Financial Statements of

**THE INSURANCE COMPANY OF THE WEST INDIES (SINT MAARTEN) B.V.**

December 31, 2024

THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of
THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

## Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of The Insurance Company of the West Indies Limited (Sint Maarten) B.V. ("the company"), set out on pages 4 to 52, which comprise the statement of financial position as at December 31, 2024, 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 give a true and fair view of the financial position of the company as at December 31, 2024, and of 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 Accounting Standards).

*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 the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the Shareholder of
THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

**Report on the Audit of the Financial Statements (continued)**

*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 that give a true and fair view in accordance with IFRS Accounting 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.

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

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholder of
THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

**Report on the Audit of the Financial Statements (continued)**

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Chartered Accountants
Kingston, Jamaica

July 3, 2025

THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

Statement of Financial Position
December 31, 2024
*(Stated in Netherlands Antilles Guilders)*

| | Notes | 2024 | 2023 |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | 6 | 591,562 | 1,524,468 |
| Investments | 7 | 2,149,849 | 1,786,012 |
| Accrued investment income | | 3,392 | 2,903 |
| Reinsurance contract assets | 8(b) | 331,429 | 150,491 |
| Due from group companies | 11(a) | 317,582 | - |
| Other accounts receivable and prepayments | 12 | 44,117 | 34,792 |
| Right-of-use asset | 9(a) | 147,223 | 45,833 |
| Property, plant and equipment | 10 | 80,077 | 47,205 |
| Total assets | | 3,665,231 | 3,591,704 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Insurance contract liabilities | 8(a) | 2,516,428 | 2,232,260 |
| Lease liability | 9(b) | 147,802 | 45,833 |
| Other payables and accrued charges | 13 | 420,013 | 291,327 |
| Due to group companies | 11(a) | - | 90,460 |
| | | 3,084,243 | 2,659,880 |
| Share capital | 14 (a) | 900,000 | 900,000 |
| Contributed capital | 14 (b) | 540,000 | 540,000 |
| Accumulated deficit | | ( 859,012) | ( 508,176) |
| | | 580,988 | 931,824 |
| Total liabilities and shareholders' equity | | 3,665,231 | 3,591,704 |

The financial statements on pages 4 to 52 were approved by the Board of Directors on July 3, 2025 and signed on its behalf by:

Caryl A Fenton Director
Caryl Fenton

Director
Paul Lalor

THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2024
*(Stated in Netherlands Antilles Guilders)*

| | Notes | 2024 | 2023 |
|---|---|---|---|
| Insurance revenue | 8(a) | 6,200,232 | 4,860,696 |
| Insurance service expense | 8(a) | (4,178,900) | (2,561,994) |
| **Insurance service result before reinsurance contracts held** | | 2,021,332 | 2,298,702 |
| Net expense from reinsurance contracts held | 8(b) | (1,898,265) | (1,603,262) |
| **Insurance service result** | | 123,067 | 695,440 |
| Income from financial instruments | 15 | 7,598 | 6,194 |
| Net loss from foreign exchange | | ( 25,432) | ( 8,528) |
| **Net investment expense** | | ( 17,834) | ( 2,334) |
| Insurance finance income/(expense) from insurance contracts issued | 8(a) | 3,508 | ( 11,000) |
| Finance income from reinsurance contracts held | 8 (b) | 1,500 | 5,000 |
| **Net insurance finance income/(expense)** | | 5,008 | ( 6,000) |
| **Net insurance and investment result** | | 110,241 | 687,106 |
| Other income | 16 | 15,022 | 67,388 |
| Other operating expenses | 17 | ( 476,099) | ( 438,459) |
| **(Loss)/ profit for the year, being total comprehensive (loss)/ income** | | ( 350,836) | 316,035 |

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

THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

Statement of Changes in Shareholder's Equity
For the year ended December 31, 2024
*(Stated in Netherlands Antilles Guilders)*

| | Share capital [Note 14(a)] | Contributed capital [Note 14(b)] | Accumulated deficit | Total |
|---|---|---|---|---|
| **Balances at December 31, 2022** | 900,000 | 450,000 | (824,211) | 525,789 |
| Profit for the year, being total comprehensive income | - | - | 316,035 | 316,035 |
| Capital injection by shareholder | - | 90,000 | - | 90,000 |
| **Restated Balances at December 31, 2023** | 900,000 | 540,000 | (508,176) | 931,824 |
| Loss for the year, being total comprehensive loss | - | - | (350,836) | (350,836) |
| **Balances at December 31, 2024** | 900,000 | 540,000 | (859,012) | 580,988 |

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

THE INSURANCE COMPANY OF THE WEST INDIES
(SINT MAARTEN) B.V.

Statement of Cash Flows
For the year ended December 31, 2024
*(Stated in Netherlands Antilles Guilders)*

| | Notes | 2024 | 2023 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss)/ profit for the year | | ( 350,836) | 316,035 |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | 10 | 18,965 | 10,755 |
| Depreciation on right-of-use asset | 9(a) | 54,494 | 47,434 |
| Foreign exchange loss | | 25,432 | 8,528 |
| Interest expense on lease liability | 9(c) | 5,485 | 4,400 |
| Interest income | | ( 7,598) | ( 6,194) |
| Operating cash flow before changes in working capital | | ( 254,058) | 380,958 |
| Changes in: | | | |
| Reinsurance contract assets | | ( 180,938) | 70,768 |
| Insurance contract liabilities | | 284,168 | ( 46,629) |
| Other accounts receivable and prepayments | | ( 9,325) | ( 7,026) |
| Other payable and accrued charges | | 128,686 | 20,713 |
| Net cash (used in)/ provided by operating activities | | ( 31,467) | 418,784 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | 10 | ( 51,837) | ( 3,438) |
| Interest received | | 7,109 | 5,433 |
| Investments purchased | | ( 363,837) | ( 543,629) |
| Net cash used in investing activities | | ( 408,565) | ( 541,634) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of lease liability | 9(d) | ( 59,400) | ( 59,400) |
| Contributed capital | | - | 90,000 |
| Due to group companies | | ( 408,042) | 89,346 |
| Net cash (used in)/ provided by financing activities | | ( 467,442) | 119,946 |
| DECREASE IN CASH AND CASH EQUIVALENTS | | ( 907,474) | ( 2,904) |
| Effect of movement in exchange rates on cash held | | ( 25,432) | ( 8,528) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 1,524,468 | 1,535,900 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 6 | 591,562 | 1,524,468 |

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

1. Corporate structure and nature of business

The Insurance Company of the West Indies Limited (Sint Maarten) B.V. ("ICWI BV") (the company), is incorporated and domiciled in Sint Maarten. ICWI BV is a wholly owned subsidiary of ICWI (Cayman) Limited, which is incorporated in the Cayman Islands. Its 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 located at 133 Union Road, Unit E, Cole Bay, Sint Maarten.

2. Insurance licence

The company holds a licence to underwrite non-life insurance business in Sint Maarten.

3. Roles of the actuary and auditors

The actuary is appointed by the Board of Directors. With respect to preparation of financial statements, the actuary carries out an actuarial valuation of management's estimates of the Company's reinsurance contract assets and insurance contract liabilities and reports thereon to the policyholders and shareholders. Actuarially determined reinsurance contract assets and insurance contract 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. An actuarial valuation is prepared annually.

The external auditors are appointed by the shareholders to conduct an independent and objective audit of the financial statements of the Company in accordance with International Standards on Auditing, and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the Company's actuarially determined insurance contract assets or liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims, discounting of expected future cash flows, risk adjustment for non-financial risk and adjustment expenses on insurance policies in force.

4. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

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

(a) Statement of compliance (continued):

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.

(b) Basis of preparation and measurement:

The financial statements are prepared on the historical cost basis.

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

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

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

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. The Company has assessed them with respect to its operations and has determined that the following are relevant:

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027.

  Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a Company's main business activities.

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

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

- IFRS 18 *Presentation and Disclosure in Financial Statements* (continued)

  All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a Company's operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

  IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a Company provides more detailed disclosures about their nature.

  IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

  Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

- Amendments to IAS 21 *Lack of Exchangeability* for periods beginning on or after January 1, 2025. The amendments provide clarification for situations where market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The amendments contain no specific requirements for estimating a spot rate.

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

(e) Functional and presentation currency

These financial statements are presented in Netherlands Antilles Guilders, the company's functional currency.

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

(f) Use of estimates and judgement

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

(i) Insurance and reinsurance contracts

*Liability 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.

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

(f) Use of estimates and judgement (continued)

(i) Insurance and reinsurance contracts (continued)

*Risk adjustment for non-financial risk*

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

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

*Discount rates*

Insurance contract 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 highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

The settlement of the Company's current outstanding claims are all expected to occur within the period for which observable market information is available to determine the IFRS 17 discount rates.

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

| | 1 year | | 5 years | | 10 years | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Insurance contracts issued and reinsurance contracts held | 4.16% | 4.79% | 4.38% | 3.84% | 4.58% | 3.88% |

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, plant and equipment

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

(i) Depreciation:

Property, plant and equipment 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:

| | |
|---|---|
| Furniture, fixtures and equipment | 10% & 20% |
| Leasehold Improvement | 10% |
| Motor vehicles | 20% |
| Right-of-use asset | over the lease term |

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

(ii) Impairment of non-financial assets

The carrying amount of the Company's property, plant and equipment 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 each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the carrying amount is greater than its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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 profit or loss.

5. Material accounting policies (continued)

(b) 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.

*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. All are categorized at amortized cost.

*Business model assessment*

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of asset sales are also important aspects of the Company’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

5. Material accounting policies (continued)

(b) Financial assets (continued)

*Solely Payments of Principal and Interest (SPPI) Test*

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

*Financial instruments at amortised cost-Subsequent measurement*

After initial measurement, financial instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses (ECLs) are recognised in the statement of profit or loss when the investments are impaired.

*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 debt instruments not held at fair value through profit or loss. 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.

5. Material accounting policies (continued)

(b) Financial assets (continued)

*Impairment of financial assets (continued)*

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.

*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.

c) Financial liabilities

*Initial recognition and subsequent measurement*

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include other payables and accrued charges, and insurance contract liabilities. The Company has not designated any financial liabilities upon initial recognition as at fair value through statement of income.

5. Material accounting policies (continued)

(d) 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 recognized 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.

(e) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 – *Related Party Disclosures* as the "reporting entity"). An entity is related to a reporting entity if any of the following conditions applies:

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

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

(ii) has significant influence over the reporting entity; or

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

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

(i) The entity and the reporting entity are members of the same Company (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 Company 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.

5. Material accounting policies (continued)

(e) Related parties (continued)

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

(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).

(viii) The entity or any member of a Company which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits that mature three months or less from the placement dates and are measured at amortised cost. These are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) 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, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. 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.

5. Material accounting policies (continued)

(h) Income from financial instruments

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

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

(i) 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.

All of the Company's insurance contracts transfer significant insurance risk. The Company does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Company measures insurance contracts issued and reinsurance contracts held applying the Premium Allocation Approach ("PAA").

(j) Insurance and reinsurance contracts accounting treatment

*Separating components from insurance and reinsurance contracts*

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. Currently, the Company's products do not include any distinct components that require separation.

*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.

5. Material accounting policies (continued)

(j) Insurance and reinsurance contracts accounting treatment

*Level of aggregation* (continued)

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 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 circumstances.

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

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

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

*Recognition*

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

- The beginning of the coverage period of the Company of contracts.
- The date when the first payment from a policyholder in the Company 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.

5. Material accounting policies (continued)

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

*Recognition (continued)*

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

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

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

*Measurement - premium allocation approach*

| | **Adopted approach for IFRS 17** |
|---|---|
| Premium allocation approach (PAA) eligibility | Coverage period for all lines of business and reinsurance assumed 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 (LRC), 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. |

*Insurance contracts- premium allocation approach*

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.

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

5. Material accounting policies (continued)

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

*Insurance contracts – premium allocation approach (continued)*

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 Company 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 Company 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 Company, the Company establishes a loss-recovery component of the asset for remaining coverage for a Company 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 Company of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the Company to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying Company 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)

(j) 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 Company
- 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).

Where, during the coverage period, facts and circumstances indicate that a Company 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 Company 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 – 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.

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.

5. Material accounting policies (continued)

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

*Insurance acquisition cash flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the Company 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 Company of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related Company.

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 Company of insurance contracts.

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

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 a separate asset for insurance acquisition cash flows at the reporting date.

5. Material accounting policies (continued)

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

*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 Company. 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.

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 Company 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.

5. Material accounting policies (continued)

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

*Insurance finance income and expense* (continued)

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.

*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.

(k) 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.

(l) 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.

(m) 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, and annual vacation leave.

5. Material accounting policies (continued)

(n) Lease

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company’s incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

5. Material accounting policies (continued)

(n) Lease (continued)

Lease payments included in the measurement of the lease liability comprise the following (continued):

- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use asset and lease liability separately in the statement of financial position.

*Short-term leases and leases of low-value assets*

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

(o) 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.

(p) 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 profit or loss.

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6. Cash and cash equivalents

| | 2024 | 2023 |
|---|---|---|
| Cash and bank balances | 591,562 | 1,524,468 |

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

| | 2024 | 2023 |
|---|---|---|
| United States dollars | 233,354 | 779,631 |
| Euro | 68,395 | 28,183 |

7. Investments

The company's investments represent certificates of deposit with RBC Royal Bank N.V. and Republic Bank (St. Maarten) NV, with maturity dates greater than three months from the date of acquisition.

| | 2024 | 2023 |
|---|---|---|
| Certificates of deposit | 2,149,849 | 1,786,012 |

8. Reinsurance and insurance contracts

(a) Insurance contract liabilities

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

| | Liability for remaining coverage | | Liability for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| **Year ended 2024** | | | | | |
| Insurance contract liabilities, at the beginning of the year | 1,645,739 | - | 564,521 | 22,000 | 2,232,260 |
| **Changes in the statement of profit or loss and other comprehensive income** | | | | | |
| Insurance revenue | (6,200,232) | - | - | - | (6,200,232) |
| Balance carried to page 31 | (4,554,493) | - | 564,521 | 22,000 | (3,967,972) |

8. Reinsurance and insurance contracts (continued)

(a) Insurance contract liabilities (continued)

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

| | Liability for remaining coverage | | Liability for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| **Year ended 2024** | | | | | |
| Balance brought forward from page 30 | (4,554,493) | - | 564,521 | 22,000 | (3,967,972) |
| Insurance service expense: | | | | | |
| Incurred claims and the other insurance service expenses | - | - | 3,585,257 | - | 3,585,257 |
| Insurance acquisition cash flows amortisation | 523,643 | - | - | - | 523,643 |
| Adjustments to liabilities for incurred claims | - | - | ( 2,000) | 72,000 | 70,000 |
| **Insurance service expenses** | 523,643 | - | 3,583,257 | 72,000 | 4,178,900 |
| **Insurance service result** | (5,676,589) | - | 3,583,257 | 72,000 | (2,021,332) |
| Net finance income from insurance contracts | - | - | ( 3,508) | - | ( 3,508) |
| **Total changes in statement of profit or loss and other comprehensive income** | (5,676,589) | - | 3,579,749 | 72,000 | (2,024,840) |
| **Cash flows** | | | | | |
| Premiums received | 6,269,477 | - | - | - | 6,269,477 |
| Claims and other insurance service expenses paid | - | - | (3,379,161) | - | (3,379,161) |
| Insurance acquisition cash flows amortisation | ( 581,308) | - | - | - | ( 581,308) |
| | 5,688,169 | - | (3,379,161) | - | 2,309,008 |
| **Net closing balance as at 31 December 2024** | 1,657,319 | - | 765,109 | 94,000 | 2,516,428 |

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9. Reinsurance and insurance contracts (continued)

(b) Insurance contract liabilities (continued)

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

| | Liability for remaining coverage | | Liability for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| **Year ended 2023** | | | | | |
| Insurance contract liabilities, at the beginning of the year | 1,378,130 | - | 867,759 | 33,000 | 2,278,889 |
| **Changes in the statement of profit and loss and other comprehensive income** | | | | | |
| Insurance revenue | (4,860,696) | - | - | - | (4,860,696) |
| Insurance service expense: | | | | | |
| Incurred claims and the other insurance service expenses | - | - | 2,196,587 | - | 2,196,587 |
| Insurance acquisition cash flows amortisation | 382,407 | - | - | - | 382,407 |
| Adjustments to liabilities for incurred claims | - | - | ( 6,000) | (11,000) | ( 17,000) |
| **Insurance service expenses** | 382,407 | - | 2,190,587 | (11,000) | 2,561,994 |
| **Insurance service result** | (4,478,289) | - | 2,190,587 | (11,000) | (2,298,702) |
| Net finance income from insurance contracts | - | - | 11,000 | - | 11,000 |
| **Total changes in statement of profit and loss and other comprehensive income** | (4,478,289) | - | 2,201,587 | (11,000) | (2,287,702) |
| **Cash flows** | | | | | |
| Premiums received | 5,147,969 | - | - | - | 5,147,969 |
| Claims and other insurance service expenses paid | - | - | (2,504,825) | - | (2,504,825) |
| Insurance acquisition cash flows amortisation | ( 402,071) | - | - | - | ( 402,071) |
| | 4,745,898 | - | (2,504,825) | - | 2,241,073 |
| **Net closing balance as at 31 December 2023** | 1,645,739 | - | 564,521 | 22,000 | 2,232,260 |

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8. Reinsurance and insurance contracts (continued)

(b) Reinsurance contract assets (net)

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

| | Remaining coverage | | 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 2024** | | | | | |
| Reinsurance contract assets at the beginning of the year | 323,787 | - | (179,296) | 6,000 | 150,491 |
| **Changes in the statement of profit and loss and other comprehensive income** | | | | | |
| Reinsurance expense | (2,495,342) | - | - | - | (2,495,342) |
| Net income from reinsurance contracts | 437,116 | - | - | - | 437,116 |
| Recoveries on incurred claims and other incurred reinsurance service expense | - | - | 141,961 | 18,000 | 159,961 |
| **Net expense from reinsurance contracts** | (2,058,226) | - | 141,961 | 18,000 | (1,898,265) |
| Net finance income from reinsurance contracts | - | - | 1,500 | - | 1,500 |
| **Total changes in the statement profit or loss and other comprehensive income** | (2,058,226) | - | 143,461 | 18,000 | (1,896,765) |
| **Cash flows** | | | | | |
| Premiums paid | 2,059,655 | - | - | - | 2,059,655 |
| Amounts received from reinsurers relating to incurred claims | - | - | 18,048 | - | 18,048 |
| | 2,059,655 | - | 18,048 | - | 2,077,703 |
| **Net closing balance as at 31 December 2024** | 325,216 | - | ( 17,787) | 24,000 | 331,429 |

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8. Reinsurance and insurance 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.

| | Remaining coverage | | 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 | 242,050 | - | ( 32,791) | 12,000 | 221,259 |
| **Changes in the statement of profit and loss and other comprehensive income** | | | | | |
| Reinsurance expense | (1,864,891) | - | - | - | (1,864,891) |
| Net income from reinsurance contracts | 314,408 | - | - | - | 314,408 |
| Recoveries on incurred claims and other incurred reinsurance service expense | - | - | ( 46,779) | ( 6,000) | ( 52,779) |
| **Net expense from reinsurance contracts** | (1,550,483) | - | ( 46,779) | ( 6,000) | (1,603,262) |
| Net finance income from reinsurance contracts | - | - | 5,000 | - | 5,000 |
| **Total changes in the statement profit or loss and other comprehensive income** | (1,550,483) | - | ( 41,779) | ( 6,000) | (1,598,262) |
| **Cash flows** | | | | | |
| Premiums paid | 1,632,220 | - | - | - | 1,632,220 |
| Amounts received from reinsurers relating to incurred claims | - | - | (104,726) | - | ( 104,726) |
| | 1,632,220 | - | (104,726) | - | 1,527,494 |
| **Net closing balance as at 31 December 2023** | 323,787 | - | (179,296) | 6,000 | 150,491 |

9. Leases

The company leases a property for its operations. The term of the lease runs for the period of three (3) years, with an option to renew after that date. Lease payments are renegotiated to reflect market rates.

9. Leases (continued)

Information about the lease for which the company is a lessee is presented below.

(a) Right-of-use asset

| | 2024 | 2023 |
|---|---|---|
| Balance at January 1 | 45,833 | 237,167 |
| Additions to right-of-use asset | 155,884 | 45,833 |
| De-recognition of right-of-use asset | ( 45,833) | (237,167) |
| Balance at December 31 | 155,884 | 45,833 |
| Accumulated depreciation January 1 | - | 189,733 |
| Depreciation charge for the year | 54,494 | 47,434 |
| Eliminated on de-recognition | ( 45,833) | (237,167) |
| Balance at December 31 | 8,661 | - |
| Carrying amount as at December 31 | 147,223 | 45,833 |

(b) Lease liability

Maturity analysis – contractual undiscounted cash flows:

| | 2024 | 2023 |
|---|---|---|
| Less than one year | 59,400 | 49,500 |
| One to five years | 108,900 | - |
| Total undiscounted lease liability as at December 31 | 168,300 | 49,500 |
| Less: future interest expense | ( 20,498) | ( 3,667) |
| Carrying amount of lease liability as at December 31 | 147,802 | 45,833 |
| Current | 49,054 | 45,833 |
| Non-current | 98,748 | - |
| | 147,802 | 45,833 |

(c) Amount recognised in profit or loss

| | 2024 | 2023 |
|---|---|---|
| Interest on lease liability | 5,485 | 4,400 |
| Depreciation | 54,494 | 47,434 |

(d) Amounts recognised in the statement of cash flows

| | 2024 | 2023 |
|---|---|---|
| Total cash outflow for leases | 59,400 | 59,400 |

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## 10. Property, plant and equipment

| | Leasehold improvement | Furniture, fixtures and equipment | Motor vehicle | Total |
|---|---|---|---|---|
| At cost: | | | | |
| December 31, 2022 | 97,234 | 68,143 | 46,781 | 212,158 |
| Additions | - | 3,438 | - | 3,438 |
| December 31, 2023 | 97,234 | 71,581 | 46,781 | 215,596 |
| Additions | - | 2,658 | 49,179 | 51,837 |
| Disposal | - | - | (46,781) | ( 46,781) |
| December 31, 2024 | 97,234 | 74,239 | 49,179 | 220,652 |
| Depreciation: | | | | |
| December 31, 2022 | 61,614 | 49,242 | 46,780 | 157,636 |
| Charge for year | 5,849 | 4,906 | - | 10,755 |
| December 31, 2023 | 67,463 | 54,148 | 46,780 | 168,391 |
| Charge for year | 5,671 | 5,097 | 8,197 | 18,965 |
| Eliminated on Disposal | - | - | (46,781) | ( 46,781) |
| December 31, 2024 | 73,134 | 59,245 | 8,196 | 140,575 |
| Net book values: | | | | |
| December 31, 2024 | 24,100 | 14,994 | 40,983 | 80,077 |
| December 31, 2023 | 29,771 | 17,433 | 1 | 47,205 |

## 11. Related party balances/transactions

(a) The statement of financial position includes balances, arising in the ordinary course of business with a related party, as follows:

| | 2024 | 2023 |
|---|---|---|
| Due from/(to) fellow subsidiary: | | |
| The Insurance Company of the West Indies Limited | 317,582 | (90,460) |

Related party balances are interest free, unsecured and are repayable on demand. No impairment loss has been recognised in profit or loss relating to the outstanding balance.

(b) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties. The transactions were in the ordinary course of business.

| | 2024 | 2023 |
|---|---|---|
| Management fees - fellow subsidiary (note 17) | - | 134,100 |
| Directors' remuneration (note 17) | 10,800 | 10,800 |

## 12. Other accounts receivable and prepayments

| | 2024 | 2023 |
|---|---|---|
| Prepayments | 25,618 | 17,469 |
| Other | 18,499 | 17,323 |
| | 44,117 | 34,792 |

No impairment losses have been recognised in the statement of profit or loss and other comprehensive income relating to other accounts receivable.

## 13. Other payables and accrued charges

| | 2024 | 2023 |
|---|---|---|
| Accrued charges | 156,310 | 104,062 |
| Other payables | 263,703 | 187,265 |
| | 420,013 | 291,327 |

## 14. Capital and Reserves

| | 2024 | 2023 |
|---|---|---|
| (a) Share capital | | |
| Authorised: | | |
| 900,000 (2023: 900,000) shares of no par value | | |
| Issued and fully paid: | | |
| 900,000 (2023: 900,000) ordinary shares of no par value | 900,000 | 900,000 |

(b) Contributed capital

The shareholder, ICWI (Cayman) Limited provided capital injection of NAF 90,000 and NAF 450,000 in 2023 and 2017 respectively.

## 15. Income from financial instruments

| | 2024 | 2023 |
|---|---|---|
| Interest income: | | |
| Cash and cash equivalents and investments, at amortised cost | 7,598 | 6,194 |

16. Other income

| | 2024 | 2023 |
|---|---|---|
| Credit balances and other write off | 14,655 | 67,224 |
| Other | 367 | 164 |
| | 15,022 | 67,388 |

17. Operating expenses

| | 2024 | 2023 |
|---|---|---|
| Claims and benefits | 2,617,007 | 1,233,950 |
| Fees and commissions | 523,643 | 382,407 |
| Salaries and wages | 640,456 | 610,371 |
| Audit and accountancy | 167,850 | 44,692 |
| Bank charges | 69,810 | 49,847 |
| Premium tax | 306,019 | 258,778 |
| Management fees | - | 134,100 |
| Director's remuneration | 10,800 | 10,800 |
| Other staff related costs | 28,012 | 31,209 |
| Travel and travel related expenses | 18,557 | 4,721 |
| Legal and professional service fees | 90,785 | 85,343 |
| Depreciation – Property, plant and equipment | 18,965 | 10,762 |
| – Right-of-use asset | 54,494 | 47,433 |
| Utilities | 24,294 | 25,034 |
| Other administrative expenses | 84,307 | 71,006 |
| | 4,654,999 | 3,000,453 |
| Represented by: | | |
| Insurance service expenses | 4,178,900 | 2,561,994 |
| Other operating expenses | 476,099 | 438,459 |
| | 4,654,999 | 3,000,453 |

18. Reinsurance ceded

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

| | 2024<br>US$ | 2023<br>US$ |
|---|---|---|
| Liability | 200,000 | 200,000 |
| Marine Hull | 50,000 | 50,000 |
| Marine Cargo | 33,333 | 33,333 |
| Engineering | 30,000 | 30,000 |
| Property | 24,500 | 24,500 |
| Motor | 200,000 | 200,000 |
| Bonds and Fidelity Guarantee | 125,000 | 125,000 |
| Cash | 18,750 | 18,750 |
| Burglary | 25,000 | 25,000 |
| All risk | 50,000 | 50,000 |

18. Reinsurance ceded (continued)

In addition, the company has catastrophe reinsurance on which its liability in respect of each event is limited to US$300,000.

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:

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 of the company 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 of the company 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 20.

19. Insurance 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 of contract** | **Terms and conditions** | **Key factors affecting future cash flow** |
|---|---|---|
| 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.<br><br>Although majority of bodily injury claims have a relatively long tail, the majority of the claims incurred 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.<br><br>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).<br><br>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 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, 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. |

19. Insurance 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 contract:

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.

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.

Risk exposure and concentrations of risk

The following table shows the concentration of net insurance contract liabilities by type of contract:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Insurance contract liabilities | Reinsurance contract assets | Net | Insurance contracts liabilities | Reinsurance contract asset | Net |
| Motor | (1,831,203) | (208,348) | (2,039,551) | (1,668,668) | (205,767) | (1,874,435) |
| Property | ( 670,870) | 490,533 | ( 180,337) | ( 553,281) | 354,098 | ( 199,183) |
| Liability | ( 7,056) | - | ( 7,056) | ( 5,415) | - | ( 5,415) |
| Other insurance issued | ( 7,299) | 49,244 | 41,945 | ( 4,896) | 2,160 | ( 2,736) |
| Total net insurance contracts | (2,516,428) | 331,429 | (2,184,999) | (2,232,260) | 150,491 | (2,081,769) |

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.

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19. Insurance risk management (continued)

Sensitivities (continued)

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

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

| | (Increase)/decrease in profit before taxation | |
|---|---|---|
| | 2024 | 2023 |
| Ultimate claims 10% (2023:10% increase) | (66,120) | (46,481) |
| Ultimate claims 10% (2023:10% decrease) | 66,120 | 46,481 |

Claims development

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.

*Claims development table:*

The table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported (IBNR) for each successive accident year at each reporting date together with cumulative payments to date.

*Gross liabilities for incurred claims as at 2024*

| | Accident year | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2019 & prior | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
| Estimate of cumulative claims at end of accident year | 447,869 | 1,213,038 | 1,995,437 | 1,528,872 | 1,605,883 | 2.492,799 | |
| -one year later | 639,973 | 1,426,023 | 1,862,402 | 1,365,601 | 1,616,063 | - | |
| -two years later | 652,524 | 1,259,247 | 1,757,075 | 1,417,588 | - | - | |
| -three years later | 561,525 | 1,227,409 | 1,764,935 | - | - | - | |
| -four years later | 522,153 | 1,215,955 | - | - | - | - | |
| -five years later | 515,789 | - | - | - | - | - | |
| Estimate of cumulative claims | 515,789 | 1,215,955 | 1,764,935 | 1,417,588 | 1,616,063 | 2,492,799 | 9,023,129 |
| Cumulative payments to date | (494,828) | (1,104,576) | (1,775,452) | (1,422,311) | (1,594,250) | (1,840,603) | (8,232,020) |
| Undiscounted gross claims liabilities | 20,961 | 111,379 | ( 10,517) | ( 4,723) | 21,813 | 652,196 | 791,109 |
| Effect of discounting | | | | | | | 94,000 |
| Risk adjustment | | | | | | | ( 26,000) |
| Gross liabilities for incurred claims | | | | | | | 859,109 |

## 19. Insurance risk management (continued)

*Claims development table (continued):*

*Net liabilities for incurred claims as at 2024*

| | 2019& prior | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|---|---|---|---|---|---|---|---|
| Estimate of cumulative claims at end of accident year | 207,219 | 549,052 | 938,727 | 1,131,473 | 1,473,386 | 2,285,175 | |
| -one year later | 151,224 | 648,093 | 855,357 | 1,013,126 | 1,558,148 | - | |
| -two years later | 197,583 | 608,381 | 820,693 | 1,078,119 | - | - | |
| -three years later | 188,518 | 600,462 | 818,218 | - | - | - | |
| -four years later | 173,790 | 594,236 | - | - | - | - | |
| -five years later | 168,607 | - | - | - | - | - | |
| Estimate of cumulative claims | 168,607 | 594,236 | 818,218 | 1,078,119 | 1,558,148 | 2,285,175 | 6,502,503 |
| Cumulative payments to date | (158,127) | (535,546) | (821,477) | (1,072,150) | (1,533,804) | (1,769,195) | (5,890,299) |
| Undiscounted net claims liabilities | 10,480 | 58,690 | ( 3,259) | 5,969 | 24,344 | 515,980 | 612,204 |
| Effect of discounting | | | | | | | ( 21,000) |
| Risk adjustment | | | | | | | 70,000 |
| Net liabilities for incurred claims | | | | | | | 661,204 |

Reconciliation of net liability for incurred claims

| | |
|---|---|
| Liability for incurred claims | 859,109 |
| Asset for incurred claims | ( 6,213) |
| Due from reinsurer for claims paid | (191,692) |
| Net liability for incurred claims | 661,204 |

## 20. Financial risk management

The company has exposure to the following 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.

20. Financial risk management (continued)

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 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 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

(i) Expose to 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:

- Investments and cash and cash equivalents
- Amounts due from policyholders
- Amounts due from intermediaries
- Amounts due from group companies
- 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 year.

20. Financial risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk (continued)

Management of credit risk

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.

Cash and cash equivalents and investments are managed in line with the Company's policy. Cash and cash equivalents and investments 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 balance due from group companies is considered to have low exposure to credit risk and no expected loss has been recognized.

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. The credit risk in respect of customer balances incurred on non–payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The table below provides information regarding the credit risk exposure of the Company. The amounts represent the maximum amount of 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.

20. Financial risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk (continued):

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | 591,562 | 1,524,468 |
| Investments | 2,149,849 | 1,786,012 |
| Other accounts receivable and prepayments | 44,117 | 34,792 |
| Due from group companies | 317,582 | - |
| Reinsurance contract assets | 331,429 | 150,491 |
| Total credit risk exposure | 3,434,539 | 3,495,763 |

*Credit exposure by credit rating*

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

| | 2024 | | | | |
|---|---|---|---|---|---|
| | AA | A | Ba2 | Not Rated | Total |
| Cash and cash equivalents | - | - | - | 591,562 | 591,562 |
| Investments | - | - | 2,149,849 | - | 2,149,849 |
| Other account receivable and prepayment | - | - | - | 44,117 | 44,117 |
| Due from group companies | - | - | - | 317,582 | 317,582 |
| Reinsurance contract assets | 331,429 | - | - | - | 331,429 |
| | 331,429 | - | 2,149,849 | 953,261 | 3,434,539 |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | AA | A | Ba2 | Not Rated | Total |
| Cash and cash equivalents | - | - | - | 1,524,468 | 1,524,468 |
| Investments | - | - | 1,786,012 | - | 1,786,012 |
| Other account receivable and prepayment | - | - | - | 34,792 | 34,792 |
| Reinsurance contract assets | 150,491 | - | - | - | 150,491 |
| | 150,491 | - | 1,786,012 | 1,559,260 | 3,495,763 |

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 contract assets that would have been past due or impaired, whose terms have been renegotiated.

20. Financial risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk (continued):

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

The Company's ECL assessment and measurement method is set out below.

(ii) Impairment assessment

*Significant increase in credit risk, default and cure*

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL (12 months ECL) or Lifetime ECL (LTECL). The Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 90 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk.

Such events include:

- Internal rating of the counterparty indicating default or near-default.
- The counterparty having past due liabilities to public creditors or employees.
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

20. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Impairment assessment (continued):

*Expected credit loss*

The Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

There has been no significant increase in credit risk or default for financial assets during the year.

(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.

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.

20. Financial risk management (continued)

(b) Liquidity risk (continued)

*Maturity profiles*

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

| | 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Carrying amount** | **Up to 1 year** | **1-2 years** | **2-5 years** | **3-4 years** | **4-5 years** | **5 > years** | **Total** |
| Financial liabilities | | | | | | | | |
| Insurance contract liabilities | 2,516,428 | 1,924,944 | 540,068 | 33,072 | 4,390 | 13,734 | 220 | 2,516,428 |
| Other payables and accrued charges | 420,013 | 420,013 | - | - | - | - | - | 420,013 |
| Lease liability | 147,802 | 59,400 | 59,400 | 49,500 | - | - | - | 168,300 |
| Total financial liabilities | 3,084,243 | 2,404,357 | 599,468 | 82,572 | 4,390 | 13,734 | 220 | 3,104,741 |

| | 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Carrying amount** | **Up to 1 year** | **1-2 years** | **2-5 years** | **3-4 years** | **4-5 years** | **5 > years** | **Total** |
| Financial liabilities | | | | | | | | |
| Insurance contract liabilities | 2,232,260 | 1,707,569 | 479,081 | 29,337 | 3,894 | 12,183 | 196 | 2,232,260 |
| Other payables and accrued charges | 291,327 | 291,327 | - | - | - | - | - | 291,327 |
| Due to group companies | 90,460 | 90,460 | - | - | - | - | - | 90,460 |
| Lease liability | 45,833 | 49,500 | - | - | - | - | - | 49,500 |
| Total financial liabilities | 2,659,880 | 2,138,856 | 479,081 | 29,337 | 3,894 | 12,183 | 196 | 2,663,547 |

(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.

20. Financial risk management (continued)

(c) Market risk: (continued)

Management of market risk (continued)

(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.

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

| | Carrying amount | |
|---|---|---|
| | 2024 | 2023 |
| Fixed rate instruments: | | |
| Financial assets | 2,149,849 | 1,786,012 |

*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.

(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 Company incurs foreign currency risk on transactions that are denominated in a currency other than the Guilders. The currency giving rise to this risk is primarily the United States and Euro dollars.

20. Financial risk management (continued)

(d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process

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*

Capital risk is the risk that the company fails to comply with mandated regulatory requirements, resulting in a breach and possible suspension or loss of its insurance licence. The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position. These 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 the company's shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

## 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 following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

| Financial instrument | Method |
|---|---|
| Investments, cash and cash equivalents, accrued investment income, other receivable (excluding prepayments), other payables, reinsurance contract assets and insurance contract liabilities. | Assumed to approximate their carrying values, due to their relative short-term nature (in some instance due on demand), or bears market rates of interest applicable to similar investments and no discount is anticipated on settlement. |

*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.

The company currently has no financial assets or liabilities which are measured at fair value, and are therefore not disclosed within the fair value hierarchy as described above.