Financial Statements of

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

December 31, 2015

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Table of Contents

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Independent Auditors' Report to the Directors

We have audited the accompanying 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, 2015 and the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

May 20, 2016

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Statement of Financial Position
December 31, 2015
(Stated in Cayman dollars)

	Notes	2015	2014
ASSETS			
Property, plant and equipment	5	1,194,702	1,280,343
Investment property	6	1,450,000	1,450,000
Investment in subsidiary	7	-	1,800,000
Due from immediate and ultimate parent company	8	1,180,708	1,572,909
Due from fellow subsidiary	8	285,943	45,673
Reinsurance assets	9	3,116,500	2,870,076
Premiums receivable	10	813,794	771,255
Deferred commission expense	11	329,244	346,476
Other accounts receivable		74,456	35,635
Accrued investment income		6,305	5,063
Short-term investments		491,862	420,757
Cash and cash equivalents	12	1,552,372	1,189,737
Total assets		$10,495,886	$11,787,924
LIABILITIES AND SHAREHOLDER'S EQUITY			
Accounts payable and accrued charges	13	214,771	213,189
Loans payable	14	672,868	730,303
Insurance payables	15	918,194	1,058,689
Insurance contracts provisions	9	4,993,446	4,713,420
		6,799,279	6,715,601
Share capital	16	3,000,000	3,000,000
Retained earnings		696,607	2,072,323
		3,696,607	5,072,323
Total liabilities and shareholder's equity		$10,495,886	$11,787,924

The financial statements on pages 2 to 39 were approved by the Board of Directors on May 20, 2016 and signed on its behalf by:

Paul Lalor
Director

Dennis Lalor
Director

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Statement of Comprehensive Income
Year ended December 31, 2015
(Stated in Cayman dollars)

	Notes	2015	2014
Gross premiums written	9	7,161,112	7,309,324
Change in gross provision for unearned premiums	9	134,814	188,752
Gross insurance premium revenue	9	7,295,926	7,498,076
Written premiums ceded to reinsurers	9	(5,362,328)	(5,610,213)
Reinsurers' share of change in provision for unearned premiums	9	(196,649)	(257,601)
Net insurance premium revenue		1,736,949	1,630,262
Claims expenses incurred	9	(2,003,348)	(1,010,747)
Reinsurers' share of claims incurred	9	1,104,646	504,136
Net insurance claims		(898,702)	(506,611)
Commission income	15	1,678,910	2,082,488
Commission expenses	11	(737,029)	(732,773)
Net commission income		941,881	1,349,715
		1,780,128	2,473,366
Operating expenses	8, 22	(1,466,248)	(1,467,879)
Underwriting profit before other income and expenses		313,880	1,005,487
Investment income	17	110,146	97,206
Impairment in investment in subsidiary		-	(1,046,251)
Foreign exchange gain		7,442	8,241
Interest expense		(21,828)	(25,750)
Miscellaneous income		14,642	21,018
Profit, being total comprehensive income for the year		$ 424,282	$ 59,951

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, 2015
(Stated in Cayman dollars)

	Share capital (note 16)	Retained Earnings	Total
Balance at January 1, 2014	3,000,000	2,012,372	5,012,372
Profit, being total comprehensive income for the year	-	59,951	59,951
Balance at December 31, 2014	3,000,000	2,072,323	5,072,323
Dividend		(1,800,000)	(1,800,000)
Profit, being total comprehensive income for the year	-	424,282	424,282
Balance at December 31, 2015	$3,000,000	$ 696,605	$3,696,605

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, 2015
(Stated in Cayman dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit, being total comprehensive income for the year	424,282	59,951
Adjustments for:		
Depreciation on property, plant and equipment	79,100	84,611
Impairment in investment in subsidiary	-	1,046,251
Interest expense	21,828	25,750
Interest income	(16,074)	(13,133)
	509,136	1,203,430
Changes in:		
Premiums receivable	(42,539)	138,996
Deferred commission expenses	17,232	4,259
Related parties	151,932	(268,955)
Other accounts receivable	(38,821)	129,584
Reinsurance assets	(246,424)	111,472
Insurance contracts provisions	280,026	(73,606)
Accounts payable and accrued charges	1,582	(42,890)
Insurance payables	(140,495)	(430,871)
	491,629	771,419
Interest received	14,832	13,092
Interest paid	(21,828)	(25,750)
Net cash provided by operating activities	484,633	758,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of property, plant and equipment	6,541	(7,547)
Short-term investments, net	(71,103)	(211,734)
Net cash used by investing activities	(64,562)	(219,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(57,436)	(233,810)
Net cash used by financing activities	(57,436)	(233,810)
INCREASE IN CASH AND CASH EQUIVALENTS	362,635	305,670
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,189,737	884,067
CASH AND CASH EQUIVALENTS AT END OF YEAR	$1,552,372	$ 1,189,737

During the year the Company sold its investment in a subsidiary to its immediate parent for $1,800,000 and declared a dividend of $1,800,000.

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

1. Corporate structure and nature of business

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

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

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

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

2. Insurance licence

The Company holds an unrestricted Class ‘A’ Insurers Licence under Section 4(2) of the Cayman Islands Insurance Law.

3. Roles of the actuary

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

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

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations, issued by the International Accounting Standards Board (IASB).

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

(a) Statement of compliance (continued):

Certain new, revised and amended standards and interpretations came into effect during the current financial year. These amended standards and interpretations did not have a material impact on the Company's financial statements. Those which management considered relevant to the company are as follows:

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:

  - IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39, and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  - IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or

    (ii) the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

    IAS 40, *Investment Property* has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

  - *IAS 24, Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

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

(a) Statement of compliance (continued)

At the date of authorisation of the financial statements the following new relevant standards, amendments to standards and interpretations, which were in issue, are not yet effective. Those standards and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 *Construction Contracts,* IAS 18 Revenue, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods is in appropriate for intangible assets.

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

(a) Statement of compliance (continued)

- *Improvements to IFRS, 2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the company are as follows:

  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g., if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

    IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

  - IFRS 5 has been amended to clarify that
    (i) if an entity changes the method o disposal of an asset (or disposal group) – i.e reclassifies an asset (or disposal group) from held-for-distribution to owners to held-for-sale (or vice versa) without any time lag – then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset (or disposal group) and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset (or disposal group); and
    (ii) if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting

    Any change in method of disposal or distribution does not, in itself, extend the period in which sale has to be completed.

  - IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high quality corporate bonds should have been assessed at the currency level and not at the country level.

The Company is assessing the impact, if any, that the new, revised and amended standards may have on its financial statements in future years when they become effective.

(b) Use of estimates:

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

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

(i) Allowance for impairment losses on investment property:

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

(ii) Outstanding claims:

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

(c) Basis of preparation:

The financial statements are prepared using the historical cost basis.

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

(d) Investment property:

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

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

(e) Property, plant and equipment:

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

(ii) Depreciation:

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

The depreciation rates are as follows:

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

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

(f) Related parties:

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

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

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

ii) has significant influence over the reporting entity; or

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

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

(f) Related parties (continued):

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

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

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

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

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

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

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

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

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

(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.

(h) Short-term investments:

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

(i) Accounts receivable:

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

(j) Accounts payable:

Trade and other payables are stated at amortised cost.

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

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

(k) Loans payable and interest expense:

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

(l) Provisions:

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

(m) 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 dollars were as follows:

	USD	ECD
December 31, 2015 and 2014	0.83	0.30

(n) Impairment:

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

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

(n) Impairment (continued):

(i) Calculation of recoverable amount:

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

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

(ii) Reversal of impairment:

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

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

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

(o) Revenue recognition:

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

Revenue comprises the following:

(i) Gross written premiums:

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

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

(o) Revenue recognition (continued):

(ii) Commission income:

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts (see note 4[p][i]). Profit commission in respect of reinsurance contracts is recognised when confirmation has been received that the profit commission has been earned.

(iii) Interest income:

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

(p) Insurance contract recognition and measurement:

(i) Insurance contracts

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

Gross written premiums

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

Unearned premiums

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

Outstanding claims

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

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

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

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

(i) Insurance contracts (continued):

Deferred commission expense and deferred commission income

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

(ii) Reinsurance assets:

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

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

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

(iii) Insurance receivable and insurance payable:

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets.

(iv) Liability adequacy test:

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

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

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

(q) Financial instruments:

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

(r) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's financial instruments lack an available trading market. The fair value of all financial instruments included in assets and liabilities, are considered to approximate their carrying values, due to their short-term nature.

(s) Operating leases:

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

(Stated in Cayman dollars)

5. Property, plant and equipment

	Freehold building	Furniture fixtures and equipment	Motor vehicles	Total
At cost:				
January 1, 2014	1,171,750	322,000	96,440	1,590,190
Additions	-	-	7,547	7,547
Disposals	-	-	-	-
December 31, 2014	1,171,750	322,000	103,987	1,597,737
Additions	-	-	-	-
Disposals	-	-	(38,337)	(38,337)
December 31, 2015	1,171,750	322,000	65,650	1,559,400
Accumulated Depreciation:				
January 1, 2014	(24,411)	(167,474)	(40,898)	(232,783)
Charge for the year	(29,294)	(35,401)	(19,916)	(84,611)
Disposals	-	-	-	-
December 31, 2014	(53,705)	(202,875)	(60,814)	(317,394)
Charge for the year	(29,294)	(33,220)	(16,586)	(79,100)
Disposals	-	-	31,796	31,796
December 31, 2015	(82,999)	(236,095)	(45,604)	(364,698)
Net book values:				
December 31, 2014	$1,118,045	$119,125	$43,173	$1,280,343
December 31, 2015	$1,088,751	$85,905	$20,046	$1,194,702

6. Investment property

	2015	2014
Balance at beginning of year	1,450,000	1,450,000
Revaluation adjustment	-	-
Balance at end of year	$1,450,000	1,450,000

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

The investment property was valued during November 2013 by JEC Property Consultants Limited.

The rental income earned on the property during the year amounted to $94,072 (2014: $84,072) and the related expenses totalled $82,064 (2014: $58,108).

The fair value measurement for investment property of $1,450,000 (2014: $1,450,000) has been categorised as level 3 in the fair value hierarchy.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

6. Investment property (continued)

The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used:

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Market based approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties • Conditions influencing the sale of the comparable properties. • Comparability adjustment. • Rent per square foot.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower). • A higher rent per square foot would imply a higher fair value.

7. Investment in subsidiary

	2015	2014
Opening investment	1,800,000	2,846,251
Impairment provision	-	(1,046,251)
Sale of investment	(1,800,000)	-
Balance at end of year	$ -	$1,800,000

During the financial year, the company sold its 95% holding in the equity of Cayman Insurance Centre Limited (CIC) to its immediate parent, and declared a Dividend of $1,800,000.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

8. Related party balances/transactions

	ICWI Jamaica	ICWI Group	ICWI Cayman (Parent)
January 1, 2015	45,673	74,406	1,498,504
Payments for / Cash transfer to Cayman	(154,935)	-	(415,000)
Payments by / Cash transfer from Cayman	395,205	13,280	9,519
Sale of CIC shares	-	-	1,800,000
Dividend	-	-	(1,800,000)
December 31, 2015	$285,943	$87,686	$1,093,023

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

During the year ended December 31, 2015, the Company provided insurance coverage to related parties in consideration for premiums of $431.70.

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

9. Reinsurance assets and insurance contracts provision

	2015 ($)			2014 ($)		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims outstanding	1,726,476	897,506	828,970	1,311,636	454,433	857,203
Unearned premiums	3,266,970	2,218,994	1,047,976	3,401,784	2,415,643	986,141
	4,993,446	3,116,500	1,876,946	4,713,420	2,870,076	1,843,344
Analysis of movement in insurance contracts provision						
Balance at January 1	1,311,636	454,433	857,203	1,196,490	308,304	888,186
Claims expenses incurred	2,003,348	1,104,646	898,702	1,010,747	504,136	506,611
Claims paid in the year	1,588,508	661,573	926,935	895,601	358,007	537,594
Change in outstanding claims provision	414,840	443,073	(28,233)	115,146	146,129	(30,983)
Balance at December 31	1,726,476	897,506	828,970	1,311,636	454,433	857,203
Claims notified	802,400	412,806	389,594	638,321	232,333	405,988
Claims incurred but not reported	924,076	484,700	439,376	673,315	222,100	451,215
Balance at December 31	1,726,476	897,506	828,970	1,311,636	454,433	857,203
Unearned premiums:						
Balance at January 1	3,401,784	2,415,643	986,141	3,590,536	2,673,244	917,292
Premiums written during the year	7,161,112	5,362,328	1,798,784	7,309,324	5,610,213	1,699,111
Premiums earned during the year	(7,295,926)	(5,558,977)	(1,736,949)	(7,498,076)	(5,867,814)	(1,630,262)
Balance at December 31	3,266,970	2,218,994	1,047,976	3,401,784	2,415,643	986,141

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

9. Reinsurance assets and insurance contract provisions (continued)

(a) Gross unearned premiums are analysed as follows:

	2015	2014
Accident	9,803	14,505
Liability, engineering, bond and guarantee	52,892	55,513
Marine, aviation and transportation	9,983	11,396
Motor vehicle	1,697,736	1,613,992
Property	1,496,556	1,706,378
	$ 3,266,970	$ 3,401,784

10. Premiums receivable

	2015	2014
Premiums receivable	$ 813,794	$ 771,255

This balance is shown net of commission and after deduction of an impairment provision of $12,907 (2014: $11,864).

The company's exposure to credit and impairment losses relating to premiums and other receivables are disclosed in note 20.

11. Deferred commission expense

	2015	2014
Balance January 1	346,476	350,735
Commission paid during the year	719,797	728,514
Amounts recognised in income during the year	(737,029)	(732,773)
Balance December 31	$ 329,244	$ 346,476

12. Cash and cash equivalents

Cash and cash equivalents include amounts denominated in foreign currencies as follows:

	2015	2014
	$	$
United States dollars – CI$285,026 (2014: $146,367)	US$ 343,404	US$ 176,226
Eastern Caribbean dollars CI$317,897 (2014: $337,219)	EC$ 1,030,114	EC$ 1,092,680

(Stated in Cayman dollars)

13. Accounts payable and accrued charges

	2015	2014
Accrued charges	140,450	125,698
Other payables	74,321	87,491
	$ 214,771	$213,189

14. Loan payable

	2015	2014
Royal Bank of Canada (RBC) Loan	$ 672,868	$ 730,303

This represents the balance due on the original principal amount of US$1,000,000 (CI$830,000) drawn in March 2014. The loan is repayable in equal monthly instalments of US$7,000 (CI$5,810) inclusive of interest at Libor plus 2.75% per annum. US$57,635 (CI$47,837) is payable within 1 year. The final instalment is due in January 2028. 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.

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

15. Insurance payables

	2015	2014
Payables arising from insurance and reinsurance contracts due to other insurance companies	313,319	435,365
Deferred commission income	604,875	623,324
	$ 918,194	$ 1,058,689

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

	2015	2014
Balance January 1	623,324	662,074
Commission received during the year	(1,697,359)	(2,121,238)
Amounts recognised in income during the year	1,678,910	2,082,488
Balance December 31	$ 604,875	$ 623,324

16. Share capital

	2015	2014
Authorised:		
8,300,000 shares of CI$1 each	$8,300,000	$8,300,000
Issued and fully paid:		
3,000,000 (2013: 3,000,000) shares of CI$1 each	$3,000,000	$3,000,000

17. Investment income

	2015	2014
Interest income	16,074	13,133
Rental income	94,072	84,073
	$110,146	$97,206

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

18. Underwriting policy and reinsurance ceded

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

	2015 and 2014	
	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	22,500	18,675
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 2015 and 2014 is limited to US$225,000 (CI$186,750). The catastrophe reinsurance is capped in aggregate at US$3,955,000 (2014: US$3,600,000).

19. Insurance and financial risk management

Risk management objectives and policies for mitigating general insurance risk:

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

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

Types of risks:

The primary insurance activity carried out by the Company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. General insurance risk in the Company arises from:

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

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

19. Insurance and financial risk management (continued)

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

Liability insurance
Property insurance
Motor insurance

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

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

Underwriting strategy:

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

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

Reinsurance strategy:

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

Ceded reinsurance includes credit risk, and the Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria. They also monitor its adequacy on an ongoing basis. Credit risk on reinsurance is discussed in more detail in note 21.

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

19. Insurance and financial risk management (continued)

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 contract	**Terms and conditions**	**Key factors affecting future cash flows**
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although majority of bodily injury claims have a relatively long tail, the majority of the claims incurred by the company are settled in the short term. In general, these claims involve higher estimation uncertainty.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay (Property business is therefore classified as “short-tailed” and expense deterioration and investment return is of less importance in estimating provisions.) The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.
Motor	Motor insurance contracts provide cover in respect of policyholders’ motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, and failure by some motorists to obey traffic signals. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

19. Insurance and financial risk management (continued)

Liability contracts:

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

Property contracts:

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

Risk exposure and concentrations of risk:

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

	Property	Motor	Other	Total
	$	$	$	$
At 31 December 2015				
Gross	15,422	1,693,944	17,110	1,726,476
Net of reinsurance	422	825,038	3,510	828,970
At 31 December 2014				
Gross	17,422	1,255,443	38,771	1,311,636
Net of reinsurance	422	835,832	20,949	857,203

Claims development:

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

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

19. Insurance and financial risk management (continued)

Claims development (continued):

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

	Accident year						
	2010 & prior	2011	2012	2013	2014	2015	Total
Estimate of cumulative claims							
At end of reporting period	2,950,155	1,052,795	1,086,000	670,000	615,000	972,000	
One year later	2,948,032	1,282,000	1,173,000	645,000	581,000	-	
Two years later	2,995,000	1,316,000	1,126,000	681,000	-	-	
Three years later	8,236,000	1,345,000	1,097,000	-	-	-	
Four years later	8,238,186	1,384,000	-	-	-	-	
Five years later	4,618,000	-	-	-	-	-	
Current estimate	4,618,000	1,384,000	1,097,000	681,000	581,000	972,000	9,333,000
Payments	4,526,000	1,265,000	1,027,000	626,000	465,000	595,000	8,504,000
Liability	92,000	119,000	70,000	55,000	116,000	377,000	829,000

20. Financial risk management

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

Credit risk
Liquidity risk
Market risk

Risk management framework:

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Company is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts.

20. Financial risk management (continued)

Risk management framework (continued):

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

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations.

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

- Cash and cash equivalents
- Amounts due from policyholders
- Reinsurers' share of insurance liabilities
- Amounts due from reinsurers in respect of payments already made to policyholders.

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

Management of credit risk

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

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

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

20. Financial risk management (continued)

(a) Credit risk (continued)

Management of credit risk (continued)

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

Exposure to credit risk:

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

	A rated or above	Not rated	Total
	$	$	$
December 31, 2015			
Reinsurance assets (excluding unearned premium reserve)			
Carrying amount	897,506	-	897,506
Insurance and other receivables (excluding prepayments)			
Neither past due nor impaired	-	547,951	547,951
Past due but not impaired	-	320,731	320,731
Individually impaired	-	12,907	12,907
Gross amount		881,589	881,589
Allowance for impairment		(12,907)	(12,907)
Carrying amount	-	868,682	868,682

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

20. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

	A rated or above $	Not rated $	Total $
December 31, 2014			
Reinsurance assets (excluding unearned premium reserve)			
Carrying amount	454,433	-	454,433
Insurance and other receivables (excluding prepayments)			
Neither past due nor impaired	-	414,698	414,698
Past due but not impaired	-	384,335	384,335
Individually impaired	-	11,864	11,864
Gross amount	-	810,897	810,897
Allowance for impairment	-	(11,864)	(11,864)
Carrying amount	-	799,033	799,033

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

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

(i) Concentrations of credit risk

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

	2015 $	2014 $
Island Insurance Brokers Limited	346,593	418,300

The concentration risk is mitigated by ensuring that Island Insurance Brokers Limited is credit worthy and there have been no historical recoverability issues with the company.

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

20. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

(i) Concentrations of credit risk (continued)

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

Line of coverage	**Total number of reinsurers by line**	**Largest % placed with a single reinsurer**	**Location of that single reinsurer**	**Standards & Poor's rating of that single reinsurer**
Property quota share	6	42.50%	Germany	AA
		20.00%	Canada	AA
Motor quota share	1	50.00%	Germany	AA
Property first surplus	17	35.00%	Germany	AA
		22.00%	Canada	AA
Property second surplus	2	50.00%	Germany	AA
		50.00%	Canada	AA
Property catastrophe excess of loss	9	25.00%	Canada	AA
		25.00%	United Kingdom	A
Reinstatement premium protection	1	100%	Canada	AA
Property umbrella	1	100%	Germany	AA
Motor umbrella	1	100%	Germany	AA
Casualty excess of loss	4	25.00%	Canada	AA
		10.00%	Bermuda	A
		10.00%	Germany	AA
Marine quota share	10	35.00%	United Kingdom	A
Engineering and accident quota share	1	100.00%	Canada	AA
Bonds quota share	1	100.00%	Canada	AA

(Stated in Cayman dollars)

20. Financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risk (continued):

(ii) Assets that are past due

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

	Less than 46 days	46 to 90 days	More than 90 days	Total
December 31, 2015				
Receivable arising from insurance and reinsurance contracts - agents, brokers and intermediates	$320,731	$364,897	$128,166	$813,794
December 31, 2014				
Receivable arising from insurance and reinsurance contracts - agents, brokers and intermediates	$386,920	$327,868	$56,467	$771,255

Assets that are individually impaired

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

	2015		2014	
	Gross	Net	Gross	Net
Insurance and other receivables	$12,907	$ -	$11,864	$ -

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

20. Financial risk management (continued)

(b) Liquidity risk

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

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Consequently, the Company invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due, and in the event of reasonably foreseeable abnormal circumstances. An analysis of the contractual maturities of the Company's financial and insurance contract liabilities is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position.

		Contractual undiscounted cash flows					
	Carrying Amount	Total cash outflow	Less than 1year	1-2 years	2-5 years	5-10 years	More than 10 years
December 31, 2015							
Financial liabilities:							
-Accounts payable and accrued charges	214,771	(214,771)	(214,771)	-	-	-	-
-Due to fellow subsidiaries							
-Loans payable	672,868	(902,627)*	(69,720)	(69,720)	(209,160)	(348,600)	(205,427)
-Insurance payables	313,319	(313,319)	(313,319)				
Total financial liabilities	1,200,958	(1,430,717)	(597,810)	(69,720)	(209,160)	(348,600)	(205,427)
Insurance contract liabilities:							
-Claims liabilities	1,726,476	(1,726,476)	(1,726,476)				
	2,927,434	(3,157,193)	(2,324,286)	(69,720)	(209,160)	(348,600)	(205,427)

*includes future interest payments

(Stated in Cayman dollars)

20. Financial risk management (continued)

(c) Market risk

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

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

Management of market risks

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

Interest rate risk

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

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

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

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

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

		Carrying amount	
		2015	2014
Fixed rate instruments:			
Financial assets	– cash and cash equivalent	838,738	357,928
	– short term investments	491,862	420,757
		$ 1,330,600	$ 778,685
Variable rate instruments:			
Financial liabilities	- loan payable	$ (672,868)	$(730,303)

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

20. Financial risk management (continued)

(c) Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 50 (2014: 50) basis points in interest rates at the reporting date would not have a significant impact on income and equity of the company. Assuming that all other variable, in particular foreign currency exchange rates, remain constant.

Currency risk

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

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

	2015	2014
	$	$
United States dollars	(146,258)	(243,516)
Eastern Caribbean dollars	1,609,843	1,395,942

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

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

Operational risks

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

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

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

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

20. Financial risk management (continued)

(c) Market risk (continued)

Capital risk management and regulatory compliance

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

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

CIMA has statutory powers that enable it to use its discretion to require the Company to conduct its operations in accordance with general or specific conditions which may be imposed by CIMA or may be agreed between CIMA and the Company. A new Cayman Islands Insurance law (the "new law") became effective in November 2013. Under this new law, the Company is required to maintain capital in excess of the greater of approximately $300,000 and an amount determined as per a prescribed formula set out in local legislation. 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. At December 31, 2015 and 2014, 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.

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

THE INSURANCE COMPANY OF THE WEST INDIES (CAYMAN) LIMITED

Notes to the Financial Statements
Year ended December 31, 2015
(Stated in Cayman dollars)

22. Employee costs

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

	2015	2014
Salaries	591,419	547,411
Pension cost	26,897	25,504
Staff welfare	14,842	14,627
Staff profit share	85,693	73,239
Health and life insurance benefits	77,148	68,306
	$795,999	$729,087
Key management remuneration included above	$103,276	$ 100,268