortunately the local financial market was not as resilient.

The Company realized a Net Loss Attributable to Equity Holders of TT\$2.28 million for the year ended December 31, 2020, with the financial dislocation caused by the pandemic playing a leading role in these results.

Since the declaration of the pandemic, we have had to implement new operating and safety protocols and procedures. Although public health regulations and restrictions on



movement of persons to contain the spread of Covid-19 were implemented by the authorities, as an essential service and financial institution of importance to our customers, our team ensured that we were able to continue providing service and support. We are grateful that we have been able to quickly adapt to ensure that we continuously meet our obligations to our customers, whilst ensuring the safety of our team.

Unfortunately, at this time, we are still being held hostage by the pandemic, which continues to create a drag on economic activity in 2021. Nevertheless, we are optimistic that our economy will soon be re-opened, given recent announcements of the procurement of significant supplies of vaccines by the government.

Managing Director's Report (cont.)

December 31, 2020

Financial Highlights

For the financial year ended 31, December 2020, we realized a Net Loss Attributable to Equity Holders of (\$2.27 million) compared to a profit for the corresponding 2019 prior year period of \$3.68 million. Our Total Comprehensive Income for the financial year ended 31, December 2020 was \$3.06 million compared to \$4.83 million for the corresponding prior year.

The current year's performance can be attributed to:

- Our insurance premium in 2020 decreased more than 11% when compared to 2019. Public health regulations, as well as the contraction of the economy severely impacted our Agent's ability to sell new business.
- We were able to earn a higher Investment Income in 2020 than 2019. However, due to declining financial markets, we recorded market to market losses of \$2.42 million compared to gains of \$3.79 million recorded in 2019.
- Our Claims cost increased more than 9% in 2020, to \$27.32 million compared to \$24.98 million, mainly due to an increase in policyholders' withdrawals from their savings driven by the contraction in economic activity.
- Our Marketing and Administration expenses were reduced by 15% to \$7.3 million from \$8.58 million in 2019. This was due to the ongoing implementation of cost-effective and efficient strategies.

Our Team

In keeping with the belief and premise that a well-balanced and dynamic employee is important to the future growth of our Company and overall stakeholder satisfaction, it is always our aim to improve our team in line with the philosophies of the Assuria Group. In this regard, we continue to retrain the team and make technological advancements to support our personnel's growth and adherence to a progressive environment.

We successfully completed the installation of a new web-based insurance software. This will now enable our team to better service our customers at all locations where we operate. It is our plan to digitize our records, which will also enable the team to serve our customers from remote locations.

During 2020, four members of our team retired after many years of service. We thank them for their utmost dedication and loyalty to the Company and wish them all the best on their future journeys. We also extend our deepest condolences to team members who have lost dear ones during the period.

Our team continues to be on the front line to provide services during these unusual times. We thank our employees for this dedication to our customers, and unwavering willingness and support to the Company.

We look forward to working hand in hand towards a brighter future for our Company as we continue our mission to deliver an innovative and best in class customer experience.

Managing Director's Report (cont.)

December 31, 2020

The Future

Our Group recently rolled out our group strategic plan for the period 2021 to 2026. The plan was developed with input from all subsidiaries. Our Team is eager to play its role towards achieving the plan. This will be guided by the new group vision, mission and core values, aim at unifying all our subsidiaries across the various jurisdictions. Orientation programs are currently being developed by the HR teams and will be rolled out over the coming months.

Unfortunately, our economy and most countries continue to grapple with new and mutating waves of the Covid-19 virus. Recent announcement by the government of securing significant doses of vaccines to attain herd immunity offers a ray of hope. We will nevertheless continue our tireless work to ensure the Company's safety and success.

During 2020, we continued to work closely with our sister company, Gulf Insurance Limited. This has been beneficial for both companies and our Group, and we expect to further strengthen the relationship in 2021.

We thank our policyholders for their continued trust in our Company. We will continue to strive towards providing you with an experience that is trustworthy and best in class. We also thank our shareholders for their forbearance as we redesign the Company to offer innovative solutions and earn a fairer return on your investment. We also thank the Board of Directors for their guidance and tireless efforts as our Company continues the journey to develop its identity and fulfill our group's vision and mission.

Assuria Life (T&T) Ltd.

Jason Clarke

Managing Director

FINANCIAL HIGHLIGHTS

Assuria Life (T&T) Ltd.

Actuarial Certificate

December 31, 2020

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, 2020.

I have examined the data for the insurance business in force as at December 31, 2020, the statement of income and the Statement of Financial Position for the year then ended. I have applied tests of reasonableness and accuracy to such data which I feel are appropriate. Except for 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, 2020, 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 \$231,476,588, which is comprised of \$86,453,555 with respect to the individual ordinary life insurance business, \$144,619,996 with respect to the individual annuity business, and \$403,037 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.

April 5, 2021

Date

Assuria Life (T&T) Ltd.

Actuarial Certificate

December 31, 2020

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, 2020.

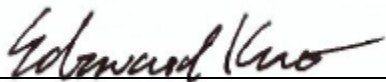


Jason Clarke
Country Manager
Assuria Life (T&T) Limited

April 5, 2021

Date

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



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

April 5, 2021

Date

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, 2020, 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, 2020, 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.



June 8, 2021

Port of Spain
Trinidad and Tobago

Assuria Life (T&T) Ltd.

Statement of Financial Position

As at December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

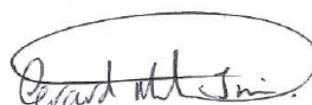
	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	36,717,197	37,773,198
Investment property	4	45,233,333	45,233,333
Investments	5	117,525,007	119,676,653
Retirement benefit asset	6	18,434,900	12,463,500
Loans receivable	7	2,733,746	2,393,333
		220,644,183	217,540,017
Current assets			
Investments	5	28,599,070	33,492,456
Taxation recoverable		631,753	631,753
Loans receivable	7	654,203	598,333
Trade and other receivables	8	1,012,310	3,747,634
Cash and cash equivalents		48,531,907	47,484,810
		79,429,243	85,954,986
Total assets		\$300,073,426	\$303,495,003
EQUITY			
Share capital	9	57,401,357	57,401,357
Revaluation reserve		52,705,144	52,705,144
Retained deficit		(85,642,187)	(88,704,718)
Total equity		24,464,314	21,401,783
LIABILITIES			
Non-current liabilities			
Insurance contracts	10	217,981,717	216,856,417
Due to related party	15	22,114,600	28,955,102
Deferred tax liability	11	1,216,704	822,823
		241,313,021	246,634,342
Current liabilities			
Insurance contracts	10	29,724,780	30,548,059
Due to related party	15	2,110,516	3,300,816
Trade and other payables	12	2,460,795	1,610,003
		34,296,091	35,458,878
Total liabilities		275,609,112	282,093,220
Total equity and liabilities		\$300,073,426	\$303,495,003

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

On June 8, 2021, 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, 2020

(Expressed in Trinidad and Tobago Dollars)

	Notes	2020	2019
Revenue			
Long-term insurance premiums		23,854,219	26,955,779
Insurance premiums ceded to reinsurers		(2,802,564)	(3,370,992)
Net insurance premiums		21,051,655	23,584,787
Reinsurance commission		17,539	43,226
Investment income		9,749,849	9,475,877
Other income		150,238	129,106
Realised (loss) gain on disposal of property, plant and equipment		(9,871)	139,997
Impairment loss		(122,686)	(1,580,093)
Net unrealised (loss) gain in value of investments		(1,601,652)	2,078,317
Net unrealised (loss) gain in value of cash equivalents		(815,188)	1,714,865
Net revenue		28,419,884	35,586,082
Insurance benefits		5,639,563	3,618,372
Expenses			
Insurance claims	21	(27,322,857)	(24,978,034)
Commissions		(832,241)	(877,718)
Marketing and administration expenses	13	(7,298,941)	(8,579,169)
Total expenses		(35,454,039)	(34,434,921)
Profit from operating activities		(1,394,592)	4,769,533
Finance cost		(798,494)	(1,416,892)
Profit before taxation		(2,193,086)	3,352,641
Taxation (charge) credit	14	(84,135)	329,981
Net profit for the year attributable to equity holders		(2,277,221)	3,682,622
Other comprehensive income (loss)			
<i>Items that may be reclassified to profit and loss</i>			
Appreciation in the value of property		-	105,451
<i>Items that will never be reclassified to profit and loss</i>			
Actuarial gain on retirement benefit asset		5,733,700	1,639,500
Deferred taxation in respect of retirement benefit asset		(393,948)	(599,592)
Other comprehensive income		5,339,752	1,145,359
Total comprehensive income for the year		\$3,062,531	\$4,827,981

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, 2020

(Expressed in Trinidad and Tobago Dollars)

	Share capital	Revaluation reserve	Retained deficit	Total equity
Year ended December 31, 2020				
Balance as at January 1, 2020	57,401,357	52,705,144	(88,704,718)	21,401,783
<i>Comprehensive income for the year:</i>				
Net profit for the year attributable to equity holders	-	-	(2,277,221)	(2,277,221)
<i>Other comprehensive income/(loss):</i>				
Actuarial gain on retirement benefit asset	-	-	5,733,700	5,733,700
Deferred taxation on actuarial loss on retirement benefit asset (Note 11)	-	-	(393,948)	(393,948)
Total comprehensive income	-	-	3,062,531	3,062,531
Balance as at December 31, 2020	\$57,401,357	\$52,705,144	\$(85,642,187)	\$24,464,314
Year ended December 31, 2019				
Balance as at January 1, 2019	57,401,357	52,599,693	(93,427,248)	16,573,802
<i>Comprehensive income for the year:</i>				
Net profit for the year attributable to equity holders	-	-	3,682,622	3,682,622
<i>Other comprehensive income/(loss):</i>				
Actuarial gain on retirement benefit asset	-	-	1,639,500	1,639,500
Deferred taxation on actuarial loss on retirement benefit asset (Note 11)	-	-	(599,592)	(599,592)
Revaluation of property	-	105,451	-	105,451
Total comprehensive income	-	105,451	4,722,530	4,827,981
Balance as at December 31, 2019	\$57,401,357	\$52,705,144	\$(88,704,718)	\$21,401,783

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, 2020

(Expressed in Trinidad and Tobago Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss/(profit) before taxation	(2,193,086)	3,352,641
<i>Adjustments to reconcile loss before taxation to net cash used in operations:</i>		
Depreciation	1,375,989	1,024,577
Increase in insurance contracts liability	217,886	(3,905,776)
Revaluation of foreign currency investments	36,150	(32,739)
Realised gains on disposal of plant and equipment	9,870	(139,997)
Net unrealised gain/(loss) in the value of investments	1,601,652	(2,078,317)
Unrealised loss allowance	122,686	1,580,093
Interest and dividend income	(6,672,355)	(7,928,023)
Interest expense	798,494	1,416,892
Decrease in trade and other receivables	2,735,324	2,483,815
Increase/(decrease) in trade and other payables	850,792	(680,890)
Cash used in operations	(1,116,598)	(4,907,724)
Interest paid	-	(709,431)
Taxes paid	(58,370)	(192,327)
Net cash used in operating activities	(1,174,968)	(5,809,482)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,880,690	7,890,991
Dividend received	500,887	416,293
Proceeds from disposal of property, plant and equipment	(9,871)	280,664
Acquisition of property, plant and equipment	(319,987)	(125,414)
Mortgage loans granted	-	(600,000)
Mortgage repayments	1,873,214	136,966
Policy loans granted	(534,001)	(635,077)
Policy loans repayments	137,719	523,572
Purchase of investments	(10,297,400)	(11,163,490)
Proceeds from disposal of investments	13,021,616	21,125,172
Net cash generated from investing activities	10,252,867	17,849,677
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(11,105,173)	(19,000,000)
Proceeds from loan from related party	-	20,397,600
Advances from related party	3,074,371	478,293
Net cash (used in) generated from financing activities	(8,030,802)	1,875,893
Net increase in cash and cash equivalents	1,047,097	13,916,088
CASH AND CASH EQUIVALENTS, JANUARY 1	47,484,810	33,568,722
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$48,531,907	\$47,484,810

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

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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 Companies Act 1995. Its registered address is located at 49 Dundonald Street, Port of Spain, Trinidad. Its principal activity is the underwriting of long-term insurance risks. The Company is a 98% owned subsidiary of Assuria N.V., a company incorporated in the Republic of Suriname.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

There are new standards, amendments and interpretations to existing standards applicable to the Company in the current year which were adopted by the Company.

- (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 the application date as indicated in the note below.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 9 *Financial instruments* – This new standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities and replaces parts of IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 4 *Insurance Contracts* was subsequently amended to permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until January 1, 2023. The Company has selected the deferral option and intends to adopt the standard on January 1, 2023. IFRS 9 is required to be applied retrospectively. IFRS 9 uses the business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortised cost or fair value, replacing the four-category classification in IAS 39. The determination is made at initial recognition. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 uses an impairment model that is more ‘forward looking’ in that a credit event no longer has to occur before credit losses are recognised. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income (“OCI”) rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9’s full impact.

IFRS 17 *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The scope of IFRS 17 includes insurance contracts, including reinsurance contracts issued and held by an entity, and investment contracts with discretionary participation features that an entity issues, provided that 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 the 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, 2023. 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.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

- (iii) Standards, amendments and interpretations to existing standards early adopted by the Company. The Company did not early adopt any new revised or amended standards.

2.2 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2.3 Property, plant and equipment

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

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

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

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

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

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

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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

2.3 Property, plant and equipment *(continued)*

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

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

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

2.4 Investment property

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

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

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

2.5 Financial assets – investments

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

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

All non-trading financial liabilities and held-to-maturity assets are subsequently measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of comprehensive income.

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

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

After initial recognition, investments that are classified as “financial assets at fair value” are measured at fair value with unrealised gains or losses on revaluation recognised in the statement of comprehensive income.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.5 Financial assets – investments (continued)

The fair value of financial assets at fair value are based on; if readily available, market prices at the close of business on the reporting date for listed instruments. If prices are not readily available, the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions.

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

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

2.6 Impairment

Financial assets

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

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

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

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

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

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.6 Impairment (continued)

Non-financial assets (continued)

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

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

2.7 Taxation

Tax on income comprises current tax 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 investments. 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 of 30% 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 cash balances that are payable on demand and deposits with maturities of three months or less from the date of acquisition. Bank overdrafts are disclosed as current liabilities.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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 reflects 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 administrative 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 take into account reinsurers guidelines are in place for the selection of risks for the life insurance business.

Experience analysis

The 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 10(a) for a comparison of actual and projected claims.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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 Reinsurance contracts

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 an 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, 2020, 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.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.14 Employee benefits

Defined benefit plan

The Company operates a defined benefit plan and the assets supporting the plan are invested through a “Deposit Administration Policy” with RBC Trust (Trinidad & Tobago) Limited. 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.

2.17 Claims

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

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Summary of significant accounting policies (continued)

2.17 Claims (continued)

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

2.18 Operating expenses

Other expenses are generally recognised on an accrual basis.

2.19 Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- a. There is an identified asset;
- b. The Company obtains substantially all the economic benefits from the use of the asset; and
- c. The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from the use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- d. Leases of low-value assets; and
- e. Leases with a duration of 12 months or less.

The Company is not a party to any lease agreements that require recognition under this standard. Payments made under leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. When the lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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

2.20 Segment reporting

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

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

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

2.21 Offsetting financial instruments

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

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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, 2020							
<i>Cost/Valuation</i>							
Balance as at December 31, 2019	36,866,666	3,313,557	2,610,920	8,877,619	2,479,606	10,500	54,158,868
Additions	-	-	-	319,987	-	-	319,987
Disposals	-	-	-	-	-	(10,500)	(10,500)
Balance as at December 31, 2020	36,866,666	3,313,557	2,610,920	9,197,606	2,479,606	-	54,468,355
<i>Accumulated Depreciation</i>							
Balance as at December 31, 2019	659,762	3,181,474	2,559,208	7,770,268	2,204,458	10,500	16,385,670
Disposals	-	-	-	-	-	(10,500)	(10,500)
Charge for the year	517,816	54,236	32,738	496,050	275,148	-	1,375,988
Balance as at December 31, 2020	1,177,578	3,235,710	2,591,946	8,266,318	2,479,606	-	17,751,158
<i>Net Book Value</i>							
At December 31, 2020	\$35,689,088	\$77,847	\$18,974	\$931,288	\$0	\$0	\$36,717,197
As at December 31, 2019							
<i>Cost/Valuation</i>							
Balance as at December 31, 2018	37,805,574	3,313,557	2,609,365	8,753,760	2,479,606	432,500	55,394,362
Additions	-	-	1,555	123,859	-	-	125,414
Disposals	-	-	-	-	-	(422,000)	(422,000)
Revaluation	(938,908)	-	-	-	-	-	(938,908)
Balance as at December 31, 2019	36,866,666	3,313,557	2,610,920	8,877,619	2,479,606	10,500	54,158,868
<i>Accumulated Depreciation</i>							
Balance as at December 31, 2018	1,604,202	3,038,900	2,489,742	7,285,182	2,034,029	291,833	16,743,888
Revaluation	(1,101,462)	-	-	-	-	-	(1,101,462)
Disposals	-	-	-	-	-	(281,333)	(281,333)
Charge for the year	157,022	142,574	69,466	485,086	170,429	-	1,024,577
Balance as at December 31, 2019	659,762	3,181,474	2,559,208	7,770,268	2,204,458	10,500	16,385,670
<i>Net Book Value</i>							
At December 31, 2019	\$36,206,904	\$132,083	\$51,712	\$1,107,351	\$275,148	-	\$37,773,198

Certain items included in the above assets are pledged with the Inspector of Financial Institutions as disclosed in Note 19.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

	2020	2019
4. Investment property		
Cost/valuation		
Balance as at beginning of year	45,233,333	45,233,333
Revaluation	-	-
Balance as at end of year	\$45,233,333	\$45,233,333
The investment property is externally valued once every three (3) years by an external independent professional valuator. The last valuation was performed in 2018 and the next valuation is due in 2021.		
5. Investments		
<i>Financial asset measured at amortised cost</i>		
Non-current portion		
Bonds	114,772,758	115,044,632
Mortgage	2,752,249	4,632,021
Total non-current portion	117,525,007	119,676,653
Current portion		
Bonds	8,496,192	11,564,282
Mortgage	165,390	158,832
	8,661,582	11,723,114
<i>Financial asset at fair value through OCI</i>		
Unquoted equity (Note 17)	-	122,686
<i>Financial asset at fair value through profit and loss</i>		
Quoted equity	17,101,476	18,703,066
Mutual Fund (Note 17)	2,836,012	2,943,590
	19,937,488	21,646,656
Total current portion	28,599,070	33,492,456
Total investments	\$146,124,077	\$153,169,109

The risk associated with the investment portfolio is addressed in Note 16 and fair value is discussed in Note 17.

Certain of the above assets are pledged with the Inspector of Financial Institutions as disclosed in Note 19.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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.

	2020	2019
<i>Pension assets</i>		
Present value of the defined benefit obligation	(28,632,300)	(31,651,700)
Fair value of plan assets	47,067,200	44,115,200
Recognised asset	\$18,434,900	\$12,463,500
<i>Reconciliation of activity during the year</i>		
Opening defined benefit asset	12,463,500	10,630,100
Net pension benefit	5,971,400	1,833,400
Closing defined benefit asset	\$18,434,900	\$12,463,500

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

Beginning of year	(31,651,700)	(33,152,300)
Current service cost	(494,700)	(492,800)
Plan participants' contributions	(128,300)	(210,200)
Interest cost	(1,636,100)	(1,622,000)
Actuarial gain on obligation	3,055,400	994,500
Benefits paid	2,223,100	2,831,100
Balance as at end of year	\$(28,632,300)	\$(31,651,700)

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

Beginning of year	44,115,200	43,782,400
Administration expenses	(153,300)	(98,900)
Expected return on plan assets	2,393,500	2,197,400
Actuarial gain on plan assets	2,678,300	645,000
Employer contributions	128,300	210,200
Plan participants' contributions	128,300	210,200
Benefits paid	(2,223,100)	(2,831,100)
Fair value of plan assets as at the end for the year	\$47,067,200	\$44,115,200

Plan assets comprise the following:

	%	%
Foreign investments	42	37
Local equities	26	27
Government securities	24	24
Corporate bonds	5	5
Other	2	3
Mutual funds	1	1
Short term securities	0	3
	100%	100%

Assuria Life (T&T) Ltd.

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6. Retirement benefit asset (continued)

The amounts recognised in profit and loss are as follows:

	2020	2019
Administration expenses	(153,300)	(98,900)
Current service cost	(494,700)	(492,800)
Net interest income	757,400	575,400
	\$109,400	\$(16,300)

Actual return on plan assets

	\$5,071,800	\$2,842,400
Amounts recognized in other comprehensive income:		
Experience gains - demographic	3,055,400	994,500
Experience gains - financial	2,678,300	645,000
	\$5,733,700	\$1,639,500

The principal actuarial assumptions used for accounting purposes were:

Discount rate at end of year	5.40%	5.25%
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	\$(3,119,800)	\$(3,388,500)
Salary growth	\$830,300	\$881,000

7. Loans receivable

Non-current portion	2,733,746	2,393,333
Current portion	654,203	598,333
Total policy loans	\$3,387,949	\$2,991,666

Policy loans represent the 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	32,374	1,326,790
Other receivables	979,936	927,000
Management fee receivable (see below)	-	1,493,844
Total trade and other receivables	\$1,012,310	\$3,747,634

The Management fee represents the residual balance due to the Company in relation to a claim against The Demerara Life Assurance Company of Trinidad and Tobago Limited. Management fee receivable was fully repaid during the financial year ended December 31, 2020.

Assuria Life (T&T) Ltd.

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	2020	2019
9. Share capital		
<i>Issued and fully paid</i>		
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.

The 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, the cost of insurance charges can be adjusted by the Company, subject to certain maximum insurance factors.

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

Experience analysis

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

Actual death claims (\$000)	2,158	3,323
Projected death claims (\$'000)	5,944	5,977
Actual/projected ratio	36.3%	55.6%

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

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

Interest rate risk

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

Expense and inflation risk

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

Assuria Life (T&T) Ltd.

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For the year ended December 31, 2020

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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 6, 2021, which revealed total policy liabilities of \$231,476,588 as at December 31, 2020 (2019: \$237,116,150).

	2020	2019
Long-term insurance contracts:		
- with fixed and guaranteed terms	166,690,758	171,701,411
- universal life	64,785,830	65,414,739
	<u>231,476,588</u>	<u>237,116,150</u>
Claims admitted or intimated but not paid	13,841,238	7,920,583
Amount due to reinsurers	<u>2,388,671</u>	<u>2,367,743</u>
Total insurance liabilities	<u>\$247,706,497</u>	<u>\$247,404,476</u>
Non-current liabilities	217,981,717	216,856,417
Current liabilities	<u>29,724,780</u>	<u>30,548,059</u>
Total insurance liabilities	<u>\$247,706,497</u>	<u>\$247,404,476</u>

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 the United States experience are added to the expected mortality assumptions.

For individual annuity policies, the mortality assumptions are based on the 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. The future expected rate of inflation is assumed based on the actual rate of inflation in Trinidad and Tobago during the year of valuation.

Assuria Life (T&T) Ltd.

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For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

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	
		2020 (\$,000)	2019 (\$,000)
Mortality	Expected mortality of fully underwritten individual life insurance policies was increased to reflect unfavourable claim experience in the past year.	280	2,240
Interest Rate	Interest rate assumption was adjusted to reflect changes in the Company's investment portfolio and expected future investment returns.	1,804	(1,450)
Lapse	Expected lapse assumptions were adjusted to reflect current experience.	238	(5,202)
Expense	Expected per-policy administrative expense and expected future inflation rate were adjusted to reflect current experience.	(1614)	(1,024)
Premium Persistency	Expected premium persistency ratios for universal life were adjusted to reflect current experience.	1,577	(773)

Assuria Life (T&T) Ltd.

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10. Insurance contracts (continued)

(b) Actuarial valuation (continued)

Assumption	Change	Change in Policy liabilities	
		2020	2019
		(\$,000)	(\$,000)
Individual annuity policies			
Mortality	Expected mortality assumptions were adjusted to reflect mortality improvement.	(404)	28
Interest Rate	Interest rate assumption was adjusted to reflect changes in the Company's investment portfolio and expected future investment returns.	570	(2,289)
Lapse	Expected lapse assumptions were adjusted to reflect current experience.	571	572
Expense	Expected per-policy administrative expense and expected future inflation rate were adjusted to reflect current experience.	(925)	(610)
Premium Persistency	Expected premium persistency ratios for deferred annuity policies were adjusted to reflect current experience.	(40)	33

Change in assumptions

Sensitivity analysis

Variable	Change in variable	2020 Change in Policy liabilities (\$'000)		Percentage of change	Change in variable	2019 Change in policy liabilities (\$'000)		Percentage of change
Worsening in ordinary life mortality	10%	5,162		2.2%	10%	5,004		2.1%
Improvement in annuity Mortality	10%	671		0.3%	10%	617		0.3%
Increase in lapses of all lines of business in all future years	10%	1,745		0.8%	10%	1,560		0.7%
Decrease in valuation interest rates in all future years	25 basis points	8,438		3.6%	25 basis points	8,843		3.7%
Increase in policy maintenance expense	10%	2,324		1.0%	10%	2,739		1.2%
Decrease in premium persistency ratios for flexible-premium products in all future years	10%	1,442		0.6%	10%	1,853		0.8%

Assuria Life (T&T) Ltd.

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(Expressed in Trinidad and Tobago Dollars)

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 2020 (\$,000)

Sums assured per-Life	Before reinsurance		After reinsurance	
0 - 100	114,988	4.63%	177,658	12.87%
100 - 200	760,531	30.59%	891,791	64.62%
200 - 300	449,873	18.09%	291,838	21.15%
300 - 500	370,881	14.92%	13,558	0.98%
Over 500	789,912	31.77%	5,150	0.37%
Total	\$2,486,185	100%	\$1,379,995	100%

Total ordinary life sums assured as at the end of 2019 (\$,000)

Sums assured per-Life	Before reinsurance		After reinsurance	
0 - 100	469,064	16.81%	501,381	37.59%
100 - 200	429,094	15.38%	734,065	55.03%
200 - 300	296,655	10.63%	75,954	5.69%
300 - 500	343,718	12.32%	15,779	1.18%
Over 500	1,251,316	44.86%	6,785	0.51%
Total	\$2,789,847	100%	\$1,333,964	100%

Assuria Life (T&T) Ltd.

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	2020	2019
11. Deferred tax liabilities		
Balance at beginning of year	822,823	532,781
Matured zero-rated bonds	-	-
Deferred taxation on actuarial gain on retirement benefit asset	393,948	599,592
Deferred taxation adjustment on retirement benefit asset	(67)	
Current year charge for zero-rated bonds	-	(309,550)
Balance at end of year	\$1,216,704	\$822,823
<i>Deferred taxation is attributable to the following items:</i>		
Retirement benefit asset	1,216,704	822,823
	\$1,216,704	\$822,823
12. Trade and other payables		
Trade payables	1,874,338	1,427,168
Other payables	586,457	182,835
	\$2,460,795	\$1,610,003
13. Marketing and administration expenses		
Depreciation	1,375,989	1,024,577
Employee benefit expense (Note 13.1)	3,783,299	4,748,296
Professional fees	1,058,995	892,733
Purchase of goods and services	1,080,658	1,913,563
Total expenses	\$7,298,941	\$8,579,169
13.1. Employee benefit expense		
Salaries, wages and allowances	3,148,537	3,952,435
Pension (income)/costs	(69,688)	167,271
Other benefits	704,450	628,590
Employee benefit expense	\$3,783,299	\$4,748,296

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

Assuria Life (T&T) Ltd.

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	2020	2019
14. Taxation		
Current tax	(51,271)	(52,276)
Prior year under provision	-	99,485
Green fund levy	(32,864)	(26,777)
Deferred tax charge	-	309,549
Tax (credit)/charge	\$(84,135)	\$329,981
(Loss)/ profit before tax	\$(2,193,086)	\$3,352,641
Tax at statutory rates 30% applicable to profits	-	(1,005,792)
Effect of different tax rate 15% of life insurance companies	(434,649)	879,710
Deferred tax charge	-	309,549
Green fund levy	(32,864)	(26,777)
Prior year under provision	-	99,485
<i>Tax effects of:</i>		
Income not subject to tax	(2,548,847)	(825,395)
Expenses not deductible for tax	2,932,225	899,201
Tax (credit)/charge	\$(84,135)	\$329,981
15. Related party transactions and balances		
The Company has a related party relationship with its parent and with its directors and executive officers. A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.		
The related party loans include advances received from the Parent Company Assuria N.V. which have varying maturity dates and attract interest at a rate of 6.5% per annum. Additionally, on the July 10, 2019, Assuria Schadeverzekering N.V., loaned the company USD 3,000,000. The interest rate is 2.75% per annum and repayment is due by June 30, 2029.		
Related party loans	20,392,200	28,498,561
Related party loans interest accrued	-	-
Other related party balances	1,722,400	456,541
Non current portion	\$22,114,600	\$28,955,102
Related party loan interest accrued	280,320	3,279,064
Other related party balances	1,830,196	21,752
Current portion	\$2,110,516	\$3,300,816
Total related party loans	\$24,225,116	\$32,255,918
The related party transactions included in the statement of comprehensive income are as follows:		
a) Finance cost	\$798,493	\$744,926
b) Key management personnel compensation		
Directors' fees	\$156,000	\$124,000
Key management compensation	\$857,000	\$872,114

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

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16. 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 an assessment of the creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

Assuria Life (T&T) Ltd.

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16. 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:

	2020	2019
At fair value through profit and loss (Mutual Funds) (Note 5)	2,836,012	2,943,590
At amortised cost		
Bond and Mortgages (Note 5)	126,186,589	131,399,767
Loans receivable (Note 7)	3,387,949	2,991,666
Trade and other receivables (Note 8)	1,012,310	3,747,634
Cash and cash equivalents	48,531,907	47,484,810
	\$181,954,767	\$188,567,467

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

Trinidad and Tobago Government Bonds	30,970,695	25,516,075
Other Commonwealth Government Bonds	21,566,604	23,463,463
Bonds and certificates of interest issued by Banks	57,702,069	61,012,949
Corporate bonds, individual customers, and other counterparties	71,715,399	78,574,980
	\$181,954,767	\$188,567,467

The exposure to credit risk by geographic region was:

Trinidad and Tobago	156,911,395	160,000,084
Other Caricom Government Bonds	20,935,261	22,819,720
Other	4,108,111	5,747,663
	\$181,954,767	\$188,567,467

Assuria Life (T&T) Ltd.

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16. 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 management using an approach consistent with that used by Standard and Poors. 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 & Poors. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

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

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

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

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

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

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

2020	AA	A	BBB	BB	B	Not Rated	Total
Non-current							
Investments	-	5,633,278	92,252,619	8,182,222	11,540,782	2,752,118	120,361,019
Loans receivable	-	-	-	-	-	2,733,746	2,733,746
	-	5,633,278	92,252,619	8,182,222	11,540,782	5,485,864	123,094,765
Current							
Investments	-	-	6,651,316	-	1,844,876	165,390	8,661,582
Loans receivable	-	-	-	-	-	654,203	654,203
Trade and other receivables	-	-	-	-	-	1,012,310	1,012,310
Cash and cash equivalents	2,880,402	14,112,193	30,731,215	72,615	-	735,482	48,531,907
	2,880,402	14,112,193	37,382,531	72,615	1,844,876	2,567,385	58,860,002
	\$2,880,402	\$19,745,471	\$129,635,150	\$8,254,837	13,385,658	\$8,053,249	\$181,954,767

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16. Financial risk management (continued)

(b) Credit risk (continued)

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

(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:

2020	Carrying amount	Contractual cash flows	Less than 12 months	2-4 years	More than 4 years
Insurance contracts	247,706,497	247,706,497	30,585,351	65,427,886	151,693,260
Due to related party	24,225,111	24,225,111	1,800,305	-	22,424,811
Trade and other payables	2,460,795	2,460,795	2,460,795	-	-
	\$274,392,403	\$274,392,403	\$34,846,451	\$65,427,886	\$174,118,071
2019	Carrying amount	Contractual cash flows	Less than 12 months	2-4 years	More than 4 years
Insurance contracts	247,404,476	247,404,476	30,548,059	65,348,112	151,508,305
Due to related party	32,255,918	32,255,918	-	-	32,255,918
Trade and other payables	1,610,003	1,610,003	1,610,003	-	-
	\$281,270,397	\$281,270,397	\$32,158,062	\$65,348,112	\$183,764,223

Assuria Life (T&T) Ltd.

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16. Financial risk management (continued)

(d) Market risk

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

(i) Interest rates

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

Management of interest rate risk

The Investment Committee comprises 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 the 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:

	2020	2019
Fixed-rate instruments		
Financial assets	172,918,191	178,884,577
Financial liabilities	(20,392,200)	(28,498,561)
	\$152,525,991	\$150,386,016

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.

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16. 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 per cent (10%) of its total assets.

The exposure to price risk at the reporting date is \$17,101,476 (2019: \$18,825,752).

Price sensitivity analysis for financial instruments

A change of one per cent in interest rates at the statement of financial position date would have increased (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2020.

	2020	2019
1% increase	\$172,242	\$188,257
1% decrease	\$(172,242)	\$(188,257)

(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 34% (2019: 32%) of its investment portfolio to provide a natural hedge to settle transactions with its foreign suppliers. The Company uses the spot market to adjust any imbalances.

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

	Carrying amount	United States Dollars	Canadian Dollars
2020			
Investment at fair value through profit and loss	1,102,177	-	1,102,177
Investments held-to-maturity	48,727,409	48,727,409	-
Cash and cash equivalents	87,351	87,351	-
Due to related party	(24,225,116)	(24,225,116)	-
Net exposure	\$25,691,821	\$24,589,644	\$1,102,177

Assuria Life (T&T) Ltd.

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(Expressed in Trinidad and Tobago Dollars)

16. Financial risk management (continued)

(d) Market risk (continued)

(iii) Currency risk (continued)

Management of currency risk (continued)

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

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

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:	2020	2019
United States Dollar	\$6.7974	\$6.7992
Canadian Dollar	\$5.6090	\$5.4548

Sensitivity analysis

A one per cent strengthening of the Trinidad and Tobago Dollar against the United States Dollar and Canadian Dollar at December 31 would have increased (decreased) profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2020.

	2020	2019
United States Dollar	\$(263,887)	\$(274,714)
Canadian Dollar	\$(11,022)	\$(9,268)

(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:

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Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

16. Financial risk management (continued)

(e) Operational risk (continued)

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

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

17. 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 the current market exchange.

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

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

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

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

	2020	2020	2019	2019
	Carrying value	Fair value	Carrying value	Fair value
Unquoted other bonds	-	-	4,284,650	2,043,079
Quoted government bonds	52,537,430	52,187,460	48,979,539	50,563,731
Quoted other bonds	70,731,520	70,623,511	73,344,725	75,046,107
Mortgages	2,917,639	2,917,639	4,790,853	4,790,853
	\$126,186,589	\$125,728,610	\$131,399,767	\$132,443,770

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.

Assuria Life (T&T) Ltd.

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Trinidad and Tobago Dollars)

17. Financial instruments (continued)

Fair value (continued)

Fair value hierarchy

The different levels of hierarchy have been defined as follows:

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

At the reporting date financial instruments carried at fair value, were categorized under Levels 1, 2 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 the prior year.

Classifications and fair values

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

2020	Carrying amount	Level 1	Fair Value Level 2	Level 3
Financial assets measured at fair value				
Financial asset at fair value through OCI	-	-	-	-
Financial asset at fair value through profit and loss (Note 5)	19,937,488	17,101,476	2,836,012	-
	\$19,937,488	\$17,101,476	\$2,836,012	-
2019	Carrying amount	Level 1	Fair Value Level 2	Level 3
Financial assets measured at fair value				
Financial asset at fair value through OCI	122,686	-	-	122,686
Financial asset at fair value through profit and loss (Note 5)	21,646,656	18,703,066	2,943,590	-
	\$21,769,342	\$18,703,066	\$2,943,590	\$122,686

18. 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.

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19. Assets pledged with the Inspector of Financial Institutions

The following category of assets includes assets that were pledged 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.

	2020	2019
Investments	139,861,433	146,259,823
Cash and cash equivalents	47,742,277	44,567,672
Property	47,622,690	48,343,579
Other	2,917,631	4,790,853
Total pledged assets	238,144,031	\$243,961,927

20. Claims

A review of the company's outstanding claims was undertaken during the year ended December 31, 2020. Where all the criteria for payment on claims over ten (10) years are not met by the policyholder and or the beneficiary, the Company's claims committee made recommendations on those that should be considered for write off. In 2020, claims amounting to \$6,250 (2019: \$27,211) were written off.

21. Subsequent event

The Company evaluated all events that occurred from January 1, 2021, through June 8, 2021, 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.