Financial Statements of

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

December 31, 2020

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

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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, 2020, 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, 2020, 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 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.

Independent Auditors' Report to the Board of 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

April 30, 2021

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Statement of Financial Position
December 31, 2020
(Stated in Cayman Islands dollars)

	Note	2020	2019
ASSETS			
Property, plant and equipment	5	1,094,795	1,063,877
Investment property	6	1,360,000	1,360,000
Due from immediate and ultimate parent	7	87,686	371,374
Due from fellow subsidiary	7	239,879	0
Reinsurance receivable on paid claims		84,116	84,116
Reinsurance assets	8	4,224,721	3,639,508
Premiums receivable	9	1,229,478	1,183,729
Deferred commission expense	10	382,637	353,134
Other accounts receivable		56,334	39,601
Accrued investment income		5,104	5,103
Short-term investments		446,392	1,487,473
Cash and cash equivalents	11	3,618,521	1,908,179
Total assets		12,829,663	11,496,094
LIABILITIES AND SHAREHOLDER'S EQUITY			
Accounts payable and accrued charges	12	505,717	289,265
Loan payable	13	473,018	525,378
Insurance payables	14	1,390,255	1,073,029
Due to fellow subsidiary	7	0	53,887
Insurance contracts provisions	8	6,508,811	5,877,585
		8,877,801	7,819,144
Share capital	15	3,000,000	3,000,000
Retained earnings		951,862	676,950
		3,951,862	3,676,950
Total liabilities and shareholder's equity	$	12,829,663	11,496,094

The financial statements on pages 3 to 40 were approved by the Board of Directors on April 30, 2021.

PAUL LALOR
________________________ Director

BRYAN ASHENHEIM
________________________ Director

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, 2020
(Stated in Cayman Islands dollars)

	Notes	2020	2019
Gross premiums written	8	7,687,035	7,595,554
Change in gross provision for unearned premiums		(162,337)	(163,812)
Gross insurance premium revenue		7,524,698	7,431,742
Written premiums ceded to reinsurers	8	(6,088,677)	(5,719,705)
Change in reinsurers' share of provision for unearned premiums		321,645	127,404
Net insurance premium revenue		1,757,666	1,839,441
Claims expenses incurred	8	(1,949,588)	(1,703,230)
Reinsurers' share of claims incurred	8	989,616	624,570
Net insurance claims expense		(959,972)	(1,078,660)
Commission income	14	1,763,061	1,693,166
Commission expenses	10	(737,971)	(727,161)
Net commission income		1,025,090	966,005
Underwriting profit		1,822,784	1,726,786
Operating expenses	21	(1,447,496)	(1,523,941)
Underwriting profit after operating expenses		375,288	202,845
Investment income	16	179,626	197,688
Gain on revaluation of investment property	6	0	137,000
Foreign exchange gain		1,594	6,521
Interest expense		(23,170)	(58,657)
Miscellaneous income		25,263	6,938
Profit, being total comprehensive income for the year	$	558,601	492,335

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, 2020
(Stated in Cayman Islands dollars)

		Share capital	Retained Earnings	Total
Balance at January 1, 2019		3,000,000	484,615	3,484,615
Dividend declared		0	(300,000)	(300,000)
Profit, being total comprehensive income for the year		0	492,335	492,335
Balance at December 31, 2019		3,000,000	676,950	3,676,950
Dividend declared		0	(283,689)	(283,689)
Profit, being total comprehensive income for the year		0	558,601	558,601
Balance at December 31, 2020	$	3,000,000	951,862	3,951,862

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, 2020
(Stated in Cayman Islands dollars)

		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit, being total comprehensive income for the year		558,601	492,335
Add/(deduct) items not involving movement of cash:			
Depreciation on property, plant and equipment		57,052	45,932
Gain on revaluation of investment property		0	(137,000)
Interest expense		23,170	58,657
Interest income		(16,820)	(13,049)
		622,003	446,875
Add/(deduct) net changes in operating assets and liabilities:			
Premium receivable		(45,749)	1,503
Deferred commission expense		(29,503)	(13,745)
Due to/from related parties, net		(10,078)	326,210
Other accounts receivable		(16,733)	7,979
Reinsurance receivable on paid claims		0	219,569
Reinsurance assets		(585,213)	(108,583)
Insurance contract provisions		631,226	160,743
Accounts payable and accrued charges		216,452	28,016
Insurance payables		317,226	354,066
		1,099,631	1,422,633
Interest received		16,819	12,042
Interest paid		(23,170)	(58,657)
Net cash provided by operating activities		1,093,280	1,376,018
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(103,191)	(40,866)
Proceeds from sale of property, plant and equipment		15,221	0
Short-term investments, net		1,041,081	(507,772)
Net cash provided by/(used in) investing activities		953,111	(548,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(283,689)	(300,000)
Repayment of loan		(52,360)	(11,063)
Net cash used in financing activities		(336,049)	(311,063)
Increase/(Decrease) in cash and cash equivalents during year		1,710,342	516,317
Cash and cash equivalents at beginning of year		1,908,179	1,391,862
Cash and cash equivalents at end of year	$	3,618,521	1,908,179

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

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 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. 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 and reinsurance 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. An actuarial valuation is prepared annually.

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 their interpretations issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value in accordance with IFRS and IFRIC interpretations.

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.

The financial statements for the period ended December 31, 2020 have been authorized for issue by the Board of Directors on April 30, 2021.

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

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, 2020.

Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.

The amendments refine the definition of material in IAS 1 and align the definitions used across IFRS and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

A number of other new standards are also effective from January 1, 2020, but they do not have a material effect on the Company's financial statements.

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

(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 is in the process of assessing the impact the adoption of these standards, interpretations and amendments will have on the Company's financial statements.

- IFRS 17, *Insurance Contracts*, effective for annual periods beginning on or after January 1, 2023.

  IFRS 17 replaces IFRS 4 *Insurance Contracts* and provides three models to apply to all insurance contracts; the general model, the variable fee approach and the allocation approach.

  The key principles in IFRS 17 are that an entity:

  - identifies insurance contracts as those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affect the policyholder;
  - separates specific embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts.
  - recognises and measures groups of insurance contracts at:
    a) a risk adjusted present value of the future cash flows (fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if tis value is an asset) and;
    b) an amount representing the unearned profit in a group of contracts (the contractual service margin).
  - recognises the profit from a group of insurance contracts over the period of insurance cover, and as the entity is released from the risk. If a group contract is or becomes loss making, an entity recognises the loss immediately.
  - presents separately insurance revenue (that excludes receipt or repayment of any investment components) and insurance finance income or expenses.
  - includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts where the coverage period is less than a year or where there are no significant expected changes in estimates before the claims are incurred.

  Many of the disclosures from IFRS4 are kept in IFRS 17. The general model requires disclosure and reconciliation of the expected present value of future cash flows, risk adjustment and contractual service margin. No reconciliation is required under the variable fee approach.

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

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

IFRS 17, *Insurance Contracts*, effective for annual periods beginning on or after January 1, 2023 (continued):

IFRS 17 provides for the following amendments to the standard:

- most companies that issue credit cards and similar products that provide insurance coverage will be able to continue with their existing accounting, unless the insurance coverage is a contractual feature, easing implementation for non-insurers.
- for loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, companies that issue such loans have an option to apply IFRS 9 or IFRS 17, reducing the impact of IFRS 17 for non-insurers.
- In measuring the contractual service margin; companies will choose to apply either a 'period-to-period' or 'year-to-date' approach, allowing greater opportunity for consistency with current practice and for subsidiaries to align reporting with their parent. Revenue and profit emergence will better reflect performance on the wide range of insurance products and the services they provide to customers. Allocating insurance acquisition cash flows to future renewal groups reduces the risk of groups becoming onerous solely from acquisition expense paid relating to future renewals. The allocation is revised at each reporting period to reflect any changes in assumptions that determine the inputs to the method of allocation used, until all contracts have been added to the group and companies now need to asses for each period, the recoverability of insurance acquisition cash flow asset, usually on more granular level then applied today.
- Upon transition, companies may be able to account for acquired contracts before the transition date as liabilities for incurred claims. In many cases, companies will be required to identify and recognise an asset for insurance acquisition cash flows incurred prior to transition. Companies are not required to perform a recoverability assessment for periods prior to transition.
- In accounting for direct participating contracts, the risk mitigation option has been expanded to non-derivative assets at FVTPL and reinsurance contracts held, and extended to provide relief prospectively from the transition date. If a company meets the risk mitigation option criteria before transition, it can now apply the fair value approach to the related contracts at transition. Companies applying both OCI and risk mitigation options together will be able to achieve better matching in the income statement.
- For reinsurance contracts, companies will be able to offset losses on initial recognition of direct insurance contracts based on a prescribed formula if they are covered by reinsurance contracts held, reducing accounting mismatches.

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

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

IFRS 17, *Insurance Contracts*, effective for annual periods beginning on or after January 1, 2023 (continued).

- There is relief for companies to present (re)insurance contract assets and liabilities at a portfolio level, instead of group level in the statement of financial position and income taxes specifically charged to policyholders may now be included in fulfilment cash flows, better reflecting local practice in certain jurisdictions.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* are effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications.

  A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an "economically equivalent" basis.

  A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address the specific relief from discontinuing hedging relationships as well as new disclosure requirements.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

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

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2021; and
  - no other substantive changes have been made to the terms of lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to certain standards and are effective for annual periods beginning on or after January 1, 2022. Those that affect the group's operation are IFRS 9 Financial Instruments and IFRS 16 Leases.

  a) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  b) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

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

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

- Temporary exemption from application of IFRS 9 Financial Instruments

  IFRS 9 Financial Instruments is effective for annual periods beginning on or after January 1, 2018. However, as permitted under IFRS 4 Insurance Contracts, the Company has applied the temporary exemption that permits an insurer to continue to apply IAS 39 Financial Instruments: Recognition and Measurement rather than IFRS 9. The company has applied the temporary exemption to defer the implementation of IFRS 9 Financial Instruments, as its activities met the requirements to demonstrate that they are predominantly connected with issuing insurance contracts within the scope of IFRS 17 Insurance contracts.

  The company evaluated its liabilities at December 31, 2015, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. Eighty-one percent (73%) of the company's liabilities at December 31, 2015 were liabilities that arose from contracts within the scope of IFRS 17 and eight percent (13%) of the company's liabilities at December 31, 2015 were liabilities that arose because the company issues insurance contracts and fulfils obligations arising from insurance contracts. Remaining liabilities held at December 31, 2015 were not associated to income generating activities and therefore the Company considers it did not engage in a significant activity unconnected with insurance. Additionally, the company has not previously applied any version of IFRS 9. Therefore, the company is an eligible insurer that qualifies for optional relief from the application of IFRS 9.

  As at December 31, 2020, there has been no change in the company's activities.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

  A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

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

(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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties at December 31, 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included below:

(i) Outstanding claims provision and associated reinsurance recoveries and loss expenses:

The estimation of the ultimate liability arising from claims made under insurance contracts and related recoveries from reinsurers is the Company's most critical accounting estimate. Management believes that the outstanding claims provision and provision for claims recoverable recorded in financial statements represent their best estimate of the ultimate net cost of losses incurred up to the financial reporting date. However, the provision is necessarily an estimate and may ultimately be settled for a significantly greater or lesser amount. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The provision for unpaid claims is necessarily based on estimates due to the fact that ultimate disposition of claims incurred prior to the date of the statement of financial position, whether reported or not, is subject to the outcome of events that have not yet occurred. Any subsequent differences arising are recorded in the period in which they are determined.

Management estimates and judgments are based on the Company's claims experience, relevant circumstances and/or advice from legal counsel. Management has also engaged independent actuaries, Mid Atlantic Actuarial, to assist them in making such estimates, based on the Company's own loss history and relevant industry data.

Short-tail claims, such as for automobile and property damage, are normally reported soon after the incident and are generally settled within two to three months after the claims event.

Information for long-tail claims such as casualty claims for bodily injury and general third party liability may not be readily available. The provision for the long-tail claims is continually evaluated by management and is based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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

(d) Use of estimates (continued):

(i) Outstanding claims provision and associated reinsurance recoveries and loss expenses (continued):

The Company does not establish provisions for catastrophes (such as natural disasters) in advance of the occurrence of such events. These events can cause significant volatility in the Company's level of incurred losses and the provision for unpaid claims.

The impact of critical accounting estimates and judgments on the ultimate liability arising from claims made under insurance contracts is partially mitigated through relief arising from reinsurance contracts held.

(ii) Fair value of investment property:

Investment properties are carried in the statement of financial position at the estimated fair value. In determining fair value, management makes judgments 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 properties.

Investment property is valued every three years by an independent professional valuer and in the intervening years by management based on professional advice received.

(e) Basis of preparation:

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

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

The following policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

(f) Offsetting

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

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

(g) Investment property:

Investment properties, comprising principally buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined every three years by an independent professional valuer and in the intervening years by management based on professional advice received. Fair value is based on current prices in an active market for similar properties in the same location and condition. Fair value is based on highest and best use.

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred.

(h) Property, plant and equipment:

Property, plant and equipment is 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 is 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of income and comprehensive income in other income or other operating expenses.

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

(i) 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.

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

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

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

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

(o) 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, 2020 and 2019	0.83	0.31

(p) 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)

(p) 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.

(r) Leases:

For contracts entered into before January 1, 2019, identified leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to the statement of comprehensive income on a straight-line basis over of the period of the lease. For contracts entered into after January 1, 2019, 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 within property, plant and equipment in the statement of financial position. After initial recognition, 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 within accounts payable and accrued charges in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term lease 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 an expenses on a straight-line basis over the lease term.

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

(s) 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[v][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[v][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.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(t) 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, premium receivable, reinsurance assets, reinsurance receivable on paid claims, 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.

(u) 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.

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

(v) 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 and unearned premiums

Gross premiums reflect insurance policies 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 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.

Commission expense and deferred commission expense

The Company pays policy acquisition commissions to brokers and agents based on premiums written. Commission expense is deferred on a basis consistent with that used for deferring premium income with unamortised portions at the financial period end carried forward on the statement of financial position.

Deferred commission expense and deferred commission income

The Company generates commission income on reinsurance policies ceded during the year. Commission income is earned on a basis consistent with that used for deferring ceded premium expense with unearned portions at the financial period end carried forward on the statement of financial position.

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

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

(i) Insurance contracts (continued)

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, Mid Atlantic Actuarial, 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.

(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.

Premium 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)

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

      (iii) Reinsurance receivable on paid claims:

      Reinsurance receivable on paid claims is recognized when the payment of related 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.

   (x) 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.

   (y) Classification of cash flows

   Interest paid and earned is classified as an operating activity in the statement of cash flows. Dividends paid is classified as a financing activity in the statement of cash flows.

   (y) Operating Expenses:

   Operating expenses are recognised in profit or loss on the accrual basis.

5. Property, plant and equipment

	Freehold Building	Leasehold Improvement	Furniture fixtures and equipment	Motor vehicles	Right-of-use asset	Total
January 1, 2019	1,171,750	15,019	343,692	109,801	0	1,640,262
Additions	0	0	6,950	33,916	0	40,866
December 31, 2019	1,171,750	15,019	350,642	143,717	0	1,681,128
Additions	0	0	4,626	32,900	65,665	103,191
Disposals	0	0	0	(86,400)	0	(86,400)
December 31, 2020	1,171,750	15,019	355,268	90,217	65,665	1,697,919
Accumulated depreciation:						
January 1, 2019	(170,881)	(3,880)	(325,882)	(70,676)	0	(571,319)
Charge for the year	(29,293)	(1,502)	(5,741)	(9,396)	0	(45,932)
December 31, 2019	(200,174)	(5,382)	(331,623)	(80,072)	0	(617,251)
Charge for the year	(29,294)	(1,502)	(5,535)	(18,532)	(2,189)	(57,052)
Disposals	0	0	0	71,179	0	71,179
December 31, 2020	(229,468)	(6,884)	(337,158)	(27,425)	(2,189)	(603,124)
Net book values:						
December 31, 2019	971,576	9,637	19,019	63,645	0	1,063,877
December 31, 2020	942,282	8,135	18,110	62,792	63,476	1,094,795

6. Investment property

	2020	2019
Balance at beginning of year	1,360,000	1,223,000
Revaluation adjustment	0	137,000
Balance at end of year	1,360,000	1,360,000

Investment property comprises of a building located at Hospital Road, Grand Cayman that is leased to third parties. 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 by professional valuer, JEC Property Consultants Limited, during the year ended December 31, 2019, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. In the current year, when estimating the fair value of investment property, management considered 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. Management considers the value of investment property recorded in statement of financial position as their best estimate of the investment property fair value.

The rental income earned on the property during the year amounted to $ 162,806 (2019: $184,639) and the related expenses totalled $66,319 (2019: $41,866).

6. Investment property (continued)

The fair value measurement for investment property of $1,360,000 (2019: $1,360,000) 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 was 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.	• Estimated rental income; • Estimated rate of occupancy; • Estimated outgoings and maintenance expenses; • 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.

7. Related party balances/transactions

	ICWI Jamaica (fellow subsidiary)	ICWI Group Limited	ICWI Cayman (Parent)
January 1, 2019	(27,645)	87,686	583,656
Cash transfers and payments	(26,242)	0	(299,968)
December 31, 2019	(53,887)	87,686	283,688
Cash transfers and payments	293,766	0	(283,688)
December 31, 2020	239,879	87,686	0

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. Related party balances are interest free, unsecured and are repayable on demand.

During the year ended December 31, 2020, the Company provided no insurance coverage (2019: none) to related parties and made payments to directors of $8,000 (2019: $8,000).

Compensation of key management personnel is as follows (included in note 21 expenses):

		2020	2019
Short term benefits	$	116,272	112,885

Cayman Insurance Centre premium and commission is comprised as follows:

Premium		2020	2019
Opening premium receivable		275,667	299,344
Gross written premium		1,577,635	1,300,085
Received during the year		(1,635,004)	(1,323,762)
Closing premium receivable	$	218,298	275,667

Commission		2020	2019
Opening commission payable		54,985	57,264
Commission expense on written premiums		257,633	256,043
Commission paid		(248,268)	(258,322)
Closing commission payable	$	64,350	54,985

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

		2020			2019		
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims outstanding		2,646,527	1,480,359	1,166,168	2,177,638	1,216,791	960,847
Unearned premiums		3,862,284	2,744,362	1,117,922	3,699,947	2,422,717	1,277,230
	$	6,508,811	4,224,721	2,284,090	5,877,585	3,639,508	2,238,077
Analysis of movement in insurance contracts provision:							
Balance at January 1		2,177,638	1,216,791	960,847	2,180,707	1,235,612	945,095
Claims expenses incurred		1,949,588	989,616	959,972	1,703,230	624,570	1,078,660
Claims paid in the year		(1,480,699)	(726,048)	(754,651)	(1,706,299)	(643,391)	(1,062,908)
Change in outstanding claims provision	$	468,889	263,568	205,321	(3,069)	(18,821)	15,752
Balance at December 31	$	2,646,527	1,480,359	1,166,168	2,177,638	1,216,791	960,847
Claims notified		1,390,967	766,359	624,608	1,036,719	558,691	478,028
Claims incurred but not reported		1,255,560	714,000	541,560	1,140,919	658,100	482,819
Balance at December 31	$	2,646,527	1,480,359	1,166,168	2,177,638	1,216,791	960,847
Unearned premiums:							
Balance at January 1		3,699,947	2,422,717	1,277,230	3,536,135	2,295,313	1,240,822
Premiums written during the year		7,687,035	6,088,677	1,598,358	7,595,554	5,719,705	1,875,849
Premiums earned during the year		(7,524,698)	(5,767,032)	(1,757,666)	(7,431,742)	(5,592,301)	(1,839,441)
Balance at December 31	$	3,862,284	2,744,362	1,117,922	3,699,947	2,422,717	1,277,230

8. Reinsurance assets and insurance contract provisions (continued)

Gross unearned premiums are analysed as follows:

	2020	2019
Accident	6,448	7,411
Liability, engineering, bond and guarantee	81,102	69,881
Marine, aviation and transportation	7,151	9,869
Motor vehicle	1,991,764	2,134,290
Property	1,775,819	1,478,496
	3,862,284	3,699,947

9. Premiums receivable

	2020	2019
Premiums receivable	1,229,478	1,183,729
	1,229,478	1,183,729

This balance is shown net of commission and after deduction of an impairment provision of $19,650 (2019: $19,650).

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

10. Deferred commission expense

	2020	2019
Balance January 1	353,134	339,389
Amounts recognised in income during the year	(737,971)	(727,161)
Commission paid during the year	767,474	740,906
Balance December 31	382,637	353,134

11. Cash and cash equivalents

	2020	2019
Cash in hand	6,875	6,242
Cash at bank	3,611,646	1,901,937
	3,618,521	1,908,179

Cash at bank includes foreign currency balances of CI$1,082,675 (2019: CI$768,513) denominated in United States dollars and Eastern Caribbean dollars.

12. Accounts payable and accrued charges

		2020	2019
Accrued charges		188,180	187,131
Other payables		317,537	102,134
	$	505,717	289,265

13. Loan payable

		2020	2019
Royal Bank of Canada (RBC) Loan	$	473,018	525,378

This represents the balance due on the original principal amount of US$1,000,000 (CI$830,000) 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 (US$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

		2020	2019
Due to reinsurers		638,864	379,208
Deferred commission income		751,391	693,821
	$	1,390,255	1,073,029

		2020	2019
Balance January 1		693,821	666,112
Commission received during the year		(1,820,631)	(1,665,457)
Amounts recognised in income during the year		1,763,061	1,693,166
Balance December 31	$	751,391	693,821

15. Share capital

		2020	2019
Authorised:			
8,300,000 shares of CI$1 each		8,300,000	8,300,000
Issued and fully paid:			
3,000,000 (2019: 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 $283,689 (2019: $300,000) to the shareholder.

16. Investment income

		2020	2019
Interest income		16,820	13,049
Rental income		162,806	184,639
	$	179,626	197,688

17. Underwriting policy and reinsurance ceded

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

	2020 and 2019	
	US$	CI$
Public liability	100,000	83,000
Marine hull	50,000	41,500
Marine cargo	33,000	27,390
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 2020 and 2019 is limited to US$225,000 (CI$186,750). The catastrophe reinsurance is capped in aggregate at US$4,500,000 (CI$3,735,000).

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.

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.

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, 2020:				
Gross	60,598	2,578,929	7,000	2,646,527
Net of reinsurance	2,544	1,161,524	2,100	1,166,168
At December 31, 2019:				
Gross	18,022	2,152,616	7,000	2,177,638
Net of reinsurance	7	958,740	2,100	960,847

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.

18. Insurance and financial risk management (continued)

Claims development (continued):

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

	Accident year						
	2015 & prior	2016	2017	2018	2019	2020	Total
Estimate of cumulative claims							
At end of reporting period	7,345,950	822,000	930,000	1,053,000	1,158,000	768,000	
One year later	7,736,032	834,000	936,000	1,033,000	1,359,000	0	
Two years later	7,808,000	823,000	915,000	1,068,000	0	0	
Three years later	12,849,000	809,000	886,000	0	0	0	
Four years later	13,068,186	819,000	0	0	0	0	
Five years later	4,802,000	0	0	0	0	0	
Current estimate	4,802,000	819,000	886,000	1,068,000	1,359,000	768,000	9,702,000
Payments	4,519,000	763,000	825,000	946,000	1,026,000	457,000	8,536,000
Liability	283,000	56,000	61,000	122,000	333,000	311,000	1,166,000

Sensitivity analysis – insurance contracts

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted, contractually non-interest bearing, and are payable less than one year from the date of the claim.

Short-term insurance liabilities are estimated using standard actuarial claims projection techniques. These methods extrapolated the claims development for each underwriting year based on the observed development of earlier years, adjusted for any current trends or developments. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historic claims reporting patterns on which the projections are based. As such, the sensitivity of short-term insurance liabilities is based on the financial impact of changes to the claims reporting patterns.

The sensitivity analyses below are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated.

	2020				2019			
	Expenses		Loss expenses		Expenses		Loss expenses	
In $’000	10%	(10%)	10%	(10%)	10%	(10%)	10%	(10%)
Impact on net income for the year	(147)	147	(96)	96	(158)	158	(108)	108
Impact on Shareholder's equity	(147)	147	(96)	96	(158)	158	(108)	108

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.

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.

19. Financial risk management (continued)

Risk management framework (continued):

(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:

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

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.

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.

19. Financial risk management (continued)

(a) Credit risk (continued)

	A rated or above $	Not rated $	Total $
December 31, 2020			
Reinsurance assets:			
Reinsurance receivable on paid claims	84,116	0	84,116
Reinsurance assets	1,480,359	0	1,480,359
Carrying amount	1,564,475	0	1,564,475
Premiums receivables:			
Neither past due nor impaired	0	1,002,487	1,002,487
Past due but not impaired	0	226,991	226,991
Individually impaired	0	19,650	19,650
Gross amount	0	1,249,128	1,249,128
Allowance for impairment	0	(19,650)	(19,650)
Carrying amount	0	1,229,478	1,229,478

	A rated or above $	Not rated $	Total $
December 31, 2019			
Reinsurance assets:			
Reinsurance receivable on paid claims	84,116	0	84,116
Reinsurance assets	1,216,791	0	1,216,791
Carrying amount	1,300,907	0	1,300,907
Premiums receivables:			
Neither past due nor impaired	0	1,039,698	1,039,698
Past due but not impaired	0	144,031	144,031
Individually impaired	0	19,650	19,650
Gross amount	0	1,203,379	1,203,379
Allowance for impairment	0	(19,650)	(19,650)
Carrying amount	0	1,183,729	1,183,729

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.

19. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

(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:

	2020	2019
Cayman Insurance Centre	218,299	275,672
Cayman Luxury Rental Cars Ltd	0	274,052
Island Insurance Brokers Limited	330,745	344,199
Total	549,044	893,923

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

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	8	15.00%	Germany	AA
		15.00%	Bermuda	A
Motor quota share	1	50.00%	Germany	AA
Property first surplus	14	35.00%	Germany	AA
		17.00%	Bermuda	A
		10.00%	Germany	AA
Property second surplus	4	50.00%	Germany	AA
		35.00%	Germany	AA
Property catastrophe excess of loss	8	25.00%	Germany	AA
		25.00%	London, UK	A
Reinstatement premium protectio	1	100%	Canada	AA
Umbrella	1	100%	Germany	AA
Casualty excess of loss	7	13.00%	Germany	AA
		10.00%	Germany	AA
		7.50%	Germany	AA
Marine quota share	6	25.00%	India	A
		25.00%	China	NR
General accident, Bonds, Engineering	2	95.00%	Germany	AA
Travel	1	100.00%	London, UK	A

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, 2020:				
Premium receivables				
- agents, brokers and intermediates	457,260	545,227	226,991	1,229,478
December 31, 2019:				
Premium receivables				
- agents, brokers and intermediates	449,444	590,254	144,031	1,183,729

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:

	2020		2019	
	Gross	Net	Gross	Net
Insurance and other receivables	19,650	0	19,650	0

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 one year	One to two years	Two to five years	Five to ten years	More than 10 years
December 31, 2020:							
Financial liabilities:							
Accounts payable and accrued charges	505,717	505,717	505,717	0	0	0	0
Loans payable	473,018	496,233	75,530	75,530	226,590	118,583	0
Insurance payables	638,864	638,864	638,864		0	0	0
Total financial liabilities	1,617,599	1,640,814	1,220,111	75,530	226,590	118,583	0
Insurance contract liabilities:							
Claims liabilities	2,646,527	2,646,527	2,646,527	0	0	0	0
	4,264,126	4,287,296	3,866,638	75,530	226,590	118,583	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 one year	One to two years	Two to five years	Five to ten years	More than 10 years
December 31, 2019:							
Financial liabilities:							
Accounts payable and accrued charges	289,625	289,625	289,625	0	0	0	0
Loans payable*	525,378	576,595	69,720	69,720	209,160	227,995	0
Insurance payables	379,208	379,308	379,308	0	0	0	0
Total financial liabilities	1,194,211	1,245,528	738,653	69,720	209,160	227,995	0
Insurance contract liabilities:							
Claims liabilities	2,177,638	2,177,638	2,177,638	0	0	0	0
	3,371,849	3,423,166	2,916,291	69,720	209,160	227,995	0

*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:

	2020	2019
Fixed rate instruments:		
Financial assets		
– cash and cash equivalent	3,618,521	1,908,179
– short-term investments	446,392	1,487,473
	4,064,913	3,395,652
Variable rate instruments:		
Financial liabilities – loan payable	(473,018)	(525,378)

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 (2019: 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.

19. Financial risk management (continued)

(c) Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments (continued)

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.

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

	2020 $	2019 $
United States dollars	1,410,495	1,427,343
Eastern Caribbean dollars	715,086	1,828,544

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.

19. Financial risk management (continued)

(c) Market risk (continued)

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:

- 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, 2020 and 2019, 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 expenses

	2020	2019
Employee costs	814,836	787,528
Professional services fees	151,283	182,104
Maintenance expenses	90,198	73,829
Marketing expenses	94,955	197,989
Depreciation	57,052	45,932
Utility expenses	41,605	42,765
Other miscellaneous expenses	197,567	193,794
	1,447,496	1,523,941

The aggregate employee costs were as follows:

	2020	2019
Salaries	643,587	677,271
Pension cost	9,489	30,818
Staff welfare	5,369	5,249
Staff incentive plan cost	80,709	1,167
Health and life insurance benefits	75,682	73,023
	$ 814,836	787,528

22. Taxes

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. St Kitts Branch has been loss making and no corporate income tax is due or paid for 2020 and 2019. Accordingly, no tax charges or tax liabilities are reflected in the financial statements.

Management does not believe there are any income tax positions taken by the Company that are subject to uncertainty and as a result, no provisions have been made in these financial statements.

23. COVID-19

The spread of coronavirus ("COVID-19") around the world continues to cause significant volatility in U.S. and international markets. The Cayman Islands government ongoing response to restrict international travel presents challenges to the economic environment of the Company. So, while it is assumed there will be some impact to the Company, the significant uncertainty around the breadth and duration of business disruptions related to COVID-19 precludes the Company from determining the extent of the impact on its operations and financial position.

The effects could have a negative impact on premiums, health business loss ratio and the related timing of receipt of cashflows and valuation of its fixed income securities. Note 5 provides sensitivity analysis around price risk, interest rates, loss ratios and underwriting results for consideration.

Management has considered the effect of COVID-19 to the extent possible in its estimates and assumptions.

23. Subsequent events

In preparing these financial statements management has evaluated subsequent events up to April 30, 2021, which is the date that the financial statements were available to be issued. No subsequent events were identified that require additional disclosures in these financial statements.