Financial Statements of

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

December 31, 2018

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

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Independent Auditors' Report to the 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, 2018, the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising significant 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("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 Code of Ethics for Professional Accountants (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.

Independent Auditors' Report to the Directors (continued)

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

May 15, 2019

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Statement of Financial Position
December 31, 2018
(Stated in Cayman Islands dollars)

	Notes		2018	2017
ASSETS				
Property, plant and equipment	5		1,068,943	1,087,287
Investment property	6		1,223,000	1,223,000
Due from immediate and ultimate parent	7		671,342	683,263
Reinsurance receivable on paid claims			303,685	1,760,376
Reinsurance assets	8		3,530,925	3,261,784
Premiums receivable	9		1,185,232	855,477
Deferred commission expense	10		339,389	311,226
Other accounts receivable			47,580	46,902
Accrued investment income			4,096	5,793
Short-term investments			979,701	1,295,154
Cash and cash equivalents	11		1,391,862	1,051,424
Total assets		$	10,745,755	11,581,686
LIABILITIES AND SHAREHOLDER’S EQUITY				
Accounts payable and accrued charges	7,12		261,249	277,213
Loan payable	13		536,441	581,074
Insurance payables	14		718,963	690,596
Due to fellow subsidiary	7		27,645	894,858
Insurance contracts provisions	8		5,716,842	5,292,103
			7,261,140	7,735,844
Share capital	15		3,000,000	3,000,000
Retained earnings			484,615	845,842
			3,484,615	3,845,842
Total liabilities and shareholder’s equity		$	10,745,755	11,581,686

The financial statements on pages 3 to 40 were approved by the Board of Directors on May 15, 2019.

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Statement of Comprehensive Income
Year ended December 31, 2018
(Stated in Cayman Islands dollars)

	Notes	2018	2017
Gross premiums written	8	7,353,537	6,777,395
Change in gross provision for unearned premiums	8	(300,629)	108,953
Gross insurance premium revenue	8	7,052,908	6,886,348
Written premiums ceded to reinsurers	8	(5,457,614)	(4,923,289)
Change in reinsurers' share of provision for unearned premiums	8	225,995	(75,438)
Net insurance premium revenue		1,821,289	1,887,621
Claims expenses incurred	8	(2,134,953)	(3,301,618)
Reinsurers' share of claims incurred	8	1,106,870	2,481,723
Net insurance claims		(1,028,083)	(819,895)
Commission income	14	1,427,373	1,622,343
Commission expenses	10	(693,055)	(675,894)
Net commission income		734,318	946,449
Underwriting profit		1,527,524	2,014,175
Operating expenses	7, 21, 22	(1,558,397)	(1,675,632)
Underwriting profit after operating expenses		(30,873)	338,543
Investment income	16	171,295	125,731
Foreign exchange gain		6,692	5,070
Interest expense		(19,277)	(26,537)
Miscellaneous income		10,936	21,967
Profit, being total comprehensive income for the year	$	138,773	464,774

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, 2018
(Stated in Cayman Islands dollars)

		Share capital (Note 15)	Retained Earnings	Total
Balance at January 1, 2017		3,000,000	381,068	3,381,068
Profit, being total comprehensive income for the year		0	464,774	464,774
Balance at December 31, 2017		3,000,000	845,842	3,845,842
Dividend declared		0	(500,000)	(500,000)
Profit, being total comprehensive income for the year		0	138,773	138,773
Balance at December 31, 2018	$	3,000,000	484,615	3,484,615

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, 2018
(Stated in Cayman Islands dollars)

		2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year		138,773	464,774
Add/(deduct) items not involving movement of cash:			
Depreciation on property, plant and equipment		63,452	66,987
Interest expense		19,277	26,537
Interest income		(11,339)	(24,825)
		210,163	533,473
Add/(deduct) net changes in operating assets and liabilities:			
Premiums receivable		(329,755)	69,608
Deferred commission expenses		(28,163)	43,733
Related parties		(855,292)	970,193
Other accounts receivable		(678)	31,998
Reinsurance receivables on paid claims		1,456,691	(1,760,376)
Reinsurance assets		(269,141)	19,829
Insurance contracts provisions		424,739	(37,652)
Accounts payable and accrued charges		(15,964)	(6,803)
Insurance payables		28,367	(15,605)
		620,967	(151,602)
Interest received		13,037	25,608
Interest paid		(19,277)	(26,537)
Net cash provided by/(used in) operating activities		614,727	(152,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of property plant and equipment		(45,109)	(3,048)
Short-term investments, net		315,453	(399,763)
Net cash provided by/(used in) investing activities		270,344	(402,811)
CASH FLOWS FROM FINANCING ACTIVITIES*			
Dividend paid		(500,000)	0
Repayment of loan		(44,633)	(37,444)
Net cash used in financing activities		(544,633)	(37,444)
Increase/(decrease) in cash and cash equivalents during the year		340,438	(592,786)
Cash and cash equivalents at the beginning of the year		1,051,424	1,644,210
Cash and cash equivalents at the end of the year	$	1,391,862	1,051,424

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

Notes to the Financial Statements
Year ended December 31, 2018
(Stated in Cayman Islands dollars)

1. Corporate structure and nature of business

The Company is incorporated in the Cayman Islands under the Companies Law 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 holding company is Atlantic and Caribbean Sea Development Company Limited which is owned by Caribbean Sea Development Limited and Hon. Dennis Lalor O.J. and it is 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 Law.
- 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. Roles of the actuary

The actuary has been appointed by the Board of Directors to carry out an actuarial valuation of management’s estimate of the Company’s policy liabilities and report thereon to the shareholders. Actuarially determined policy liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force. The valuation is made in accordance with accepted actuarial practice, as well as any other matter specified in any directive that may be made by regulatory authorities. The actuary’s report outlines the scope of his work and opinion.

4. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations.

The financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within one year and more than one year after reporting date is presented in note 19.

(b) New and amended standards and interpretations that became effective during the year:

IFRS 9- *Financial Instruments*

The IASB issued a temporary exemption for the effective date of implementation of IFRS 9 for insurance companies which meet certain qualifying criteria. This exemption allows the application of IFRS 9 to be deferred until January 1, 2022. At December 31, 2018, the Company meets these qualifying criteria and has therefore deferred implementation of IFRS 9.

IFRS 15- *Revenue from Contracts with Customers*

Following the issuance by the IASB, in May 2014, of the standard IFRS 15 that includes requirements for the recognition of revenue from contracts with customers, the Company applied IFRS 15 as of January 1, 2018, without restating comparative information from past periods. The cumulative effect of the first application of the standard, recognised in equity as at January 1, 2018, is not material. The new standard does not lead to any material change in the accounting principles applied by the Company.

(c) New and amended standards and interpretations in issue but not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the aforementioned date. Management has not assessed whether the relevant adoption of these standards, interpretations and amendments in future periods will have a material impact on the financial statements of the Company.

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

c) New and amended standards and interpretations in issue but not yet effective: (continued)

IFRS 16 – *Leases*
The IASB issued IFRS 16 “Leases” on 13 January 2016 that sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

Effective for annual periods beginning on or after January 1, 2022
IFRS 17 - *Insurance contracts*

The IASB issued IFRS 17 “Insurance contracts” in May 2017 that sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on investment property:

In determining amounts recorded for impairment losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from investment in investment property, for example, based on adverse economic conditions. Management makes estimates of the likely estimated future cash flows from investment in investment property as well as the timing of such cash flows.

(ii) Outstanding claims and associated reinsurance recoveries and loss expenses:

Management believes that the provision for outstanding losses and loss expenses represent their best estimate of the ultimate net cost of losses incurred up to the balance sheet date. However, the provision is necessarily an estimate and may ultimately be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

(e) Basis of preparation:

The financial statements are prepared using the historical cost basis.

These financial statements are presented in Cayman Islands dollars, which is the Company's functional currency.

(f) Investment property:

Investment property is held to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any changes therein recognised in profit or loss. Fair value is based on highest and best use.

(g) Property, plant and equipment:

Property, plant and equipment are stated at cost or deemed cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of the day to day servicing of the property, plant and equipment is recognised in the statement of comprehensive income.

Property, plant and equipment are depreciated using the straight-line method at annual rates estimated to reduce the fixed assets to their residual values over their expected useful lives.

The depreciation rates are as follows:

Buildings	2½%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20%

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

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(h) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

   i) has control or joint control over the reporting entity;

   ii) has significant influence over the reporting entity; or

   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

   i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii) Both entities are joint ventures of the same third party.

   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v) The entity is controlled, or jointly controlled by a person identified in (a).

   vi) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

   vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(i) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and deposits maturing within three months from the original acquisition date.

(j) Short-term investments:

Short-term investments represent certificates of deposits maturing between three and twelve months from the original acquisition date.

(k) Accounts receivable and accounts payable:

Trade and other receivables are stated at amortised cost less impairment losses. Trade and other payables are stated at amortised cost.

(l) Loans payable and interest expense:

Loans payable are recognized initially at fair value less transaction costs. Subsequent to initial recognition, loans payable are stated at amortized cost, with any difference between cost and redemption value being recognized in surplus or deficit over the period of the borrowing to determine the effective interest rate. Interest expense comprises significant bank charges and interest on borrowings, which is accounted for using the effective interest method.

(m) Provisions:

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
(Stated in Cayman Islands dollars)

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(n) 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 comprehensive income.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the statement of comprehensive income 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:

	USD	ECD
December 31, 2018 and 2017	0.83	0.30

(o) Impairment:

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at the reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(i) Calculation of recoverable amount:

The recoverable amount of the Company's loans and receivables is calculated as the present value of the expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of the other non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(o) Impairment (continued):

(ii) Reversal of impairment:

An impairment loss in respect of loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

(p) Operating leases:

Rental income and expenses, including any lease incentives under operating leases are recognised in the statement of comprehensive income in investment income and operating expenses respectively over the respective lease terms.

(q) Revenue recognition:

Revenue is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the policyholder. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenue comprises the following:

(i) Gross written premiums:

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 4[r][i].

(ii) Commission income:

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts (see note 4[r][i]). Profit commission in respect of reinsurance contracts is recognised on an accrual basis based on the calculation of loss ratios.

(iii) Interest income:

Interest income is recognised on an accrual basis using the effective interest rate method.

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(r) Insurance contract recognition and measurement:

(i) Insurance contracts

The underwriting results are determined after making provision for, inter alia, unearned premiums written and ceded, outstanding claims and associated reinsurance and other recoveries, unexpired risks, deferred commission expense and deferred commission income.

Gross written premiums

Gross premiums reflect business written during the year, and include adjustments to premiums written in previous years. The earned portion of premiums is recognized as revenue. Premiums are earned from the effective date of the policy.

Unearned premiums

Unearned premiums represent that proportion of the premiums written up to the accounting date which is attributable to subsequent periods and is calculated on the “three sixty fifth” basis on the total premiums written.

Ceded premium and unearned ceded premium

Reinsurance premiums are accounted for in the same period as the related premiums for the direct insurance business being reinsured with the unearned portion at the statement of financial position date being transferred to deferred reinsurance premium.

Outstanding claims

Outstanding claims comprise estimates of the amount of reported losses and loss expenses plus a provision for losses incurred but not reported based on the historical experience of the Company. The loss and loss expense reserves have been reviewed by the Company’s actuary using the past loss experience of the Company and industry data. Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

Management believes that based on the analysis completed by their actuary, the provision for outstanding losses and loss expenses represent their best estimate of the ultimate net cost of losses incurred up to the reporting date. However, the provision is necessarily an estimate and may ultimately be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(r) Insurance contract recognition and measurement (continued):

Deferred commission expense and deferred commission income

Commission income and expense are deferred on a basis consistent with that used for deferring premium income.

(ii) Reinsurance assets:

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned reinsurance premiums on business ceded up to the accounting date which are attributable to subsequent periods are calculated substantially on the “three sixty fifth” basis on the total premiums ceded.

In the normal course of business the Company seeks to reduce the loss that may result from a catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers (see note 19). Reinsurance ceded does not discharge the Company’s liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the Company.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in the statement of comprehensive income.

(iii) Insurance receivable and insurance payable:

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets. Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest rate method.

4. Statement of compliance, basis of preparation and significant accounting policies (continued)

(r) Insurance contract recognition and measurement (continued):

(i) Reinsurance receivable on paid claims:

Reinsurance receivable on paid claims is recognized when the payment of relaed claim is made and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance receivable on paid claims is measured at amortized cost, using the effective interest rate method.

Liability adequacy test:

At each end of the reporting period, liability adequacy tests are performed on short-term insurance contracts to ensure the adequacy of the contract liabilities net of related deferred acquisition costs (“DAC”). In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used.

Any deficiency is immediately charged to statement of comprehensive income initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Any DAC written off as a result of this test cannot subsequently be reinstated.

(s) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, short-term investments, insurance receivable, other accounts receivable and amounts due from related companies. Financial liabilities include accounts payable and accrued charges, insurance payables, due to related parties and loans payable.

(t) 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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The Company’s financial instruments lack an available trading market. The fair value of all financial instruments included in assets and liabilities, are considered to approximate their carrying values, due to their short-term nature.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
(Stated in Cayman Islands dollars)

5. Property, plant and equipment

	Freehold Building	Leasehold Improvement	Furniture fixtures and equipment	Motor vehicles	Total
At cost:					
January 1, 2017	1,171,750	15,019	339,687	65,650	1,592,106
Additions	0	0	3,048	0	3,048
December 31, 2017	1,171,750	15,019	342,735	65,650	1,595,154
Additions	0	0	957	44,151	45,108
December 31, 2018	1,171,750	15,019	343,692	109,801	1,640,262
Accumulated depreciation:					
January 1, 2017	(112,293)	(876)	(268,977)	(58,734)	(440,880)
Charge for the year	(29,294)	(1,502)	(29,275)	(6,916)	(66,987)
December 31, 2017	(141,587)	(2,378)	(298,252)	(65,650)	(507,867)
Charge for the year	(29,294)	(1,502)	(27,630)	(5,026)	(63,452)
December 31, 2018	(170,881)	(3,880)	(325,882)	(70,676)	(571,319)
Net book values:					
December 31, 2017	$ 1,030,163	12,641	44,483	0	1,087,287
December 31, 2018	$ 1,000,869	11,139	17,810	39,125	1,068,943

6. Investment property

	2018	2017
Balance at beginning of year	1,223,000	1,223,000
Revaluation adjustment	0	0
Balance at end of year	$ 1,223,000	1,223,000

Investment property comprises of a building located at Hospital Road, Grand Cayman. Investment property is valued every three years by an independent professional valuer and in the intervening years by Directors based on professional advice received.

The investment property was valued during December 2016 by JEC Property Consultants Limited.

The rental income earned on the property during the year amounted to $159,956 (2017: $100,906) and the related expenses totalled $49,099 (2017: $52,117).

6. Investment property (continued)

The fair value measurement for investment property of $1,223,000 (2017: $1,223,000) has been categorised as level 3 in the fair value hierarchy. The following table shows the valuation techniques used in measuring fair value as well as the significant unobservable inputs used:

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Market based approach: 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. • Conditions influencing the sale of the comparable properties. • Comparability adjustment. • Rent per square foot.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/ (lower). • Comparability adjustment were higher/ (lower). • A higher rent per square foot would imply a higher fair value.
Investment approach: 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.	• Details of rental income and occupancy. • Rate of occupancy. • Expected rate of return.	The estimated fair value would increase/(decrease) if: • Rental income were higher/ (lower). • Rate of occupancy were higher/ (lower). • A higher expected rate of return would imply higher fair value.

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7. Related party balances/transactions

		ICWI Jamaica (fellow subsidiary)	ICWI Group (Ultimate parent)	ICWI Cayman (Parent)
January 1, 2017		75,335	87,686	595,577
Cash transfers and payments		(970,193)	0	0
December 31, 2017		(894,858)	87,686	595,577
Cash transfers and payments		867,213	0	(11,921)
December 31, 2018	$	(27,645)	87,686	583,656

Cash transfers and payments:
The cash transfers and payments are for settlement of opening intercompany balances and recharge transactions including visa fees, per diems, pension contributions and travel.

During the year ended December 31, 2018, the Company provided no insurance coverage to related parties and made payments to directors of $8,000 (2017: $8,000).

Cayman Insurance Centre premium and commission is comprised as follows:

Premium		2018	2017
Opening premium receivable		179,241	245,727
Gross written premium		1,502,091	1,305,203
Received during the year		(1,381,988)	(1,371,689)
Closing premium receivable	$	299,344	179,241

Commission		2018	2017
Opening commission payable		36,892	46,500
Commission expense on written premiums		247,597	219,176
Commission paid		(227,225)	(228,784)
Closing commission payable	$	57,264	36,892

The balance of commission payable is shown net of premium receivable in the statement of financial position while the commission expense on written premiums is included within the operating expense line in the statement of comprehensive income.

8. Reinsurance assets and insurance contracts provision

		2018 ($)			2017 ($)		
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims outstanding		2,180,707	1,235,612	945,095	2,056,597	1,192,466	864,131
Unearned premiums		3,536,135	2,295,313	1,240,822	3,235,506	2,069,318	1,166,188
	$	5,716,842	3,530,925	2,185,917	5,292,103	3,261,784	2,030,319
Analysis of movement in insurance contracts provision							
Balance at January 1		2,056,597	1,192,466	864,131	1,985,296	1,136,857	848,439
Claims expenses incurred		2,134,953	1,106,870	1,028,083	3,301,618	2,481,723	819,895
Claims paid in the year		(2,010,843)	(1,063,724)	(947,119)	(3,230,317)	(2,426,114)	(804,203)
Change in outstanding claims provision		124,110	43,146	80,964	71,301	55,609	15,692
Balance at December 31	$	2,180,707	1,235,612	945,095	2,056,597	1,192,466	864,131
Claims notified		1,062,947	571,512	491,435	964,852	563,566	401,286
Claims incurred but not reported		1,117,760	664,100	453,660	1,091,745	628,900	462,845
Balance at December 31	$	2,180,707	1,235,612	945,095	2,056,597	1,192,466	864,131
Unearned premiums:							
Balance at January 1		3,235,506	2,069,318	1,166,188	3,344,459	2,144,756	1,199,703
Premiums written during the year		7,353,537	5,457,614	1,895,923	6,777,395	4,923,289	1,854,106
Premiums earned during the year		(7,052,908)	(5,231,619)	(1,821,289)	(6,886,348)	(4,998,727)	(1,887,621)
Balance at December 31	$	3,536,135	2,295,313	1,240,822	3,235,506	2,069,318	1,166,188

8. Reinsurance assets and insurance contract provisions (continued)

Gross unearned premiums are analysed as follows:

		2018	2017
Accident		7,344	6,689
Liability, engineering, bond and guarantee		57,287	57,213
Marine, aviation and transportation		5,826	8,024
Motor vehicle		2,083,090	1,960,145
Property		1,382,588	1,203,435
	$	3,536,135	3,235,506

9. Premiums receivable

		2018	2017
Premiums receivable		1,185,232	855,477
	$	1,185,232	855,477

This balance is shown net of commission and after deduction of an impairment provision of $19,650 (2017: $19,650).

The company’s exposure to credit and impairment losses relating to premiums and other receivables are disclosed in note 19.

10. Deferred commission expense

		2018	2017
Balance January 1		311,226	354,959
Amounts recognised in income during the year		(693,055)	(675,894)
Commission paid during the year		721,218	632,161
Balance December 31	$	339,389	311,226

11. Cash and cash equivalents

Cash and cash equivalents are as follows:

		2018	2017
Cash in hand		4,497	4,654
Cash at bank		1,387,365	1,046,770
Balance	$	1,391,862	1,051,424

Cash at bank includes foreign currency balances of CI$491,984 (2017: CI$338,596) denominated in United States dollars and Eastern Caribbean dollars.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
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12. Accounts payable and accrued charges

		2018	2017
Accrued charges		175,695	195,706
Other payables		85,554	81,507
	$	261,249	277,213

13. Loan payable

		2018	2017
Royal Bank of Canada (RBC) Loan	$	536,441	581,074

This represents the balance due on the original principal amount of US$1,000,000 (CI$1,000,000) drawn in March 2014. The loan is repayable in equal monthly instalments of US$7,000 (CI$5,810) inclusive of interest at Libor plus 2.75% per annum. US$84,000 (CI$69,720) is payable within 1 year. The final instalment is due in September 30, 2027. The fair value of this loan at the year-end approximates its carrying value.

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.

14. Insurance payables

		2018	2017
Payables arising from insurance and reinsurance contracts due to other insurance companies		52,851	80,301
Deferred commission income		666,112	610,295
	$	718,963	690,596

The analysis of the movement in deferred commission income is as follows:

		2018	2017
Balance January 1		610,295	618,578
Commission received during the year		(1,371,556)	(1,630,626)
Amounts recognised in income during the year		1,427,373	1,622,343
Balance December 31	$	666,112	610,295

Notes to the Financial Statements (continued)
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15. Share capital

		2018	2017
Authorised:			
8,300,000 shares of CI$1 each	$	8,300,000	8,300,000
Issued and fully paid:			
3,000,000 (2017: 3,000,000) shares of CI$1 each	$	3,000,000	3,000,000

16. Investment income

		2018	2017
Interest income		11,339	24,825
Rental income		159,956	100,906
	$	171,295	125,731

17. Underwriting policy and reinsurance ceded

The Company limits its net exposure to a maximum amount on any one loss as follows:

	2018 and 2017	
	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	20,000	16,600
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 2018 and 2017 is limited to US$225,000 (CI$186,750). The catastrophe reinsurance is capped in aggregate at US$3,900,000 (2017: US$4,500,000).

18. Insurance and financial risk management

Risk management objectives and policies for mitigating general insurance risk:

The Company's management of insurance risk is a critical aspect of the business.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Insurance risk is implicit in the Company's insurance business and arises as a consequence of the type and volume of business written and the concentration of risk in particular policies or groups of policies subject to the same risks.

Types of risks:

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. General insurance risk in the Company arises from:

- Fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations;
- Unexpected claims arising from a single source or event;
- Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
- Inadequate reinsurance protection or other risk transfer techniques; and
- Inadequate reserves.

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

Liability insurance
Property insurance
Motor 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 primarily for individual types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

Underwriting strategy:

The Company seeks to underwrite a balanced portfolio of risks at rates and terms that will produce an underwriting result 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.

18. Insurance and financial risk management (continued)

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 discussed 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.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
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18. Insurance and financial risk management (continued)

Type of contract	**Terms and conditions**	**Key factors affecting future cash flows**
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.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder 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.) The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.
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 replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, and failure by some motorists to obey traffic signals. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.

Notes to the Financial Statements (continued)
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18. Insurance and financial risk management (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.

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. 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.

Risk exposure and concentrations of risk:

The following table shows the Company's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business.

	Property $	Motor $	Other $	Total $
At December 31, 2018				
Gross	11,922	2,162,785	6,000	2,180,707
Net of reinsurance	(78)	943,073	2,100	945,095
At December 31, 2017				
Gross	256,573	1,794,024	6,000	2,056,597
Net of reinsurance	(66)	862,097	2,100	864,131

Claims development:

Claims development information is disclosed below in order to illustrate the insurance risk inherent in the Company. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

Notes to the Financial Statements (continued)
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18. Insurance and financial risk management (continued)

Claims development (continued):

Analysis of net claims development (rounded to nearest $1,000)

	Accident year						
	2013 & prior	2014	2015	2016	2017	2018	Total
Estimate of cumulative claims							
At end of reporting period	5,758,950	615,000	972,000	822,000	930,000	1,053,000	
One year later	6,048,032	581,000	1,107,000	834,000	936,000	0	
Two years later	6,118,000	552,000	1,138,000	823,000	0	0	
Three years later	11,349,000	532,000	1,168,000	0	0	0	
Four years later	11,377,186	513,000	0	0	0	0	
Five years later	5,182,000	0	0	0	0	0	
Current estimate	5,182,000	513,000	1,168,000	823,000	936,000	1,053,000	9,675,000
Payments	5,068,000	478,000	971,000	685,000	810,000	718,000	8,730,000
Liability	114,000	35,000	197,000	138,000	126,000	335,000	945,000

19. Financial risk management

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

Credit risk;
Liquidity risk; and
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 contracts.

19. Financial risk management (continued)

Risk management framework (continued):

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 and surplus reinsurance at the risk level and purchases excess of loss cover for liability and property 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 of financial loss to the Company if a counterparty fails to meet its contractual obligations.

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

- Cash and cash equivalents;
- Amounts due from policyholders and brokers;
- Due from immediate and ultimate parent;
- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of payments already made to policyholders; and
- Short term investments.

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

Management of credit risk

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

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.

Notes to the Financial Statements (continued)
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19. Financial risk management (continued)

(a) Credit risk (continued)

Management of credit risk (continued)

The Company also 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.

Exposure to credit risk:

Credit ratings are not publicly available for any assets with credit risk except for reinsurance assets. The following table analyses the credit rating by investment grade of reinsurance assets and insurance and other receivables bearing credit risk.

	A rated or above $	Not rated $	Total $
December 31, 2018			
Reinsurance assets			
Reinsurance receivable on paid claims	303,685	0	303,685
Reinsurance assets (excluding unearned premium reserve)	1,235,612	0	1,235,612
Carrying amount	1,539,297	0	1,539,297
Insurance and other receivables (excluding prepayments)			
Neither past due nor impaired	0	993,987	993,987
Past due but not impaired	0	237,056	237,056
Individually impaired	0	19,650	19,650
Gross amount	0	1,250,693	1,250,693
Allowance for impairment	0	(19,650)	(19,650)
Carrying amount	0	1,231,043	1,231,043

Notes to the Financial Statements (continued)
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19. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

	A rated or above $	Not rated $	Total $
December 31, 2017			
Reinsurance assets			
Reinsurance receivable on paid claims	1,760,376	0	1,760,376
Reinsurance assets (excluding unearned premium reserve)	1,192,466	0	1,192,466
Carrying amount	2,952,842	0	2,952,842
Insurance and other receivables (excluding prepayments)			
Neither past due nor impaired	0	894,041	894,041
Past due but not impaired	0	10,127	10,127
Individually impaired	0	19,650	19,650
Gross amount	0	923,818	923,818
Allowance for impairment	0	(19,650)	(19,650)
Carrying amount	0	904,168	904,168

The carrying amounts of financial assets and cash and cash equivalents do not include any assets that are either past due or impaired.

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

(i) Concentrations of credit risk

The specific concentration of risk from counterparties where receivables for any one counterparty or group of connected counterparties is $150,000 or more at the year end is as follows:

	2018 $	2017 $
Cayman Insurance Centre	299,334	179,241
Cayman Luxury Rental Cars Ltd	277,267	224,554
Island Insurance Brokers Limited	324,073	274,528
Total	900,674	678,323

The concentration risk is mitigated by ensuring that the above counterparties are credit-worthy and there have been no historical recoverability issues with the companies.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
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19. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

(i) Concentrations of credit risk (continued)

The following is an analysis of the reinsurance companies per line of coverage, along with any concentrations:

Line of coverage	Total number of reinsurers by line	Largest % placed with a single reinsurer	Location of that single reinsurer	Standards & Poor's rating of that single reinsurer
Property quota share	10	15.00%	Germany	AA
		19.00%	Germany	A
Motor quota share	1	50.00%	Germany	AA
Property first surplus	20	35.00%	Germany	AA
		10.00%	Germany	AA
		10.00%	London, UK	A
Property second surplus	4	50.00%	Germany	AA
		35.00%	Germany	AA
Property catastrophe excess of loss	10	23.00%	Germany	AA
		19.50%	London, UK	A
Reinstatement premium protectior	1	100%	Canada	AA
Umbrella	1	100%	Germany	AA
Casualty excess of loss	7	12.50%	Germany	AA
		10.00%	Bermuda	A
		10.00%	Germany	AA
Marine quota share	9	40.00%	London, UK	A
General accident, Bonds, Engineering	2	95.00%	Germany	AA

19. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

(ii) Assets that are past due

The Company has premium receivables that are past due but not impaired at the reporting date (as indicated by the overall credit risk exposure analysis). Management believes that impairment of these receivables is not appropriate on the basis of stage of collection of amounts owed to the Company. An aged analysis of the carrying amounts of premium receivables is presented below.

		Less than 46 days	46 to 90 days	More than 90 days	Total
December 31, 2018					
Premium receivables					
- agents, brokers and intermediates	$	414,808	549,180	221,244	1,185,232
December 31, 2017					
Premium receivables					
- agents, brokers and intermediates	$	393,241	452,109	10,127	855,477

Assets that are individually impaired

The analysis of overall credit risk exposure indicates that the Company has other receivables that are impaired at the reporting date. The assets that are individually impaired are analysed below:

		2018		2017	
		Gross	Net	Gross	Net
Insurance and other receivables	$	22,992	19,650	22,956	19,650

The above assets have been individually impaired after considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

19. Financial risk management (continued)

(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 exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always 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. An analysis of the contractual maturities of the Company's financial and insurance contract liabilities is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position.

		Contractual undiscounted cash flows					
	Carrying Amount	Total cash outflow	Less than 1year	1-2 years	2-5 years	5-10 years	More than 10 years
December 31, 2018							
Financial liabilities:							
-Accounts payable and accrued charges	261,249	261,249	261,249	0	0	0	0
-Loans payable	536,441	646,315*	69,720	69,720	209,160	297,715	0
-Insurance payables	52,851	52,851	52,851	0	0	0	0
Total financial liabilities	850,541	960,415	383,820	69,720	209,160	297,715	0
Insurance contract liabilities:							
-Claims liabilities	2,180,707	2,180,707	2,180,707	0	0	0	0
	3,031,248	3,141,122	2,564,527	69,720	209,160	297,715	0

*includes future interest payments

19. Financial risk management (continued)

(b) Liquidity risk (continued)

		Contractual undiscounted cash flows					
	Carrying Amount	Total cash outflow	Less than 1year	1-2 years	2-5 years	5-10 years	More than 10 years
December 31, 2017							
Financial liabilities:							
-Accounts payable and accrued charges	277,213	277,213	277,213	0	0	0	0
-Loans payable	581,074	719,834*	69,720	69,720	209,160	348,600	22,634
-Insurance payables	80,301	80,301	80,301	0	0	0	0
Total financial liabilities	938,588	1,077,348	427,234	69,720	209,160	348,600	22,634
Insurance contract liabilities:							
-Claims liabilities	2,056,597	2,056,597	2,056,597	0	0	0	0
	2,995,185	3,133,945	2,483,831	69,720	209,160	348,600	22,634

*includes future interest payments

(c) Market risk

Market risk is the risk that changes in market variable, such as interest rate, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

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

Management of market risk

The Investment Committee at the group level 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 components of major risk and the exposure of the company at the reporting date to each major risk are addressed below

19. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk arises primarily from the Company's loans payable.

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

Interest bearing financial assets are primarily represented by deposits which have been contracted at fixed interest rates for the duration of the term. Interest bearing financial liabilities are represented by loans payable. The interest rates on the loans have a variable component.

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 period.

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

		Carrying amount	
		2018	2017
Fixed rate instruments:			
Financial assets – cash and cash equivalent		1,391,862	1,051,424
– short-term investments		979,701	1,295,154
	$	2,371,563	2,346,578
Variable rate instruments:			
Financial liabilities - loan payable	$	(536,441)	(581,074)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit or loss. A change in interest rates at the reporting date would not affect income significantly.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 50 (2017: 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 variable, in particular foreign currency exchange rates, remain constant.

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 dollars and Eastern Caribbean dollars.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
(Stated in Cayman Islands dollars)

19. Financial risk management (continued)

(c) Market risk (continued)

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

	2018 $	2017 $
United States dollars	1,070,009	503,231
Eastern Caribbean dollars	1,869,396	2,051,012

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

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 risks

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:

19. Financial risk management (continued)

(c) Market risk (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 CI$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 (CI$300,000) and US$250,000 (CI$207,500) for St Kitts and BVI, respectively. At December 31, 2018 and 2017, 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.

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

21. Operating Lease

A. Leases as lessee

The Company leases an office in BVI for its operations under an operating lease. The lease is for 5 years from November 2015, with an option to renew the lease after that date. The Company is restricted from entering into any sub-lease arrangements. The rent paid to the landlord is adjusted to market rentals at regular intervals, and the Company does not have an interest in the residual value of the land and buildings. As a result, it was determined that substantially all of the risks and rewards of the land and buildings are with the landlord.

Notes to the Financial Statements (continued)
Year ended December 31, 2018
(Stated in Cayman Islands dollars)

21. Operating Lease (continued)

i. Future minimum lease payments

At December 31, 2018, the future minimum lease payments under non-cancellable leases were payable as follows.

	2018 $	2017 $
Less than one year	25,346	25,346
Between one and five years	21,118	46,464
Total	46,464	71,810

ii. Amounts recognized in profit and loss as operating expense:

	2018 $	2017 $
Lease expense	22,546	30,853

B. Leases as lessor

The company leases out its investment property on a month to month basis.

Amounts recognized in profit and loss as investment income:

	2018 $	2017 $
Lease income	159,956	100,906

22. Employee costs

The aggregate payroll costs (included with operating expenses) were as follows:

		2018	2017
Salaries		648,795	646,926
Pension cost		29,507	29,161
Staff welfare		5,932	13,181
Staff incentive plan cost		68,508	84,420
Health and life insurance benefits		79,564	70,996
	$	832,306	844,684
Key management remuneration included above	$	109,597	107,448