

FINANCIAL STATEMENTS

THE INSURANCE COMPANY OF THE WEST INDIES
(CAYMAN) LIMITED

DECEMBER 31, 2024

**THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN)
LIMITED**

Table of Contents

	Page(s)
Independent Auditors' Report to the Directors	1-3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Loss	5
Statement of Changes in Shareholder's Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-53



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Independent Auditors' Report to the Board of Directors

Opinion

We have audited the financial statements of The Insurance Company of the West Indies (Cayman) Limited (the "Company"), which comprise the statement of financial position as at December 31, 2024, the statements of profit or loss and other comprehensive loss, changes in shareholder's equity, and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



We communicate with 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.

KPMG LLP

June 30, 2025

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	Notes	2024 \$	2023 \$
Assets			
Cash and cash equivalents	5	3,342,278	2,695,283
Short-term investments	6	1,288,788	1,708,739
Accrued investment income		12,458	14,428
Reinsurance contract assets	7	2,881,263	3,548,554
Other accounts receivables and prepayments		67,367	40,896
Due from immediate and ultimate parent companies	8	126,977	87,686
Due from group company	8	172,578	157,826
Investment property	9	1,745,000	1,745,000
Right-of-use assets	10(a)	10,944	24,077
Property and equipment	11	883,616	889,431
Total assets		10,531,269	10,911,920
Liabilities			
Insurance contract liabilities	7	5,973,802	5,973,090
Other payables and accrued charges		376,795	312,113
Loan payable	12	221,062	297,355
Lease liabilities	10(b)	12,213	25,999
Total liabilities		6,583,872	6,608,557
Equity			
Share capital	13	3,000,000	3,000,000
Retained earnings		947,397	1,303,363
Total equity		3,947,397	4,303,363
Total liabilities and equity		10,531,269	10,911,920

The financial statements on pages 4 to 53 were approved by the Board of Directors on June 30, 2025 and signed on its behalf by:

PAUL L. LALOR Director

BRYAN L. ASHENHEIM Director

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31, 2024

	Notes	2024 \$	2023 \$
Insurance revenue	7	10,596,089	9,902,534
Insurance service expenses	7	(5,509,539)	(4,533,388)
Insurance service result before reinsurance contracts held		5,086,550	5,369,146
Net expense from reinsurance contracts held	7	(5,046,170)	(5,415,462)
Insurance service result		40,380	(46,316)
Income from financial instruments		31,652	51,927
Net loss from foreign exchange		571	(3,821)
Other investment revenue	14	174,172	174,172
Net investment income		206,395	222,278
Insurance finance income/(expense) from insurance contracts issued	7	4,500	(35,200)
Finance income from reinsurance contracts held	7	22,300	45,000
Net insurance finance income or expenses		26,800	9,800
Net insurance and investment result		273,575	185,762
Other income		5,897	23,416
Other operating expenses	15	(635,438)	(509,057)
Loss, being total comprehensive loss for the year		(355,966)	(299,879)

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2024

	Share capital	Retained earnings	Total equity
	\$	\$	\$
Balance at January 1, 2023	3,000,000	1,953,242	4,953,242
Comprehensive expense for the year ended December 31, 2023			
Loss for the year	-	(299,879)	(299,879)
Dividend declared	-	(350,000)	(350,000)
	-	(649,879)	(649,879)
Balance as at December 31, 2023	3,000,000	1,303,363	4,303,363
Comprehensive expense for the year ended December 31, 2024			
Loss for the year	-	(355,966)	(355,966)
Balance as at December 31, 2024	3,000,000	947,397	3,947,397

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	2024	2023
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(355,966)	(299,879)
Adjustments for:		
Depreciation on property and equipment	62,411	49,783
Depreciation on right-of-use assets	13,133	13,133
Interest and dividend income	(31,652)	(51,927)
Interest expense	20,505	24,513
	(291,569)	(264,377)
Changes in operating assets and liabilities:		
Reinsurance contract assets	667,291	486,301
Other accounts receivables and prepayments	(26,471)	713
Due from immediate and ultimate parent companies	(39,291)	138,359
Due from group company	(14,752)	(307,153)
Insurance contract liabilities	712	373,891
Other payables and accrued charges	64,682	(85,444)
Cash from operating activities	360,602	342,290
Interest received	33,622	49,278
Interest paid	(20,505)	(24,513)
Net cash from operating activities	373,719	367,055
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(56,596)	(6,518)
Short-term investments, net	419,951	(470,761)
Net cash flows from/(used in) investing activities	363,355	(477,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(350,000)
Payment of lease liabilities	(13,786)	(13,213)
Repayment of loan	(76,293)	(57,094)
Net cash flows used in financing activities	(90,079)	(420,307)
Increase /(Decrease) in cash and cash equivalents	646,995	(530,531)
Cash and cash equivalents at beginning of year	2,695,283	3,225,814
Cash and cash equivalents at end of year	3,342,278	2,695,283

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Corporate structure and nature of business

The Company is incorporated in the Cayman Islands under the Companies Act and it is domiciled in the Cayman Islands. It is a wholly owned subsidiary of ICWI (Cayman) Limited (immediate parent) which is also incorporated in the Cayman Islands. The ultimate parent is ICWI Group Limited (ultimate parent) and the ultimate holding company is Atlantic and Caribbean Sea Development Company Limited which are owned by Caribbean Sea Development Limited and Hon. Dennis Lalor O.J. and controlled by Hon. Dennis Lalor O.J.

The principal activity of the Company is underwriting general insurance business. The registered office of the Company is c/o International Corporation Services Ltd., Harbour Place, 103 South Church Street, George Town, Grand Cayman. The Company operates from 150 Smith Road, Grand Cayman.

The Company has been authorised to transact business in the following Caribbean Islands:

- Cayman Islands on January 12, 2006.
- St. Kitts & Nevis on January 5, 2009.
- British Virgin Islands on February 24, 2011.

2. Insurance licence

The Company holds the following licences:

- Class 'A' Insurers Licence under Section 4(2) of the Cayman Islands Insurance Act.
- a licence to carry on business in Non-Life Insurance under the Insurance Act (No.14 of 1968) of St. Kitts & Nevis.
- a category B Insurers Licence under the Insurance Act, 2008 of the British Virgin Islands.

3. Statement of compliance and basis of preparation

(a) Statement of compliance:

The Company prepares the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The financial statements for the year ended December 31, 2024, were authorized for issue by the Board of Directors on June 30, 2025.

(b) Basis of preparation and measurement:

The financial statements have been prepared using the going concern assumption on a historical cost basis, except for investment property that has been measured at fair value.

Details of the Company's material accounting policies are included in note 4.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**3. Statement of compliance and basis of preparation (continued)****(c) New and amended standards that became effective during the year:**

Certain new and amended standards and interpretations came into effect during the current financial year, none of which had any significant impact on these financial statements.

(d) New and amended standards issued but not yet effective:

- In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee of the IASB effective for annual reporting periods beginning on or after January 1, 2025. None of these new and amended Standards and Interpretations will have any material impact on these financial statements.
- IFRS 18 Presentation and Disclosure in Financial Statements, is effective for annual reporting periods beginning on or after January 1, 2027, and will replace *IAS 1 Presentation of Financial Statements*. IFRS 18 introduces significant changes to the presentation and disclosure of financial statements, particularly in the statement of profit or loss and other comprehensive loss. Key changes include;
 - New defined subtotals in the statement of profit or loss and other comprehensive loss, including operating profit and profit before financing and income taxes.
 - Classification of income and expenses into five categories: operating, investing, financing, income taxes, and discontinued operations.
 - Enhanced disclosure requirements, including mandatory reporting of management-defined performance measures.
 - Improved principles for aggregation and disaggregation, ensuring clearer financial.

The Company is assessing the impact that this standard may have on its future financial statements.

There were no other new and amended standards and interpretations have been issued but not yet effective that would be expected to have a material impact on the Company.

(e) Functional and presentation currency

These financial statements are presented in Cayman Islands dollars, the Company’s functional currency, unless otherwise stated.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**3. Statement of compliance and basis of preparation (continued)****(f) Use of estimates and judgement**

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of revisions and future periods if the revision impacts both the reporting period and future period.

Information about assumptions and estimation uncertainties at December 31, 2024, that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are shown below:

(i) Insurance and reinsurance contracts*Liability and asset for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. These include Paid loss development, Reported loss development, Bornhuetter-Ferguson using paid losses and Bornhuetter-Ferguson using reported losses.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**3. Statement of compliance and basis of preparation (continued)**

(f) Use of estimates and judgement (continued)

(i) Insurance and reinsurance contracts (continued)

Risk adjustment for non-financial risk

- The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance and reinsurance contracts. The risk adjustment reflects an amount that a Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.
- The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The main assumption underlying the confidence level approach for the risk adjustment for non-financial risk is the coefficient of variation (CoV). In the year, management elected to determine the coefficient of variation using the “Mack Method” which differs from the historical loss ratios used in prior year. The Mack Method is considered a more common method for determining risk load.

Discount rates

Insurance and reinsurance contract assets and liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of United States of America treasury bills. The illiquidity premium is determined by reference to observable market rates. The Company has elected to use the top-down discounting approach.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		5 years		10 years	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Insurance contracts issued and reinsurance held	4.16%	4.79%	4.38%	3.84%	4.58%	3.88%

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**3. Statement of compliance and basis of preparation (continued)****(f) Use of estimates and judgement (continued)****(ii) Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

(iii) Fair value of investment property

Investment property is carried in the statement of financial position at the estimated fair value. In determining fair value, management makes judgement regarding various assumptions and factors, including the recent prices for similar properties in the Cayman Islands, level of current and future occupancy, an estimate of future maintenance and capital expenditure. A change in any of these assumptions and factors could have a significant impact on the valuation of investment property.

4. Material accounting policies

The Company has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Property and equipment:**(i) Property and equipment are measured at cost or deemed cost, less accumulated depreciation, and impairment losses.**

Freehold land and buildings that had been revalued to fair value prior to January 1, 2002, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

(ii) Depreciation:

Property and equipment with the exception of freehold land and work-in-progress, on which no depreciation is provided, are depreciated using the straight-line method at annual rates estimated to write-off the property and equipment over their estimated residual values at the end of their expected useful lives.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)**

(a) Property and equipment (continued):

(ii) Depreciation (continued):

The annual depreciation rates are as follows:

Freehold Buildings	2½%
Leasehold improvements	10%
Furniture, fixtures and equipment	10% & 20%
Motor vehicles	20%
Right-of-use assets	Over the lease term

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted as appropriate.

(b) Investment property:

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Rental income from the lease of the investment property is recognised as a component of 'other investment revenue' on a straight-line basis over the term of the lease.

Investment property is carried at fair value in the statement of financial position using valuations performed annually by an independent appraiser. Fair value is based on current prices for properties similar in location and conditions.

(c) Financial assets

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(c) Financial assets (continued)***Measurement categories*

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Impairment losses on financial instruments.
- Disclosures for significant judgements and estimates.

The Company recognises an allowance for ECLs for all its financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Forward looking information

In its ECL model, the Company relies on a broad range of forward-looking information as economic inputs such as GDP growth, unemployment rate and Central Bank rates. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the reporting date. To reflect this, qualitative adjustment or overlays are occasionally made as temporary adjustments when such differences are significantly material.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(d) Financial liabilities***Initial recognition and subsequent measurement*

Financial liabilities within the scope of IFRS 9 are classified as FVTPL or at amortised cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate. The Company's financial liabilities include other payables and accrued charges, loan payable and payable to group companies. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit and loss.

(e) De-recognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Related parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Company has a related party relationship with its ultimate and intermediate holding companies and their subsidiaries, the directors of the Company and those of its holding companies, its key management personnel. "Key management personnel" represents certain senior officers of the Company.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(g) Cash and cash equivalents:**

Cash and cash equivalents comprise cash and bank balances and deposits maturing within three months from the original acquisition date held for the purpose of meeting short term liquidity needs. Cash and cash equivalents are Level 1 assets in the fair value hierarchy.

(h) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in the statement of profit or loss and other comprehensive loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the statement of profit or loss and other comprehensive loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

Year end and average exchange rates for the US and EC dollar, in terms of Cayman Islands dollars were as follows:

	<u>USD</u>	<u>ECD</u>
December 31, 2024 and 2023	0.83	0.31

(i) Employee benefits:

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, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension and health and life insurance.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(j) Recognition of income***(i) Insurance Revenue*

See note 4 (l).

(ii) Interest and similar income

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement.

In its interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortised cost.

Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

(iii) Other investment income

Rental income from investment property under operating leases is recognised in profit or loss on a straight-line basis over the term of each lease.

(k) Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company does not issue any contracts with direct participating features.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(l) Insurance and reinsurance contracts accounting treatment***Level of aggregation*

IFRS 17 requires a Company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstance.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(l) Insurance and reinsurance contracts accounting treatment (continued)***Level of aggregation (continued)*

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(l) Insurance and reinsurance contracts accounting treatment (continued)***Recognition (continued)*

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(l) Insurance and reinsurance contracts accounting treatment (continued)***Initial Measurement - premium allocation approach*

	Adopted approach for IFRS 17
Premium allocation approach (PAA) eligibility	Coverage period for property, motor, general accidents and marine insurance is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	For all lines of business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for remaining coverage (LFRC), adjusted for financial risk and time value of money	For all lines of business, there is no allowance as the premiums are received within one year of the coverage period.
Liability for incurred claims, (LIC) adjusted for time value of money	For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows.
Insurance finance income and expense	For all lines of business, the change in LIC as a result of changes in discount rates are captured within profit or loss.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition.
- Minus insurance acquisition cash flows as at that date, if any.
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows, and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

There is no allowance for time value of money as the premiums are received within one year of the coverage period.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024

4. Material accounting policies (continued)**(l) Insurance and reinsurance contracts accounting treatment (continued)***Reinsurance contracts held – initial measurement*

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period.
- Minus insurance acquisition cash flows.
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group.
- Minus the amount recognised as insurance revenue for the services provided in the period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024

4. Material accounting policies (continued)**(l) Insurance and reinsurance contracts accounting treatment (continued)***Insurance acquisition cash flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired).

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(l) Insurance and reinsurance contracts accounting treatment (continued)***Net income or expense from reinsurance contracts held*

The Company presents separately in the notes to the financial statements (note 7), the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid and amounts received from reinsurance related to incurred claims.

The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive loss.

(m) Leases:

The Company assesses whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the asset is determined if the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use and has the right to direct use of the asset.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases. The Company recognises a right-of-use asset and the lease liability at the lease commencement date. The right-of-use asset is presented separately on the face of the statement of financial position. After initial recognition, the right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date discounted using the Company's incremental borrowing rate.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method and presented separately on the face of the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease terms.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**4. Material accounting policies (continued)****(n) Determination of fair value:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

(o) Short-term investments

Short-term investments represent certificates of deposits maturing between three and twelve months from the original acquisition date. The Company has chosen to present the cash flows for short term investments on a net basis. Short term investments are Level 1 assets in the fair value hierarchy.

(p) Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction from the proceeds of the share issue.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**5. Cash and cash equivalents**

	2024	2023
	\$	\$
Cash in hand	3,656	3,656
Cash at bank	2,852,817	1,821,485
Certificate of Deposits	485,805	870,142
	<u>3,342,278</u>	<u>2,695,283</u>

Cash and cash equivalents includes foreign currency balances of CI\$2,081,169 (2023: CI\$1,882,489) denominated in United States dollars and Eastern Caribbean dollars.

6. Short-term investments

	2024	2023
	\$	\$
Instruments at amortised cost:		
Issues by:		
Certificate of Deposits	1,288,788	1,708,739
Total Short-term investments at amortised cost	<u>1,288,788</u>	<u>1,708,739</u>

Included in Short-term investments are:

- the amount of US\$251,524 (CI\$208,765) (2023: US\$251,267 (CI\$208,552)) placed in trusts with the Company's bankers, a recognised financial institution, to meet the requirements of the Insurance Act 2008 in the BVI. The deposits will mature on October 27, 2025.
- the amounts of US\$197,679 (CI\$165,457) and EC\$1,643,878 (CI\$509,602); (2023: US\$196,696 (CI\$164,634) and EC\$1,417,314 (CI\$439,368)) held to the order of the Financial Services Regulation Commission as required by the Insurance Act Insurance Act (No.14 of 1968) of St. Kitts & Nevis. The amounts are held with the Company's bankers, a recognised financial institution in St. Kitts & Nevis. The deposits will mature on November 25, 2025, January 3, 2025, May 12, 2025, and May 17, 2025, respectively.

These are restricted deposits and cannot be used in the Company's cash management or operations.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**7. Insurance and reinsurance contracts****(a) Insurance contract liabilities**

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	\$	\$	\$	\$	\$
Year ended 2024					
Insurance contract liabilities, at the beginning of the year	3,482,176	-	2,429,914	61,000	5,973,090
Changes in the statement of profit or loss and other comprehensive loss					
Insurance revenue	(10,596,089)	-	-	-	(10,596,089)
<i>Insurance service expenses</i>					
Incurred claims and the other insurance service expenses	-	-	3,280,651	105,000	3,385,651
Insurance acquisition cash flows amortisation	1,039,331	-	-	-	1,039,331
Adjustments to liabilities for incurred claims	-	-	969,557	115,000	1,084,557
Insurance service expenses	1,039,331	-	4,250,208	220,000	5,509,539
Insurance service result	(9,556,758)	-	4,250,208	220,000	(5,086,550)
Net finance expenses/income from insurance contracts	-	-	(4,500)	-	(4,500)
Total changes in statement of profit or loss and other comprehensive loss	(9,556,758)	-	4,245,708	220,000	(5,091,050)
Cash flows					
Premiums received	10,958,995	-	-	-	10,958,995
Claims and other insurance service expenses paid	-	-	(4,769,549)	-	(4,769,549)
Insurance acquisition cash flows amortisation	(1,097,684)	-	-	-	(1,097,684)
Total cash flows	9,861,311	-	(4,769,549)	-	5,091,762
Net closing balance as at December 31, 2024	3,786,729	-	1,906,073	281,000	5,973,802

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**7. Insurance and reinsurance contracts (continued)****(a) Insurance contract liabilities (continued)**

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below (continued):

	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	\$	\$	\$	\$	\$
Year ended 2023					
Insurance contract liabilities, at the beginning of the year	2,973,748	-	2,560,451	65,000	5,599,199
Changes in the statement of profit or loss and other comprehensive loss					
Insurance revenue	(9,902,534)	-	-	-	(9,902,534)
<i>Insurance service expense</i>					
Incurred claims and the other insurance service expenses	-	-	3,594,863	21,100	3,615,963
Insurance acquisition cash flows amortisation	964,396	-	-	-	964,396
Adjustments to liabilities for incurred claims	-	-	(21,871)	(25,100)	(46,971)
Insurance service expenses	964,396	-	3,572,992	(4,000)	4,533,388
Insurance service result	(8,938,138)	-	3,572,992	(4,000)	(5,369,146)
Net finance expenses/income from insurance contracts	-	-	35,200	-	35,200
Total changes in statement of profit or loss and other comprehensive loss	(8,938,138)	-	3,608,192	(4,000)	(5,333,946)
Cash flows					
Premiums received	10,457,223	-	-	-	10,457,223
Claims and other insurance service expenses paid	-	-	(3,738,729)	-	(3,738,729)
Insurance acquisition cash flows amortisation	(1,010,657)	-	-	-	(1,010,657)
Total cash flows	9,446,566	-	(3,738,729)	-	5,707,837
Net closing balance as at December 31, 2023	3,482,176	-	2,429,914	61,000	5,973,090

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**7. Insurance and reinsurance contracts (continued)****(b) Reinsurance contract assets (net)**

The below table represents the reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims.

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
	\$	\$	\$	\$	\$
Year ended 2024					
Reinsurance contract assets, at the beginning of the year	1,566,750	-	1,943,804	38,000	3,548,554
Changes in the statement of profit or loss and other comprehensive loss					
<i>Net expense from reinsurance contracts held</i>					
Reinsurance expense	(6,569,377)	-	-	-	(6,569,377)
Net income from reinsurance contracts	(89,006)	-	-	-	(89,006)
Recoveries on incurred claims and other incurred reinsurance service expense	-	-	706,170	58,000	764,170
Adjustments to assets for incurred claims	-	-	794,043	54,000	848,043
Net expenses from reinsurance contracts held	(6,658,383)	-	1,500,213	112,000	(5,046,170)
Net finance income from reinsurance contracts	-	-	22,300	-	22,300
Total changes in statement of profit or loss and other comprehensive loss	(6,658,383)	-	1,522,513	112,000	(5,023,870)
Cash flows					
Premiums paid	6,798,045	-	-	-	6,798,045
Amounts received from reinsurers relating to incurred claims	-	-	(2,441,466)	-	(2,441,466)
	6,798,045		(2,441,466)		4,356,579
Net closing balance as at December, 31, 2024	1,706,412	-	1,024,851	150,000	2,881,263

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**7. Insurance and reinsurance contracts (continued)****(b) Reinsurance contract assets (net) (continued)**

The below table represents the reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims. (continued)

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
	\$	\$	\$	\$	\$
Year ended 2023					
Reinsurance contract assets, at the beginning of the year	1,239,092	-	2,749,763	46,000	4,034,855
Changes in the statement of profit or loss and other comprehensive loss					
<i>Net expenses from reinsurance contracts held</i>					
Reinsurance expense	(6,076,038)	-	-	-	(6,076,038)
Net income from reinsurance contracts	(56,963)	-	-	-	(56,963)
Recoveries on incurred claims and other incurred reinsurance service expense	-	-	956,145	11,700	967,845
Adjustments to assets for incurred claims	-	-	(230,606)	(19,700)	(250,306)
Net expenses from reinsurance contracts held	(6,133,001)	-	725,539	(8,000)	(5,415,462)
Net finance income from reinsurance contracts	-	-	45,000	-	45,000
Total changes in statement of profit or loss and other comprehensive loss	(6,133,001)	-	770,539	(8,000)	(5,370,462)
Cash flows					
Premiums paid	6,460,659	-	-	-	6,460,659
Amounts received from reinsurers relating to incurred claims	-	-	(1,576,498)	-	(1,576,498)
	6,460,659	-	(1,576,498)	-	4,884,161
Net closing balance as at 31, December 2023	1,566,750	-	1,943,804	38,000	3,548,554

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**8. Related party balances/transactions**

	ICWI Jamaica (fellow subsidiary)	ICWI Group Limited (ultimate parent)	ICWI Cayman (immediate parent)
	\$	\$	\$
January 1, 2023	(149,327)	87,686	138,359
Cash transfers and payments	307,153	-	(138,359)
December 31, 2023	157,826	87,686	-
Cash transfer and payments	14,752	-	39,291
December 31, 2024	172,578	87,686	39,291

Cash transfers and payments:

The cash transfers and payments are for settlement of opening intercompany balances and recharge transactions including reimbursements for expenses paid and reinsurance funds received on behalf of related parties. Related party balances are interest free, unsecured and are repayable on demand.

During the year ended December 31, 2024 and 2023, the Company provided insurance coverage to related parties in the normal course of business and paid directors fees of \$8,000 (2023: \$8,000).

Key management personnel compensation is as follows:

	2024	2023
	\$	\$
Short term employment benefits:		
Short term benefits	141,475	127,044

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**8. Related party balances/transactions (continued)**

Cayman Insurance Centre premium and commission is comprised as follows;

Premium	2024 \$	2023 \$
Opening premium receivable	283,838	241,000
Gross written premium	2,653,634	2,135,224
Received during the year	(2,666,936)	(2,092,386)
	270,536	283,838
Commission	2024 \$	2023 \$
Opening commission payable	58,533	53,800
Commission expense on written premiums	397,860	333,242
Commission paid	(401,426)	(328,509)
Closing commission payable	54,967	58,533

9. Investment property

	2024 \$	2023 \$
Balance at January 1	1,745,000	1,745,000
Change in fair value recognised in profit or loss	-	-
Balance at December 31	1,745,000	1,745,000

Investment property of a commercial building located at Hospital Road, Grand Cayman that is leased to third parties.

The rental income earned on the property during the year amounted to \$174,172 (2023: \$174,172) and the related expenses totalled \$39,380 (2023: \$33,781).

Changes in fair values are recognised as gains in profit or loss and included in other 'investment revenue.' All gains are unrealised.

The fair value measurement for the investment property of \$1,745,000 (2023: \$1,745,000) has been categorised as a level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**9. Investment property (continued)**

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Market based approach:</i> The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties (2024: \$995,000 - \$3,360,000; 2023: \$995,000 - \$3,360,000); • Conditions influencing the sale of the comparable properties; • Comparability adjustment; and • Rent per square foot (2024: \$168-\$480; 2023: \$168-\$480).	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/ (lower); • Comparability adjustment was higher/ (lower); and • A higher rent per square foot would imply a higher fair value.
<i>Investment approach:</i> The approach is based on an assessment of what level of net revenue can be generated by letting the building and what yield in terms of percentage return on invested capital would be a reasonable expectation for a business investor in this type of property. The approach takes the actual or likely rentals and projects these to a gross annual income and deducts those outgoings that would be the obligation of the owner (repairs, insurance and management etc.) to arrive at a net income from the property. The figure is then capitalised at a reasonable rate of return that an investor for the type of property could expect.	• Estimated rental income (2024: \$210,629; 2023: \$210,269); • Estimated rate of occupancy (2024: 94%; 2023: 94%) • Estimated outgoings and maintenance expenses (2024: \$58,860; 2023: \$58,860); and • Expected rate of return (2024: 8%; 2023: 8%).	The estimated fair value would increase/(decrease) if: • Rental income were higher/ (lower); • Rate of occupancy were higher/ (lower); and • A higher expected rate of return would imply higher fair value.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**10. Leases**

(a) Right-of-use assets

	2024	2023
	\$	\$
Balance at January 1	65,665	65,665
Additions to right-of-use assets	-	-
De-recognition of right-of-use assets	-	-
Balance at December 31	65,665	65,665
Depreciation at January 1	41,588	28,455
Depreciation charge for the year	13,133	13,133
Eliminated on de-recognition	-	-
Balance at December 31	54,721	41,588
Carrying amount of right-of-use assets	10,944	24,077

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	2024	2023
	\$	\$
Less than one year	12,727	15,272
One to five years	-	12,727
Total undiscounted lease	12,727	27,999
Less: future interest expense	(514)	(2,000)
Carrying amount of lease liabilities	12,213	25,999
Current	12,213	14,181
Non-current	-	11,818
	12,213	25,999

(c) Amount recognised in profit or loss

	2024	2023
	\$	\$
Interest on lease liabilities	1,486	2,059
Expenses relating to lease of low-value assets	12,778	12,780

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**11. Property and equipment**

	Freehold Building \$	Leasehold Improvement \$	Furniture fixtures and equipment \$	Motor vehicles \$	Total \$
At cost or deemed cost:					
January 1, 2023	1,171,750	15,522	323,680	90,217	1,601,169
Additions	-	-	6,518	-	6,518
December 31, 2023	1,171,750	15,522	330,198	90,217	1,607,687
Additions	-	-	6,596	50,000	56,596
December 31, 2024	1,171,750	15,522	336,794	140,217	1,664,283
Depreciation:					
January 1, 2023	(288,056)	(9,917)	(306,993)	(63,507)	(668,473)
Charge for the year	(29,293)	(1,553)	(5,573)	(13,364)	(49,783)
December 31, 2023	(317,349)	(11,470)	(312,566)	(76,871)	(718,256)
Charge for the year	(29,294)	(1,552)	(5,434)	(26,131)	(62,411)
December 31, 2024	(346,643)	(13,022)	(318,000)	(103,002)	(780,667)
Net book values:					
December 31, 2024	825,107	2,500	18,794	37,215	883,616
December 31, 2023	854,401	4,052	17,632	13,346	889,431

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**12. Loan payable**

	2024	2023
	\$	\$
Royal Bank of Canada (RBC) Loan	<u>221,062</u>	<u>297,355</u>

This represents the balance due on the original principal amount of US\$1,000,000 (CI\$830,000) drawn in March 2013. The loan is repayable on a monthly basis with the final instalment due September 30, 2027, and attracts interest at US Prime rate minus 0.35% (2023: US Prime rate minus 0.35%). US\$110,886 (CI\$92,035) is payable within 1 year. The fair value of this loan at the year-end approximates its carrying value. Subsequent to the year end, on January 22, 2025, the Company fully repaid the loan.

The loan is secured by:

- First registered charge for US\$1,000,000 over property legally described as George Town South Block 14D Parcel 407/1; and
- A letter of undertaking signed by ICWI Group Limited, agreeing to fund any short-fall in loan payments within 30 days of written notice.

13. Share Capital

	2024	2023
Authorised:		
8,300,000 shares of CI\$1 each	8,300,000	8,300,000
Issued and fully paid:		
3,000,000 (2023: 3,000,000) shares of CI\$1 each	3,000,000	3,000,000

During the year, the Board of Directors declared and paid a dividend of \$Nil (2023: \$350,000) to the shareholder.

14. Other investment revenue

	2024	2023
	\$	\$
Rental income	174,172	174,172
Revaluation gains on investment property	-	-
	<u>174,172</u>	<u>174,172</u>

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**15. Operating expenses**

	2024	2023
	\$	\$
Other administrative expenses	117,197	128,165
Audit and accounting fees	178,329	95,260
Legal and professional fees	89,771	68,756
Corporate office expenses	64,100	64,100
Bank interest and related charges	60,320	55,812
Insurance	34,038	35,748
Depreciation	43,029	30,163
Other staff related costs	14,835	15,499
Travelling and entertainment	25,299	8,495
Advertising and promotion	3,000	3,000
Lease expense on lease liabilities	1,486	2,059
Donations	4,034	2,000
	635,438	509,057

16. Taxation

Under current acts of the Cayman Islands and BVI, there is no income, estate, transfer, sales or other taxes payable by the Company. St Kitts branch operations are subject to a flat rate of 33% of corporate income tax applied at St. Kitts and Nevis.

The St. Kitts Branch made a profit of \$10,740 for the year ended December 31, 2024 (2023: loss of \$44,582) and is subject to corporate income tax of \$1,200 (2023: NIL). Tax liabilities, when applicable, are reflected in other operating expenses in the statement of profit or loss and other comprehensive loss.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**17. Reinsurance ceded**

The Company limits its exposure to a maximum amount on any one loss as detailed below:

	2024 and 2023	
	US\$	CI\$
Public liability	100,000	83,000
Marine hull	50,000	41,500
Marine cargo	33,333	27,666
Engineering	30,000	24,900
Property (Cayman)	22,000	18,260
Property (St Kitts and Nevis and BVI)	40,000	33,200
Motor	100,000	83,000
Bonds and fidelity guarantee	125,000	103,750

In addition, the Company has catastrophe reinsurance on which its liability on each event for 2024 and 2023 is limited to US\$300,000 (CI\$249,000). The catastrophe reinsurance is capped in aggregate at US\$5,000,000 (CI\$4,150,000) in 2024 and at US\$5,650,000 (CI\$4,689,500) in 2023.

18. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

The Company's management of insurance risk is a critical aspect of the business. The primary insurance activity carried out by the Company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Company is exposed to uncertainty surrounding the timing, frequency, and severity of claims under these policies.

The principal types of policy written by the Company are as follows:

Motor insurance
Property insurance
Liability insurance

The Company manages its insurance risk through its underwriting policy that includes, inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The Company actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**18. Insurance risk management (continued)****Underwriting strategy:**

The Company seeks to underwrite a balanced portfolio of risks at rates and terms that will produce underwriting results consistent with its long-term objectives.

The board of directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.

Reinsurance strategy:

The Company reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

Ceded reinsurance includes credit risk, and the Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The board of directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria. They also monitor its adequacy on an ongoing basis. Credit risk on reinsurance is addressed in more detail in note 19.

Terms and conditions of general insurance contracts:

The table below provides an overview of the terms and conditions of general insurance contracts written by the Company and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend.

Type of contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the market value of the vehicle and policy limits in respect of third party damage and bodily injury.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the condition of the road network, failure by some motorists to obey traffic signals and an overall increase in the incidence of motor vehicle theft. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity. Although majority of bodily injury claims have a relatively long tail, the majority of the claims incurred by the Company are settled in the short term. In general, these claims involve higher estimation uncertainty.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**18. Insurance risk management (continued)**

Terms and conditions of general insurance contracts (continued):

Type of contract	Terms and conditions	Key factors affecting future cash flows
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholders against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay (property business is therefore classified as “short-tailed” and expense deterioration and investment return is of less importance in estimating provisions).
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although majority of bodily injury claims have a relatively long tail, the majority of the claims incurred by the Company are settled in the short term. In general, these claims involve higher estimation uncertainty.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process and reinsurance. The Company monitors and reacts to changes in trends of injury awards, litigation and frequency of claims.

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process and reinsurance. The Company uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Company accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**18. Insurance risk management (continued)**

Terms and conditions of general insurance contracts (continued):

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Company monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the Company makes assumptions that costs will increase in line with the latest available financial and actuarial forecasts.

The following tables show the concentration of net insurance contract liabilities by type of contract:

	2024			2023		
	Insurance contract Liabilities	Reinsurance contracts held	Net	Insurance contract Liabilities	Reinsurance contracts held	Net
	\$	\$	\$	\$	\$	\$
Motor	3,791,048	(1,373,832)	2,417,216	3,866,381	(2,284,635)	1,581,746
Property	2,129,726	(1,528,388)	601,338	2,082,578	(1,243,209)	839,369
Liability	37,306	(11,855)	25,451	42,790	(12,569)	30,221
Other insurance issued	15,722	32,812	48,534	(18,659)	(8,141)	(26,800)
Total net insurance contracts	5,973,802	(2,881,263)	3,092,539	5,973,090	(3,548,554)	2,424,536

The geographical concentration of the Company's insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written:

	2024				
	Motor	Property	Liability	Other insurance	Total
	\$	\$	\$	\$	\$
CAYMAN					
Insurance contracts issued	3,282,923	1,907,429	31,601	5,172	5,227,125
Reinsurance contracts held	(1,230,865)	(1,367,878)	(10,484)	38,653	(2,570,574)
B.V.I.					
Insurance contracts issued	63,351	157,658	384	8,354	229,747
Reinsurance contracts held	(37,035)	(109,125)	(161)	(5,075)	(151,396)
ST. KITTS					
Insurance contracts issued	444,774	64,639	5,321	2,196	516,930
Reinsurance contracts held	(105,932)	(51,385)	(1,210)	(766)	(159,293)
Total net insurance contracts	2,417,216	601,338	25,451	48,534	3,092,539

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**18. Insurance risk management (continued)**

Liability contracts: (continued)

The geographical concentration of the Company's insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written (continued):

	2023				
	Motor	Property	Liability	Other insurance	Total
	\$	\$	\$	\$	\$
CAYMAN					
Insurance contracts issued	3,492,675	1,843,246	39,519	(24,068)	5,351,372
Reinsurance contracts held	(2,149,151)	(1,110,066)	(11,600)	(2,601)	(3,273,418)
B.V.I.					
Insurance contracts issued	20,527	179,429	(1,050)	3,765	202,671
Reinsurance contracts held	(35,299)	(94,937)	(200)	(4,916)	(135,352)
ST. KITTS					
Insurance contracts issued	353,179	59,903	4,321	1,644	419,047
Reinsurance contracts held	(100,185)	(38,206)	(769)	(624)	(139,784)
Total net insurance contracts	1,581,746	839,369	30,221	(26,800)	2,424,536

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	<u>(Increase)/decrease in profit</u>	
	2024	2023
	\$	\$
Ultimate claims 10% (2023:10%)	102,467	(94,711)
Ultimate claims 10% (2023:10%)	<u>(102,467)</u>	<u>94,711</u>

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**18. Insurance risk management (continued)****Claims development table (continued)***Net liabilities for incurred claims for 2024*

	Accident year						
	2019 & prior	2020	2021	2022	2023	2024	Total
	\$	\$	\$	\$	\$	\$	\$
Estimate of undiscounted cumulative claims							
at end of accident year	960,847	819,142	891,689	997,812	1,222,438	943,584	5,835,512
-one year later	1,132,054	731,200	837,402	1,110,541	1,247,082	-	5,058,279
-two years later	1,056,226	638,082	817,542	1,225,241	-	-	3,737,091
-three years later	1,098,352	690,258	864,322	-	-	-	2,652,932
-four years later	1,182,023	683,339	-	-	-	-	1,865,362
-five years later	1,178,333	-	-	-	-	-	1,178,333
Estimate of undiscounted net cumulative claims	1,178,333	683,339	864,322	1,225,241	1,247,082	943,584	6,141,901
Cumulative net payments to date	974,280	617,184	774,484	1,120,202	1,066,425	589,652	5,142,227
Undiscounted net claims liabilities	204,053	66,155	89,838	105,039	180,657	353,932	999,674
Effect of discounting							131,000
Risk adjustment							(106,000)
Net liability for incurred claims							1,024,674

Reconciliation of net liability for incurred claims is as follows;

	\$
Liability for incurred claims	2,187,073
Assets for incurred claims	(1,174,851)
Due from reinsurer for claims paid	12,452
	1,024,674

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

Risk management framework

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 risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Company is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance and investment contracts. The goal of the investment management process is to optimise the net of taxes, risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

The asset/liability matching process is largely influenced by estimates of the timing of payments required in terms of insurance. These estimates are re-evaluated on a regular basis. There are also criteria for ensuring the matching of assets and liabilities as investment markets change.

Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the Company's underwriting policy.

Secondly, the risk is managed through the use of reinsurance. The Company arranges proportional reinsurance at the risk level and purchases excess of loss covers for motor, property and liability business. The Company assesses the costs and benefits associated with the reinsurance programme on a regular basis.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)****(a) Credit risk (continued)**

The Company's key areas of exposure to credit risk include:

- cash and cash equivalents;
- reinsurers' share of insurance liabilities (components of reinsurance contract assets);
- amounts due from reinsurers in respect of payments already made to policyholders;
- amounts due from related parties; and
- amounts due from insurance intermediaries.

The nature of the Company's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Management of credit risk

Cash and Cash equivalents is managed in line with the Company's policy. Cash and Cash equivalents are subject to the impairment requirements of IFRS 9, however these are assessed to have little or no impairment loss due to the reputable financial institutions in which they are held. Excess funds are invested for short periods of time, depending on the Company's cash flow requirements. These surplus funds are placed with approved financial institutions with no concentration of funds being at any specific counterparty and thereby mitigating potential financial loss.

The Company operates a policy to manage its reinsurance counterparty exposures. The Company assesses the credit worthiness of all reinsurers by reviewing public rating information and from internal investigations. The impact of reinsurer default is measured regularly and managed accordingly.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

All related party transactions are pre-authorised and approved by management during the budgeting process and subsequently in the normal course of business.

The Company's exposure to insurance intermediaries, individual and group of policyholders is monitored as part of its credit control process. Financial analyses are conducted for significant exposures to individual and group of policyholders or insurance intermediaries.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)**

(a) Credit risk (continued)

Management of credit risk (continued)

All intermediaries must meet minimum requirements that are established and enforced by the Company's management. The payment histories of intermediaries are monitored on a regular basis.

(i) Exposure to credit risk

The table below provides information regarding the credit risk exposure of the Company. The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance contract assets.

	2024	2023
	\$	\$
Cash and cash equivalents	3,342,278	2,695,283
Short-term investments	1,288,788	1,708,739
Reinsurance contract assets	2,881,263	3,548,554
Other accounts receivables and prepayments	67,367	40,896
Due from immediate and ultimate parent companies	126,977	87,686
Due from group companies	172,578	157,826
Total credit risk exposure	7,879,251	8,238,984

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties:

	2024		
	AA	Not rated	Total
	\$	\$	\$
Cash and cash equivalents	-	3,342,278	3,342,278
Short-term investments	-	1,288,788	1,288,788
Reinsurance contract assets	2,881,263	-	2,881,263
Other account receivables and prepayments		67,367	67,367
Due from immediate and ultimate parent companies	-	126,977	126,977
Due from group company	-	172,578	172,578
	2,881,263	4,997,988	7,879,251

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)**

(a) Credit risk (continued):

Management of credit risk (continued):

(i) Exposure to credit risk (continued):

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties (continued):

	2023		
	AA	Not rated	Total
	\$	\$	\$
Cash and cash equivalents	-	2,695,283	2,695,283
Short-term investments	-	1,708,739	1,708,739
Reinsurance contract assets	3,548,554	-	3,548,554
Other account receivables and prepayment	-	40,896	40,896
Due from immediate and ultimate parent companies	-	87,686	87,686
Due from group company	-	157,826	157,826
	3,548,554	4,690,430	8,238,984

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

The Company has no financial assets or reinsurance assets that would have been past due or impaired, whose terms have been renegotiated.

The Company does not hold any collateral as security or any credit enhancements, credit derivatives and netting arrangements that do not qualify for offset.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial and insurance liabilities. The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk may arise from a number of potential areas, such as a duration mismatch between assets and liabilities and unexpectedly high levels of claims. The nature of the Company's exposure to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)****(b) Liquidity risk (continued)***Management of liquidity risk*

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Consequently, the Company invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due and in the event of reasonably foreseeable abnormal circumstances. The Company also manages this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The Company is subject to a liquidity limit imposed by the regulator. The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities.

Maturity profiles

The following table summarises the maturity profile of financial liabilities of the Company:

	2024							Total
	Up to 1 year	1-2 years	2-5 years	3-4 years	4-5 years	>5 years	No maturity	
Financial liabilities	\$	\$	\$	\$	\$	\$	\$	\$
Insurance contract liabilities	5,090,929	516,155	115,746	167,776	43,963	39,233	-	5,973,802
Other payables and accrued charges	376,795	-	-	-	-	-	-	376,795
Loan payables*	92,035	92,035	61,450	-	-	-	-	245,520
Lease liabilities*	12,727	-	-	-	-	-	-	12,727
Total financial liabilities	5,572,486	608,190	177,196	167,776	43,963	39,233	-	6,608,844

	2023							Total
	Up to 1 year	1-2 years	2-5 years	3-4 years	4-5 years	>5 years	No maturity	
Financial liabilities	\$	\$	\$	\$	\$	\$	\$	\$
Insurance contract liabilities	5,085,356	548,715	75,899	115,258	126,480	21,382	-	5,973,090
Other payables and accrued charges	312,113	-	-	-	-	-	-	312,113
Loan payables*	92,035	92,035	153,485	-	-	-	-	337,555
Lease liabilities*	15,546	12,453	-	-	-	-	-	27,999
Total financial liabilities	5,505,050	653,203	229,384	115,258	126,480	21,382	-	6,650,757

* Includes future interest payments

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)****(c) Market risk:**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the value of the Company's assets, the amount of its liabilities and/or the Company's income. Market risk arises in the Company due to fluctuations in the value of liabilities and the value of investments held. The Company is exposed to market risk on all of its financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Company's exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risk

The Investment Committee manages market risk in accordance with its asset/liability management framework. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk the Company has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Company at the reporting date to each major risk are addressed below.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

The Company manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest-bearing financial assets are primarily represented by relatively short term investments, which have been contracted at fixed and floating interest rates for the duration of the term.

The nature of the Company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior year.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)**

(c) Market risk: (continued)

Management of market risk (continued)

(i) Interest rate risk: (continued)

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

	Carrying amount	
	2024	2023
	\$	\$
Fixed rate instruments:		
Financial assets:		
Cash and cash equivalent	3,342,278	2,695,283
Short-term investments	1,288,788	1,708,739
	4,631,066	4,404,022
Variable rate instruments:		
Financial liabilities – loan payable	(221,062)	(297,355)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 50 (2023: 50) basis points in interest rates at the reporting date would not have a significant impact on income and equity of the Company, assuming that all other variables, in particular foreign currency exchange rates, remain constant.

(ii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The currencies giving rise to this risk are primarily the United States dollar and Eastern Caribbean dollar.

The table below outlines the Company's foreign currency risk exposure at the reporting date in the respective originating currencies.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)**

(c) Market risk: (continued)

Management of market risk (continued)

(ii) Foreign currency risk Continued)

	2024	2023
	\$	\$
United States dollars	2,103,227	1,925,339
Eastern Caribbean dollars	2,955,418	2,896,164

The Company's objectives, policies and process for managing currency risk have not changed significantly from prior year.

Sensitivity analysis

A sensitivity analysis is not considered necessary as the US\$, EC\$ and the CI\$ are closely tagged and not expected to have significant fluctuations.

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 financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its 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 the Company's senior management team.

Capital risk management and regulatory compliance

Capital risk is the risk that the Company fails to comply with mandated regulatory requirements of the Cayman Islands Monetary Authority (CIMA), British Virgin Islands Financial Services Commission (BVFSC) and the St Kitts Financial Services Regulatory Commission, resulting in a breach and possible suspension or loss of its insurance licenses (see note 2). The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2024**19. Financial risk management (continued)**

Capital risk management and regulatory compliance (continued)

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

The Company is required to maintain capital in excess of the greater of approximately C\$300,000 and an amount determined as per a prescribed formula set out in local legislation for Cayman. The formula prescribes minimum capital requirements for the Company's assets and liabilities based on the relative riskiness of the balances and also provides for a margin for catastrophe. In addition, the Company is required to maintain minimum capital of EC\$1,000,000 (C\$300,000) and US\$250,000 (C\$207,500) for St Kitts and BVI, respectively. At December 31, 2024 and 2023, the Company was in compliance with its regulatory requirements.

20. Fair value of financial instruments

Fair value amounts represent estimates of the arm's length consideration that would currently be agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Where quoted market prices are not available, the fair values of these instruments have been determined using a generally accepted alternative method.

The fair values of financial assets and financial liabilities are broadly equivalent to the carrying amount shown in the statement of financial position.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- | | |
|-----------|---|
| Level 1 - | Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges. |
| Level 2 - | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 - | Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. |

There were no movements between levels during the year.