FINANCIAL STATEMENTS

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

DECEMBER 31, 2023

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, 2023, the statements of profit or loss and other comprehensive income, changes in shareholder's equity, and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

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

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

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

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

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

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.

Independent Auditors' Report to the Board of Directors (continued)

Auditors' Responsibilities for the Audit of the Financial Statements **(continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

November 29, 2024

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Notes	2023	December 31, 2022	January 1, 2022
			Restated*	Restated*
		$	$	$
Assets				
Cash and cash equivalents	6	2,695,283	3,225,814	2,748,172
Short-term investments	7	1,708,739	1,237,978	1,309,258
Accrued investment income		14,428	11,779	5,334
Reinsurance contract assets	8	3,548,554	4,034,855	4,280,187
Other accounts receivables and prepayments		40,896	41,609	40,476
Due from immediate parent company	9	87,686	226,045	87,686
Receivables from group companies	9	157,826	-	-
Investment properties	10	1,745,000	1,745,000	1,615,000
Right-of-use assets	11	24,077	37,210	50,343
Property, plant and equipment	12	889,431	932,696	980,272
Total assets		**10,911,920**	**11,492,986**	**11,116,728**
Liabilities				
Insurance contract liabilities	8	5,973,090	5,599,199	5,661,656
Other payables and accrued charges		312,113	397,557	364,099
Payable to group companies	9	-	149,327	60,325
Loan payable	13	297,355	354,449	411,083
Lease liabilities	11	25,999	39,212	51,766
Total liabilities		**6,608,557**	**6,539,744**	**6,548,929**
Equity				
Share capital	14	3,000,000	3,000,000	3,000,000
Retained earnings		1,303,363	1,953,242	1,567,799
Total equity		**4,303,363**	**4,953,242**	**4,567,799**
Total liabilities and equity		**10,911,920**	**11,492,986**	**11,116,728**

The financial statements on pages 4 to 63 were approved by the Board of Directors on November 29, 2024 and signed on its behalf by:

PAUL L. LALOR ______________________ Director

BRYAN L. ASHENHEIM ______________________ Director

* Restated. See Note 4 and 22

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023

	Notes	2023	2022 Restated*
		$	$
Insurance revenue	8	9,902,534	8,868,793
Insurance service expense	8	(4,533,388)	(4,583,223)
Insurance service result before reinsurance contracts held		**5,369,146**	**4,285,570**
Net expense from reinsurance contracts held	8	(5,415,462)	(3,386,521)
Insurance service result		**(46,316)**	**899,049**
Income from financial instruments		51,927	36,689
Net loss from foreign exchange		(3,821)	(816)
Other investment revenue	15	174,172	304,172
Net investment income		**222,278**	**340,045**
Insurance finance (expense)/income from insurance contracts issued	8	(35,200)	201,700
Finance income/(expense) from reinsurance contracts held	8	45,000	(151,700)
Net insurance finance income or expenses		**9,800**	**50,000**
Net insurance and investment result		**185,762**	**1,289,094**
Other income		23,416	9,140
Other operating expenses	16	(509,057)	(512,791)
(Loss)/Profit, being total comprehensive (loss)/income for the year		**(299,879)**	**785,443**

Restated. See Note 4

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, 2023

	Share capital	Retained earnings	Total equity
	$	$	$
Balance as at January 1, 2022 (as previously reported)	3,000,000	1,548,399	4,548,399
Impact of initial application of IFRS 17	-	19,400	19,400
Restated balance as at January 1, 2022	**3,000,000**	**1,567,799**	**4,567,799**
Comprehensive income for the year ended December 31, 2022			
Restated profit for the year	-	785,443	785,443
Dividend declared	-	(400,000)	(400,000)
	-	385,443	385,443
Restated balance as at December 31 2022	**3,000,000**	**1,953,242**	**4,953,242**
Comprehensive expense for the year ended December 31 2023			
Loss for the year	-	(299,879)	(299,879)
Dividend declared	-	(350,000)	(350,000)
	-	(649,879)	(649,879)
Balance as at December 31 2023	**3,000,000**	**1,303,363**	**4,303,363**

Restated. See Note 4

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, 2023

	2023	2022
		Restated*
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year	(299,879)	785,443
Adjustments for:		
Depreciation on property, plant and equipment	49,783	53,759
Depreciation on right-of-use assets	13,133	13,133
Increase in fair value of investment properties	-	(130,000)
Interest and Dividend income	(51,927)	(36,689)
Interest expense	24,513	16,549
	(264,377)	**702,195**
Changes in operating assets and liabilities:		
Reinsurance contract assets	486,301	245,332
Insurance contract liabilities	373,891	(62,457)
Other accounts receivables and prepayments	713	(1,133)
Other payables and accrued charges	(85,444)	33,458
	511,084	**917,395**
Interest received	49,278	30,244
Interest paid	(24,513)	(16,549)
Net cash provided by operating activities	**535,849**	**931,090**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(6,518)	(6,183)
Short-term investments, net	(470,761)	71,280
Net cash flows (used in)/from in investing activities	**(477,279)**	**65,097**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(350,000)	(400,000)
Repayment of lease liabilities	(13,213)	(12,554)
Repayment of Loan	(57,094)	(56,634)
Increase in Receivables from group companies	(168,794)	(49,357)
Net cash flows used in financing activities	**(589,101)**	**(518,545)**
(Decrease)/Increase in cash and cash equivalents	**(530,531)**	**477,642**
Cash and cash equivalents at beginning of year	3,225,814	2,748,172
Cash and cash equivalents at end of year	**2,695,283**	**3,225,814**

* Restated. See Note 4

1. Corporate structure and nature of business

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

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

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

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

2. Insurance licence

The Company holds the following licences:

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

3. Statement of compliance and basis of preparation

(a) Statement of compliance:

The Company prepares the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The financial statements for the year ended December 31, 2023 were authorized for issue by the Board of Directors on November 29, 2024.

(b) Basis of preparation and measurement:

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

Details of the company’s material accounting policies are included in Note 5.

3. Statement of compliance and basis of preparation (continued)

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

This is the first set of the Company's annual financial statements in which IFRS 17 Insurance Contracts, IFRS 9 Financial Instruments and Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement) have been applied. The related changes to material accounting policies are described in Note 4.

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

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee of the IASB effective for annual reporting periods beginning on or after January 1, 2024. None of these new and amended Standards and Interpretations will have any material impact on these financial statements.

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Company has not early-adopted.

(e) Functional and presentation currency

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

(f) Use of estimates and judgement

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

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

Information about assumptions and estimation uncertainties at December 31, 2023 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are shown below:

3. Statement of compliance and basis of preparation (continued)

(f) Use of estimates and judgement (continued)

(i) Insurance and reinsurance contracts

Liability and asset for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

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

Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Risk adjustment for non-financial risk

- The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance and reinsurance contracts. The risk adjustment reflects an amount that a Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

3. Statement of compliance and basis of preparation (continued)

(f) Use of estimates and judgement (continued)

(i) Insurance and reinsurance contracts (continued)

Risk adjustment for non-financial risk (continued)

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

Discount rates

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

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

	1 year		5 years		10 years	
	2023	2022	2023	2022	2023	2022
Insurance contracts issued and reinsurance held	4.79%	4.76%	3.84%	4.32%	3.88%	3.99%

3. Statement of compliance and basis of preparation (continued)

(f) Use of estimates and judgement (continued)

(ii) Impairment losses on financial assets

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

(iii) Fair value of investment property

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

4. Change in material accounting policies

In these financial statements, the Company has applied IFRS 17 and IFRS 9 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023.

The Company has restated comparative information for 2022 following the implementation of IFRS 17 as detailed in note 22. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance and reinsurance contracts compared to previously recorded under IFRS 4.

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

4. Change in material accounting policies (continued)

IFRS 17 Insurance contracts (continued)

Changes to classification and measurement (continued)

IFRS 17 distinguishes three measurement approaches, under which insurance and reinsurance contracts should be measured:

- The General Measurement Model (GMM),
- Premium Allocation Approach (PAA), and
- Variable Fee Approach (VFA)

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance and reinsurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not- reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

4. Change in material accounting policies (continued)

IFRS 17 Insurance contracts (continued)

Changes to classification and measurement (continued)

The Company issues and holds the following insurance contracts and reinsurance contracts held that are accounted for using premium allocation approach under the following lines of business:

- Engineering
- Fire
- General Accident
- Liability
- Motor
- Marine

Accounting policy choices

The Company has an accounting policy choice to:

(a) include all insurance finance income or expenses (IFIE) for the period in the profit and loss; or

(b) disaggregate insurance finance income or expenses for the period to include in profit or loss an amount determined by a systematic allocation of the expected total IFIE over the duration of the group of contracts.

The Company has decided to include all insurance finance income or expenses in profit and loss to ensure consistency in presentation across the financial statements.

For reinsurance contracts held the amounts relating to reinsurance premiums and reinsurance recoveries will be presented as part of the net expense from reinsurance contracts held line item as a single net amount (net presentation).

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

4. Change in material accounting policies (continued)

IFRS 17 Insurance contracts (continued)

Changes to presentation and disclosure (continued)

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard

Transition

On transition date, January 1, 2022, the Company:

- Identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always applied.
- Identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

4. Change in material accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018. However, the Company elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Management assessed that the effect of adoption of IFRS 9 as of January 1, 2022 was not significant as such no changes were made to the financial statements.

The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cashflow characteristics. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The Company's classification of its financial assets is explained in Note 5c.

Changes to the impairment calculation

The adoption of IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to the Company's financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

4. Change in material accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Changes in disclosure – IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments Disclosures was also amended. The Company applied the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning January 1, 2022. Detailed information about the ECL calculations, such as the assumptions and inputs used, are set out in Note 5c.

5. Material accounting policies

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

(a) Property and equipment:

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

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

(ii) Depreciation:

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

The annual depreciation rates are as follows:

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

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

5. Material accounting policies (continued)

(b) Investment properties:

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

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

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

Investment properties are carried at fair value using valuations performed annually by independent appraisers. Fair value is based on current prices for properties similar in location and conditions.

Investment properties are carried in the statement of financial position at market value. It is the Company's policy to use independent qualified property appraisers to value its investment properties, generally using the open market value.

(c) Financial assets

Initial recognition

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

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

Measurement categories

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

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

5. Material accounting policies (continued)

(c) Financial assets (continued)

Impairment of financial assets

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

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

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The calculation of ECLs

The mechanics of the ECL method are summarised below:

Stage 1 — The 12-month ECL is calculated as the portion of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 month allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

5. Material accounting policies (continued)

(c) Financial assets (continued)

The calculation of ECLs (continued)

The mechanics of the ECL method are summarised below (continued):

Stage 2	When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For financial instruments considered credit-impaired, the Company recognizes the lifetime expected credit losses. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Forward looking information

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

(d) Financial liabilities

Initial recognition and subsequent measurement

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

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

5. Material accounting policies (continued)

(e) De-recognition of financial assets and liabilities

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

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

(f) Related parties

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

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

(g) Cash and cash equivalents:

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

5. Material accounting policies (continued)

(h) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in the statement of 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, 2023 and 2022	0.83	0.31

(i) Employee benefits:

Employee benefits are all forms of consideration given by the Company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension and health and life insurance.

5. Material accounting policies (continued)

(j) Recognition of income

(i) Insurance Revenue

See note 5 (l).

(ii) Interest and similar income

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

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

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

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

(iii) Other investment income

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

(k) Insurance and reinsurance contracts classification

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

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

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment

Level of aggregation

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

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

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

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

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

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

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

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

The Company aggregates its insurance contracts based on its lines of business as stated in Note 4.

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

Recognition

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

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

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

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

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Recognition (continued)

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

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

Contract boundary

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

A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

- Both of the following criteria are satisfied:

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

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

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Initial Measurement - premium allocation approach

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

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

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

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Initial Measurement - premium allocation approach (continued)

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

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – initial measurement

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

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement

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

- Plus, premiums received in the period
- Minus insurance acquisition cash flows, with the exception of property insurance product line for which the Company chooses to expense insurance acquisition cash flows as they occur.
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Minus the amount recognised as insurance revenue for the services provided in the period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

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

Reinsurance contracts held – subsequent measurement

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

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts held – subsequent measurement (continued)

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss- recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance acquisition cash flows

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

The Company uses a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

  (i) to that group; and
  (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Insurance acquisition cash flows (continued)

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

The Company does not recognise an asset for insurance acquisition cash flows as at the reporting date.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model; or
- the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

5. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

Insurance revenue (continued)

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

Insurance finance income and expense

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

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

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

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

(m) Leases:

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

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

5. Material accounting policies (continued)

(m) Leases (continued)

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.

(n) Determination of fair value:

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

(o) Short-term investments

Short-term investments represent certificates of deposits maturing between three and twelve month 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 in the fair value hierarchy.

(p) Share capital

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

6. Cash and cash equivalents

	2023	2022
	$	$
Cash in hand	3,656	3,656
Cash at bank	1,821,485	1,874,610
Certificate of Deposits	870,142	1,347,548
	2,695,283	3,225,814

Cash and cash equivalents includes foreign currency balances of CI$1,882,489 (2022: CI$2,266,509) denominated in United States dollars and Eastern Caribbean dollars.

Included in Short-term investments are:

- the amount of US$251,267 (CI$208,552) (2022: US$251,013; CI$208,340) placed in trusts with the Company's bankers, a recognised financial institution, to meet the requirements of the Insurance Act 2008 in the BVI. The deposits will mature on October 28, 2024.

- the amounts of US$196,696 (CI$164,634) and ECD 1,417,314 (CI$439,368); (2022: US$195,717 (CI$163,815) and ECD 640,252 (CI$198,478)) held to the order of the Financial Services Regulation Commission as required by the Insurance Act Insurance Act (No.14 of 1968) of St. Kitts & Nevis. The amounts are held with the Company's bankers, a recognised financial institution in St. Kitts & Nevis. The deposits will mature on November 25, 2024, March 3, 2024 and May 12, 2024 respectively.

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

7. Short-term investments

	2023	2022
	$	$
Instruments at amortised cost:		
Issues by:		
Certificate of Deposits	1,708,739	1,237,978
Total Short-term investments at amortised cost	**1,708,739**	**1,237,978**

8. Insurance and reinsurance contracts

(a) Insurance contract liabilities

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

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

8. Insurance and reinsurance contracts (continued)

(a) Insurance contract liabilities (continued)

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

	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Excluding loss component	Loss component
	$	$	$	$	$
Year ended 2022					
Insurance contract liabilities, at the beginning of the year	2,395,669	-	3,185,987	80,000	5,661,656
Changes in the statement of comprehensive income					
Insurance revenue	**(8,868,793)**	**-**	**-**	**-**	**(8,868,793)**
Insurance service expense					
Incurred claims and the other insurance service expenses	-	-	3,318,633	22,725	3,341,358
Insurance acquisition cash flows amortisation	857,619	-	-	-	857,619
Adjustments to liabilities for incurred claims	-	-	421,971	(37,725)	384,246
Insurance service expenses	**857,619**	**-**	**3,740,604**	**(15,000)**	**4,583,223**
Insurance service result	**(8,011,174)**	**-**	**3,740,604**	**(15,000)**	**(4,285,570)**
Net finance expenses from insurance contracts	-	-	(201,700)	-	(201,700)
Total changes in statement of profit or loss and other comprehensive income	**(8,011,174)**	**-**	**3,538,904**	**(15,000)**	**(4,487,270)**
Cash flows					
Premiums received	9,518,167	-	-	-	9,518,167
Claims and other insurance service expenses paid	-	-	(4,164,440)	-	(4,164,440)
Insurance acquisition cash flows amortisation	(928,914)	-	-	-	(928,914)
Total cash flows	**8,589,253**	**-**	**(4,164,440)**	**-**	**4,424,813**
Net closing balance as at 31 December 2022	**2,973,748**	**-**	**2,560,451**	**65,000**	**5,599,199**

8. Insurance and reinsurance contracts (continued)

(b) Reinsurance contract assets (net)

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

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

8. Insurance and reinsurance contracts (continued)

(b) Reinsurance contract assets (net) (continued)

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

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	$	$	$	$	$
Year ended 2022					
Reinsurance contract assets, at the beginning of the year	1,084,094	-	3,143,093	53,000	4,280,187
Reinsurance expense	(5,207,591)	-	-	-	(5,207,591)
Net income from reinsurance contracts	(120,763)	-	-	-	(120,763)
Recoveries on incurred claims and other incurred reinsurance service expense	-	-	1,418,909	13,675	1,432,584
Adjustments to assets for incurred claims	-	-	529,924	(20,675)	509,249
Net expenses from reinsurance contracts	**(5,328,354)**	**-**	**1,948,833**	**(7,000)**	**(3,386,521)**
Net finance income from reinsurance contracts	-	-	(151,700)	-	(151,700)
Total changes in statement of profit or loss and other comprehensive income	**(5,328,354)**	**-**	**1,797,133**	**(7,000)**	**(3,538,221)**
Cash flows					
Premiums paid	5,483,352	-	-	-	5,483,352
Amounts received from reinsurers relating to incurred claims	-	-	(2,190,463)	-	(2,190,463)
	5,483,352	**-**	**(2,190,463)**	**-**	**3,292,889**
Net closing balance as at 31 December 2022	**1,239,092**	**-**	**2,749,763**	**46,000**	**4,034,855**

9. Related party balances/transactions

	ICWI Jamaica (fellow subsidiary)	ICWI Group Limited	ICWI Cayman (Parent)
	$	$	$
January 1, 2022	(60,325)	87,686	-
Cash transfers and payments	(89,002)	-	138,359
December 31, 2022	**(149,327)**	**87,686**	**138,359**
Cash transfer and payments	307,153	-	(138,359)
December 31, 2023	**157,826**	**87,686**	**-**

Cash transfers and payments:

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

During the year ended December 31, 2023 and 2022, the Company provided insurance coverage to related parties in the normal course of business and paid directors fees of $8,000 (2022: $8,000).

Key management personnel compensation is as follows:

	2023	2022
	$	$
Short term employment benefits:		
Short term benefits	127,044	122,158

9. Related party balances/transactions (continued)

Cayman Insurance Centre premium and commission is comprised as follows;

Premium	2023 $	2022 $
Opening premium receivable	241,000	283,597
Gross written premium	2,135,224	1,735,307
Received during the year	(2,092,386)	(1,777,904)
	283,838	**241,000**

Commission	2023 $	2022 $
Opening commission payable	53,800	61,868
Commission expense on written premiums	333,242	279,766
Commission paid	(328,509)	(287,834)
Closing commission payable	**58,533**	**53,800**

10. Investment properties

	2023 $	2022 $
Balance at January 1	1,745,000	1,615,000
Additions during the year	-	-
Change in fair value recognised in profit or loss	-	130,000
Balance at December	**1,745,000**	**1,745,000**

Investment properties comprise commercial properties that are leased to third parties and land held for capital appreciation.

The rental income earned on the properties during the year amounted to CI$174,172 (2022: $174,172) and the related expenses totalled $33,781 (2022: $76,989).

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

The fair value measurement for investment properties of $1,745,000 (2022: $1,745,000) has been categorised as a level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

10. Investment properties (continued)

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 (2023: \$995,000- \$3,360,000; 2022: \$995,000- \$3,360,000); • Conditions influencing the sale of the comparable properties; • Comparability adjustment; and • Rent per square foot (2023: \$168-\$480: 2022: \$168-\$480).	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/ (lower); • Comparability adjustment was higher/ (lower); and • A higher rent per square foot would imply a higher fair value.
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 (2023: \$210,269 2022: \$210,269); • Estimated rate of occupancy (2023: 94% and 2022: 94%); • Estimated outgoings and maintenance expenses (2023:58,860; 2022: 58,860); and • Expected rate of return (2023: 8%; 2022:8%).	The estimated fair value would increase/(decrease) if: • Rental income were higher/ (lower); • Rate of occupancy were higher/ (lower); and • A higher expected rate of return would imply higher fair value.

11. Leases

(a) Right-of-use assets

	2023 $	2022 $
Balance at January 1	65,665	65,665
Additions to right-of-use assets	-	-
De-recognition of right-of-use assets	-	-
Balance at December 31	**65,665**	**65,665**
Depreciation at January 1	28,455	15,322
Depreciation charge for the year	13,133	13,133
Eliminated on de-recognition	-	-
Balance at December 31	**41,588**	**28,455**
Carrying amount of right-of-use assets	**24,077**	**37,210**

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	2023 $	2022 $
Less than one year	15,272	15,272
One to five years	12,727	27,999
Total undiscounted lease	**27,999**	**43,271**
Less: future interest expense	(2,000)	(4,059)
Carrying amount of lease liabilities	**25,999**	**39,212**
Current	14,181	13,840
Non-current	11,818	25,372
	25,999	**39,212**

(c) Amount recognised in profit or loss

	2023 $	2022 $
Interest on lease liabilities	2,059	2,718
Expenses relating to lease of low-value assets	12,780	11,605

12. Property, plant and equipment

	Freehold Building $	Leasehold Improvement $	Furniture fixtures and equipment $	Motor vehicles $	Total $
At cost or deemed cost:					
January 1, 2022	1,171,750	15,019	358,509	90,217	1,635,495
Additions	-	503	5,680	-	6,183
Disposals	-	-	(40,509)	-	(40,509)
December 31, 2022	1,171,750	15,522	323,680	90,217	1,601,169
Additions	-	-	6,518	-	6,518
Disposals	-	-	-	-	-
December 31, 2023	**1,171,750**	**15,522**	**330,198**	**90,217**	**1,607,687**
Depreciation:					
January 1, 2022	(258,762)	(8,386)	(342,611)	(45,464)	(655,223)
Charge for the year	(29,294)	(1,531)	(4,891)	(18,043)	(53,759)
Eliminated on disposals	-	-	40,509	-	40,509
December 31, 2022	(288,056)	(9,917)	(306,993)	(63,507)	(668,473)
Charge for the year	(29,293)	(1,553)	(5,573)	(13,364)	(49,783)
Eliminated on disposals	-	-	-	-	-
December 31, 2023	**(317,349)**	**(11,470)**	**(312,566)**	**(76,871)**	**(718,256)**
Net book values:					
December 31, 2023	**854,401**	**4,052**	**17,632**	**13,346**	**889,431**
December 31, 2022	**883,694**	**5,605**	**16,687**	**26,710**	**932,696**

13. Loan payable

	2023	2022
	$	**$**
Royal Bank of Canada (RBC) Loan	**297,355**	**354,449**

This represents the balance due on the original principal amount of US$1,000,000 (CI$830,000) drawn in March 2013. The loan is repayable on a monthly basis with the final instalment due September 30, 2027 and attracts interest at US Prime rate minus 0.35% (2022: US Prime rate minus 0.35%). US$110,886 (CI$92,035) is payable within 1 year. The fair value of this loan at the year-end approximates its carrying value.

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. Share Capital

	2023	2022
Authorised:		
8,300,000 shares of CI$1 each	8,300,000	8,300,000
Issued and fully paid:		
3,000,000 (2022: 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 $350,000 (2022: $400,000) to the shareholder.

15. Other investment revenue

	2023	2022
	$	**$**
Rental Income	174,172	174,172
Revaluation gains on investment property	-	130,000
	174,172	**304,172**

16. Operating expenses

	2023	2022
	$	$
Other administrative expenses	128,165	156,230
Audit and accounting fees	95,260	134,848
Legal and professional fees	68,756	29,743
Corporate office expenses	64,100	60,000
Bank interest and related charges	55,812	50,129
Insurance	35,748	25,829
Depreciation	30,163	34,712
Other staff related costs	15,499	10,098
Travelling and entertainment	8,495	2,484
Advertising and promotion	3,000	3,000
Lease expense on lease liabilities	2,059	2,718
Donations	2,000	3,000
	509,057	**512,791**

17. Taxation

Under current acts of the Cayman Islands and BVI, there is no income, estate, transfer, sales or other taxes payable by the Company. St Kitts branch operations are subject to a flat rate of 33% of corporate income tax applied at St. Kitts and Nevis. The corporate income tax rate was reduced to 25% for the years 2022 due to several stimulus measures introduced by the government of St Kitts and Nevis due to the coronavirus.

The St. Kitts Branch made a loss of ($44,582) for the year ended December 31, 2023 (Profit, 2022: $30,955) and is subject to nil corporate income tax (2022: $4,150). Tax liabilities, when applicable are reflected in other operating expenses in the statement of comprehensive income.

18. Reinsurance ceded

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

	2023 and 2022	
	US$	CI$
Public liability	100,000	83,000
Marine hull	50,000	41,500
Marine cargo	33,333	27,666
Engineering	30,000	24,900
Property (Cayman)	20,000	16,600
Property (St Kitts and Nevis and BVI)	40,000	33,200
Motor	100,000	83,000
Bonds and fidelity guarantee	125,000	103,750

In addition, the Company has catastrophe reinsurance on which its liability on each event for 2023 is limited to US$300,000 (CI$249,000) and US$225,000 (CI$186,750) for 2022. The catastrophe reinsurance is capped in aggregate at US$5,650,000 (CI$4,689,500) in 2023 and at US$4,000,000 (CI$3,320,000) in 2022.

19. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

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

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

Motor insurance
Property insurance
Liability insurance

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

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

19. Insurance risk management (continued)

Underwriting strategy:

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

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

Reinsurance strategy:

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

Ceded reinsurance includes credit risk, and the Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The board of directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria. They also monitor its adequacy on an ongoing basis. Credit risk on reinsurance is addressed in more detail in note 20.

Terms and conditions of general insurance contracts:

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

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

19. Insurance risk management (continued)

Terms and conditions of general insurance contracts (continued):

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

Motor contracts:

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

Property contracts:

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

19. Insurance risk management (continued)

Terms and conditions of general insurance contracts (continued):

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

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

	2023			2022		
	Insurance contract Liabilities	**Reinsurance contracts held**	**Net**	**Insurance contract Liabilities**	**Reinsurance contracts held**	**Net**
	$	**$**	**$**	**$**	**$**	**$**
Motor	3,866,381	(2,284,635)	1,581,746	3,776,351	(2,950,018)	826,333
Property	2,082,578	(1,243,209)	839,369	1,793,772	(1,065,955)	727,817
Liability	42,790	(12,569)	30,221	41,562	(10,605)	30,957
Other insurance issued	(18,659)	(8,141)	(26,800)	(12,486)	(8,277)	(20,763)
Total net insurance contracts	**5,973,090**	**(3,548,554)**	**2,424,536**	**5,599,199**	**(4,034,855)**	**1,564,344**

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

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

19. Insurance risk management (continued)

Liability contracts: (continued)

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

	2022				
	Motor	**Property**	**Liability**	**Other insurance**	**Total**
CAYMAN	**$**	**$**	**$**	**$**	**$**
Insurance contracts issued	3,415,148	1,567,209	38,081	(19,081)	5,001,357
Reinsurance contracts held	(2,812,608)	(934,791)	(9,260)	(2,459)	(3,759,118)
B.V.I.					
Insurance contracts issued	68,985	172,460	(695)	5,506	246,256
Reinsurance contracts held	(67,120)	(95,406)	(188)	(4,768)	(167,482)
ST. KITTS					
Insurance contracts issued	292,218	54,103	4,176	1,089	351,586
Reinsurance contracts held	(70,290)	(35,758)	(1,157)	(1,050)	(108,255)
Total net insurance contracts	**826,333**	**727,817**	**30,957**	**(20,763)**	**1,564,344**

Sensitivities

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

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

19. Insurance risk management (continued)

Sensitivities (continued)

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

	(Increase)/decrease in profit	
	2023	2022
	$	$
Ultimate claims 10% (2022:10% increase)	(94,711)	(75,442)
Ultimate claims 10% (2022:10% decrease)	94,711	75,442

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain. The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

19. Insurance risk management (continued)

Undiscounted liabilities for incurred claims for 2023

Analysis of net claims development

	Accident year						
	2018 & prior	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Estimate of undiscounted cumulative claims							
at end of accident year	945,036	1,050,054	819,142	779,271	975,908	1,222,873	5,792,284
-one year later	1,004,726	1,403,080	615,776	773,755	1,110,432	-	4,907,769
-two years later	808,248	1,433,037	622,717	817,041	-	-	3,681,043
-three years later	917,305	1,312,977	687,636	-	-	-	2,917,918
-four years later	965,483	1,275,614	-	-	-	-	2,241,097
-five years later	988,480	-	-	-	-	-	988,480
Estimate of undiscounted net cumulative claims	988,480	1,275,614	687,636	817,041	1,110,432	1,222,873	6,102,076
Cumulative net payments to date	726,919	1,234,391	605,570	736,042	987,233	808,616	5,098,771
Undiscounted net claims liabilities	261,561	41,223	82,066	80,999	123,199	414,257	1,003,305
Effect of discounting							23,000
Risk adjustment							(79,200)
Net liability for incurred claims							**947,105**

Reconciliation of net liability for incurred claims is as follows;

	$
Liability for incurred claims	2,490,914
Assets for incurred claims	(1,981,804)
Due from Reinsurer for claims paid	437,995
	947,105

20. Financial risk management

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

Credit risk
Liquidity risk
Market risk

Risk management framework

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

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

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

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

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

(a) Credit risk

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

20. Financial risk management (continued)

(a) Credit risk (continued)

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

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

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

Management of credit risk

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

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

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

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

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

20. Financial risk management (continued)

(a) Credit risk (continued)

Management of credit risk (continued)

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

(i) Exposure to credit risk

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

	2023	**2022**
	$	**$**
Cash and cash equivalents	2,695,283	3,225,814
Short-term investments	1,708,739	1,237,978
Reinsurance contract assets	3,548,554	4,034,855
Other accounts receivables and prepayments	40,896	41,609
Due from immediate parent company	87,686	226,045
Receivables from group companies	157,826	-
Total credit risk exposure	**8,238,984**	**8,766,301**

Credit exposure by credit rating

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

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

20. Financial risk management (continued)

(a) Credit risk (continued):

Management of credit risk (continued):

(i) Exposure to credit risk (continued):

Credit exposure by credit rating (continued)

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

	2022		
	AA	**Not rated**	**Total**
	$	**$**	**$**
Cash and cash equivalents	-	3,225,814	3,225,814
Short-term investments	-	1,237,978	1,237,978
Other account receivables and prepayment	-	41,609	41,609
Due from immediate parent company	-	226,045	226,045
Reinsurance contract assets	4,034,855	-	4,034,855
	4,034,855	**4,731,446**	**8,766,301**

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

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

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

(b) Liquidity risk

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

20. Financial risk management (continued)

(b) Liquidity risk (continued)

Management of liquidity risk

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

Maturity profiles

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

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

	2022							
	Up to 1 year	**1-2 years**	**2-5 years**	**3-4 years**	**4-5 years**	**>5 years**	**No maturity**	**Total**
Financial liabilities	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Insurance contract liabilities	4,712,263	519,156	100,065	116,354	57,002	94,359	-	5,599,199
Other payables and accrued charges	397,557	-	-	-	-	-	-	397,557
Due to group companies	-	-	-	-	-	-	149,327	149,327
Loan payables*	76,357	76,357	273,407					426,121
Lease liabilities	15,898	15,205	12,168					43,271
Total financial liabilities	**5,202,075**	**610,718**	**385,640**	**116,354**	**57,002**	**94,359**	**149,327**	**6,615,475**

* Includes future interest payments

20. Financial risk management (continued)

(c) Market risk:

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

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

Management of market risk

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

(i) Interest rate risk:

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

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

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

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

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

20. Financial risk management (continued)

(c) Market risk: (continued)

Management of market risk (continued)

(i) Interest rate risk: (continued)

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

	Carrying amount	
	2023	**2022**
	$	**$**
Fixed rate instruments:		
Financial assets:		
Cash and cash equivalent	2,695,283	3,225,814
Short-term investments	1,708,739	1,237,978
	4,404,022	**4,463,792**
Variable rate instruments:		
Financial liabilities – loan payable	**(297,355)**	**(354,449)**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 50 (2022: 50) basis points in interest rates at the reporting date would not have a significant impact on income and equity of the Company. Assuming that all other variables, in particular foreign currency exchange rates, remain constant.

(ii) Foreign currency risk:

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

20. Financial risk management (continued)

(c) Market risk: (continued)

Management of market risk (continued)

(ii) Foreign currency risk Continued)

	2023 $	2022 $
United States dollars	1,925,339	1,716,947
Eastern Caribbean dollars	2,896,164	2,579,393

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

Sensitivity analysis

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

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Company's senior management team.

Capital risk management and regulatory compliance

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

20. Financial risk management (continued)

Capital risk management and regulatory compliance (continued)

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

The Company is required to maintain capital in excess of the greater of approximately 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, 2023 and 2022, the Company was in compliance with its regulatory requirements.

21. Fair value of financial instruments

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

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

Determination of fair value and fair values hierarchy

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

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

There were no movements between levels during the year.

22. Adoption of IFRS 17 - Insurance contracts and IFRS 9 - Financial Instruments

Effective January 1, 2023, the Company adopted IFRS 9 and IFRS 17 which replaced IAS 39 and IFRS 4 respectively. The following tables summarise the impact on the Company's financial statements:

Statement of financial position as at December 31, 2022.

	2022	Effect of IFRS 17	2022 Restated*
	$	$	$
ASSETS			
Property, plant and equipment*	932,696	-	932,696
Investment property	1,745,000	-	1,745,000
Due from immediate parent company	226,045	-	226,045
Reinsurance receivable on paid claims	515,133	(515,133)	-
Reinsurance assets	5,392,668	(5,392,668)	-
Reinsurance contract assets		4,034,855	4,034,855
Premium receivables	1,170,168	(1,170,168)	-
Deferred commission expense	448,586	(448,586)	-
Other accounts receivables and prepayments	41,609	-	41,609
Accrued investment income	11,779	-	11,779
Short-term investments	1,237,978		1,237,978
Cash and cash equivalents	3,225,814	-	3,225,814
Right-of-use assets*	37,210	-	37,210
Total assets	**14,984,686**	**(3,491,700)**	**11,492,986**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Other payables and accrued charges*	402,997	(5,440)	397,557
Insurance payables	1,723,646	(1,723,646)	-
Insurance contract provisions	7,439,213	(7,439,213)	-
Insurance contract liabilities	-	5,599,199	5,599,199
Due to fellow subsidiaries	149,327	-	149,327
Loan payable	354,449	-	354,449
Lease liabilities*	39,212	-	39,212
	10,108,844	**(3,569,100)**	**6,539,744**
Share capital	3,000,000	-	3,000,000
Retained earnings	1,875,842	77,400	1,953,242
	4,875,842	**77,400**	**4,953,242**
Total liabilities and equity	**14,984,686**	**(3,491,700)**	**11,492,986**

* - Amended to conform to current year financial statements presentation.

22. Adoption of IFRS 17- Insurance contracts and IFRS 9 - Financial Instruments (continued)

Statement of financial position as at January 1, 2022

	January 1, 2022	Effect of IFRS 17	January 1, 2022 Restated*
	$	$	$
ASSETS			
Property, plant and equipment*	980,272	-	980,272
Investment property	1,615,000	-	1,615,000
Due from immediate parent company	87,686	-	87,686
Reinsurance receivable on paid claims	235,847	(235,847)	-
Reinsurance assets	4,984,781	(4,984,781)	-
Reinsurance contract assets	-	4,280,187	4,280,187
Premium receivables	1,232,837	(1,232,837)	-
Deferred commission expense	377,669	(377,669)	-
Other accounts receivables and prepayments	40,476	-	40,476
Accrued investment income	5,334	-	5,334
Short-term investments	1,309,258	-	1,309,258
Cash and cash equivalents	2,748,172	-	2,748,172
Right-of-use assets*	50,343	-	50,343
Total assets	**13,667,675**	**(2,550,947)**	**11,116,728**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Other payables and accrued charges*	369,918	(5,819)	364,099
Insurance payables	949,840	(949,840)	-
Insurance contract provisions	7,276,344	(7,276,344)	-
Insurance contract liabilities	-	5,661,656	5,661,656
Due to fellow subsidiaries	60,325	-	60,325
Loan payable	411,083	-	411,083
Lease liabilities*	51,766	-	51,766
	9,119,276	**(2,570,347)**	**6,548,929**
Share capital	3,000,000	-	3,000,000
Retained earnings	1,548,399	19,400	1,567,799
	4,548,399	**19,400**	**4,567,799**
Total liabilities and equity	**13,667,675**	**(2,550,947)**	**11,116,728**

* - Amended to conform to current year financial statements presentation.