Financial Statements of

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

December 31, 2022

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 47, which comprise the statement of financial position as at December 31, 2022, 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 significant 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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.

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)

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 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

June 30, 2023

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

Statement of Financial Position
December 31, 2022
(Stated in Netherlands Antilles Guilders)

	Notes	2022	2021
ASSETS			
Property, plant and equipment	6	54,522	64,590
Right-of-use asset	7(a)	47,434	94,867
Reinsurance assets	9	1,116,914	1,986,099
Insurance receivables	10	190,894	306,941
Deferred commission expense	11	146,455	161,117
Investments	12	1,242,383	1,237,670
Other accounts receivable	13	27,766	16,285
Accrued interest income		2,142	2,713
Cash and cash equivalents	14	1,535,900	1,272,015
Total assets		4,364,410	5,142,297
LIABILITIES AND SHAREHOLDER'S EQUITY			
Other payables and accrued charges	15	278,100	243,323
Insurance payables	16	542,156	597,943
Insurance contract provisions	9	2,963,244	3,322,586
Due to fellow subsidiary	8(a)	1,114	981
Lease liability	7(b)	55,000	105,926
		3,839,614	4,270,759
Share capital	17(a)	900,000	900,000
Contributed capital	17(b)	450,000	450,000
Accumulated deficit		(825,204)	(478,462)
		524,796	871,538
Total liabilities and shareholder's equity		4,364,410	5,142,297

The financial statements on pages 4 to 47 were approved by the Board of Directors on June 30, 2023 and signed on its behalf by:

____________________ Director
Paul Lalor

____________________ Director
Caryl Fenton

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

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, 2022
(Stated in Netherlands Antilles Guilders)

	Notes	2022	2021
Gross premiums written	9	4,715,413	5,665,198
Change in gross provision for unearned premiums		83,701	(271,559)
Gross insurance premium revenue	9	4,799,114	5,393,639
Written premiums ceded to reinsurers	9	(2,058,266)	(3,688,638)
Reinsurers' share of change in provision for unearned premiums		(658,227)	176,013
Net insurance premium income	9	2,082,621	1,881,014
Claims expenses incurred	9	(1,211,116)	(2,499,921)
Reinsurers' share of claims	9	335,138	1,328,030
Net insurance claims	9	(875,978)	(1,171,891)
Commission income	16	272,024	933,180
Commission expense	11	(395,892)	(455,870)
Net commission income		(123,868)	477,310
		1,082,775	1,186,433
Operating expenses	18	(1,420,803)	(1,288,624)
Underwriting loss before interest income/(expense), foreign exchange loss and other income		(338,028)	(102,191)
Interest expense on lease liability	7(c)	(8,474)	(12,246)
Interest income		4,316	4,996
Foreign exchange loss		(7,089)	(3,607)
Other income	19	2,533	31,399
Loss for the year, being total comprehensive loss for the year		(346,742)	(81,649)

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, 2022
(Stated in Netherlands Antilles Guilders)

	Share capital [Note 17(a)]	Contributed capital [Note 17(b)]	Accumulated deficit	Total
Balances at December 31, 2020	900,000	450,000	(396,813)	953,187
Loss for the year, being total comprehensive loss	-	-	(81,649)	(81,649)
Balances at December 31, 2021	900,000	450,000	(478,462)	871,538
Loss for the year, being total comprehensive loss	-	-	(346,742)	(346,742)
Balances at December 31, 2022	900,000	450,000	(825,204)	524,796

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, 2022
(Stated in Netherlands Antilles Guilders)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(346,742)	(81,649)
Adjustments for:			
Depreciation on property, plant and equipment	6	11,040	21,920
Depreciation on right-of-use asset	7(a)	47,433	47,434
Reinsurance assets		869,185	(592,055)
Foreign exchange loss		7,089	3,607
Insurance contract provisions		(359,342)	1,069,964
Interest expense on lease liability	7(c)	8,474	12,246
Interest income		(4,316)	(4,996)
		232,821	476,471
Changes in:			
Insurance receivable		116,047	707,455
Deferred commission expense		14,662	(41,282)
Other accounts receivable		(11,481)	3,819
Other payable and accrued charges		34,777	(90,057)
Insurance payables		(55,787)	(513,944)
		331,039	542,462
Interest received		4,887	3,835
Net cash provided by operating activities		335,926	546,297
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(972)	(9,512)
Investments purchased		(4,713)	(773,312)
Net cash used in investing activities		(5,685)	(782,824)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	7(d)	(59,400)	(59,400)
Due to fellow subsidiary		133	(9,791)
Net cash used in financing activities		(59,267)	(69,191)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		270,974	(305,718)
Effect of movement in exchange rates on cash held		(7,089)	(3,607)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,272,015	1,581,340
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	1,535,900	1,272,015

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 has been appointed by the Board of Directors of the company. With respect to the preparation of financial statements, the actuary is required to carry out an actuarial valuation of management's estimate of the company's policy liabilities and report thereon to the shareholders. Actuarially determined policy liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force, including provisions for salvage and subrogation, and future obligations on the unearned portion of insurance policies in force, including deferred policy acquisition costs. 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 have been appointed by the Board of Directors of the company 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 company. 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 policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

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) and their interpretations issued by the International Accounting Standards Board (IASB).

New and Amended standards that came into effect during the current financial year:

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

New and amended standards and interpretations not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations which were in issue were not effective at the reporting date and have not been early-adopted by the company.

- The company is required to adopt IFRS 17, *Insurance Contracts* from January 1, 2023. The standard replaces IFRS 4, *Insurance Contracts* and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts.

  Measurement

  IFRS 17 introduces three measurement models based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin. The premium allocation approach (PAA) is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. The Company will apply the PAA to contracts that are automatically eligible and will test all the remining contracts for PAA eligibility.

  Presentation and disclosure

  The presentation and disclosure differences under IFRS 17 are expected to be significant. The below analyses are the impacts on the company’s main statements:

  - The statements of profit or loss and other comprehensive income will include an insurance service result comprising of insurance revenue, insurance service expenses. Written premiums will no longer be disclosed in the statement of profit or loss and other comprehensive income.

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

(a) Statement of compliance (continued):

New and A*mended standards and interpretations not yet effective (continued):*

- IFRS 17, *Insurance Contracts (continued)*:

  Presentation and disclosure (continued)

  - Insurance contract liabilities will be presented under the headings of liability for remaining coverage and liability for incurred claims in the statement of financial position, and will consist of premiums receivable, deferred policy acquisition cash flows, unearned premiums, discounted and risk-adjusted claim liabilities, and other related liabilities.

  - Reinsurance contract assets will be separately presented in the Statement of financial position and will include amounts expected to be recovered from reinsurers and an allocation of the reinsurance premiums paid. The reclassification of amounts on the Statement of financial position will result in a reduction in assets and liabilities of the Company.

  Transition

  Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at January 1, 2022 the company will:

  - identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they will not be tested for recoverability before January 1, 2022;

  - derecognise previously reported balances that would not have existed if IFRS 17 had always been applied (including some deferred acquisition costs); and

  - recognise any resulting net difference in equity.

  The company has completed a gap analysis and continues to assess and refine the new accounting processes and internal controls under IFRS 17 to quantify the impact of adopting the new standard.

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

(a) Statement of compliance (continued):

New and Amended standards and interpretations not yet effective (continued):

- IFRS 17, *Insurance Contracts (continued)*:

  Transition (cont'd)

  The key principles in IFRS 17 are that an entity:

  - Identifies insurance contracts as those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

  - Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts.

  - Recognises and measures groups of insurance contracts at:

    a) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); and

    b) an amount representing the unearned profit in the group of contracts (the contractual service margin).

  - Recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group contract is or becomes loss making, an entity recognises the loss immediately.

  - Many of the disclosures of IFRS 4 are kept in IFRS 17. The general model requires disclosure and reconciliation of the expected present value of future cash flows, risk adjustment and contractual service margin. No reconciliation is required under the variable fee approach.

  - In measuring the contractual service margin; companies will choose to apply either a 'period-to-period' or 'year-to-date' approach, allowing greater opportunity for consistency with current practice and for subsidiaries to align reporting with their parent. Revenue and profit emergence will better reflect performance of the wide range of insurance products and the services they provide to customers.

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

(a) Statement of compliance (continued):

New and Amended standards and interpretations not yet effective (continued):

- IFRS 17, *Insurance Contracts (continued)*:

  The key principles in IFRS 17 are that an entity (continued):

  - Allocating insurance acquisition cash flows to future renewal groups reduces the risk of groups becoming onerous solely from acquisition expenses paid relating to future renewals. The allocation is revised at each reporting period to reflect any changes in assumptions that determine the inputs to the method of allocation used, until all contracts have been added to the group and companies now need to assess for each period, the recoverability of insurance acquisition cash flow assets usually on a more granular level than applied today.

  - Upon transition, companies may be able to account for acquired contracts before the transition date as liabilities for incurred claims. In many cases, companies will be required to identify and recognise an asset for insurance acquisition cash flows incurred prior to transition. Companies are not required to perform a recoverability assessment for periods prior to transition.

  - For reinsurance contracts, companies will be able to offset losses on initial recognition of direct insurance contracts based on a prescribed formula if they are covered by reinsurance contracts held, reducing accounting mismatches.

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

- The company is required to adopt IFRS 9, *Financial Instruments* effective January 1, 2023. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement and sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

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

(a) Statement of compliance (continued):

New and Amended standards and interpretations not yet effective (continued):

- IFRS 9, *Financial Instruments (continued)*

Classification and measurement and impact assessment

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Accordingly, the basis of measurement for the company's financial assets may change. The standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The Company does not expect the implementation to result in a significant change in the classification and measurement of the company's financial assets.

Impairment

The adoption of IFRS 9 will have a significant impact on the Company's impairment methodology. IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model.

This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The probability weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. The new impairment model will apply to financial assets measured at amortised cost or FVOCI.

Under IFRS 9, loss allowances will be measured on either of the following stages, based on the extent of credit deterioration since origination:

- Stage 1 - 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date. This stage 1 approach differs from the current approach which estimates a collective allowance to recognise losses that have been incurred but not reported on performing loans.

- Stage 2 - Lifetime ECLs: these are ECLs that result from all possible default event over the expected life of a financial instrument. Provisions are higher at this stage because of an increase in risk and the impact of a longer time horizon being compared to 12 months in Stage 1; and

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

(a) Statement of compliance (continued):

New and Amended standards and interpretations not yet effective (continued):

- IFRS 9, *Financial Instruments (continued)*

  Classification and measurement (continued)

  Impairment (continued)

  Under IFRS 9, loss allowances will be measured on either of the following stages, based on the extent of credit deterioration since origination (continued):

  - Stage 3 - Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

  Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

  Transition impact

  Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

  The Company will determine the business model within which a financial asset is held based on the facts and circumstances that exist at the date of initial application.

  The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at January 1, 2023.

4. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New and Amended standards and interpretations not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

- Amendments *to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

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

(a) Statement of compliance (continued)

New and A*mended standards and interpretations not yet effective (continued):*

- Amendments *to IAS 8 Accounting Policies (continued)*

  Developing an accounting estimate includes both (continued):

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Company is assessing the impact that the above amendments may have on its future financial statements.

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

(b) Basis of preparation and measurement:

The financial statements are prepared using the historical cost basis.

(c) Going concern:

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, inter alia, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate the company or curtail the scale of its operations.

This is commonly referred to as the going concern basis. Management is of the view that the going concern basis is appropriate in the preparation of the financial statements.

(d) Functional and presentation currency

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

(e) Use of estimates and judgments:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year is outstanding claims [see note 5(k)(i)].

5. Significant accounting policies

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

(a) Property, plant and equipment:

(i) Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see accounting policy 5(i)].

(ii) 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 expected useful lives.

The annual depreciation rates are as follows:

Leasehold improvements	10%
Furniture, fixtures and equipment	10% & 20%
Motor vehicle	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.

(b) 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").

(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.

5. Significant accounting policies (continued)

(b) Related parties (continued):

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

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

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

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

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

(iv) 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 group 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.

(c) Insurance and other accounts receivable:

Insurance and other accounts receivables are measured at cost less impairment losses [see accounting policy 5(i)].

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits with maturity of three months or less from the date of placement and are measured at amortised cost.

5. Significant accounting policies (continued)

(e) Investments:

Investments include certificates of deposit with fixed or determinable payments and which are not quoted in an active market and are classified as loans and receivables and are measured at amortised cost less impairment losses.

(f) Insurance and other payables:

Insurance and other payables, are measured at amortised cost.

(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, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

(h) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

(i) Impairment:

Objective evidence that financial assets are impaired can include default or delinquency by a customer, indications that a customer will enter bankruptcy and changes in the payment status of customers.

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

The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less impairment loss on that financial asset previously recognised in profit or loss.

5. Significant accounting policies (continued)

(i) Impairment (continued):

(i) Calculation of recoverable amount:

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

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

(ii) Reversal of impairment:

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

In respect of other assets, an impairment loss is reversed if there is an indication that the impairment loss no longer exists and there has been a change in the estimate used to determine the recoverable amount.

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

(j) Revenue recognition:

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

(i) Gross written premiums:

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 5(k)(i).

5. Significant accounting policies (continued)

(j) Revenue recognition (continued):

Revenue comprises the following:

(ii) Commission income:

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts [see note 5(k)(i)]. Profit commission in respect of reinsurance contracts is recognised on an accrual basis.

(iii) Interest income:

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

(k) Insurance contract recognition and measurement:

(i) Insurance contracts

Insurance contracts are accounted for in compliance with the recommendations and practices of the insurance industry. The underwriting results are determined after making provision for, inter alia, unearned premiums, outstanding claims, unexpired risks, deferred commission expense and deferred commission income.

Gross written premiums

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

Unearned premiums

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

5. Significant accounting policies (continued)

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

(i) Insurance contracts (continued)

Outstanding claims

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

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

Deferred acquisition cost and deferred commission income

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

(ii) Reinsurance assets:

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

In the normal course of business the company seeks to reduce the loss that may result from a catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers (see note 20). Reinsurance ceded does not discharge the company's liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the company. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations.

5. Significant accounting policies (continued)

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

(ii) Reinsurance assets (continued):

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

(iii) Insurance receivable and insurance payable:

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

(iv) Temporary exemption to defer the implementation of IFRS 9 *Financial Instruments:*

The company has applied the temporary exemption to defer the implementation of IFRS 9 *Financial* Instruments, as its activities met the requirements to demonstrate that they are predominantly in connection with issuing insurance contracts within the scope of IFRS 17 *Insurance contracts*.

The company evaluated its liabilities at December 31, 2017, first period of operation of the company, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. Fifty-eight percent (58%) of the company's liabilities at December 31, 2017 were liabilities that arose from contracts within the scope of IFRS 17 and Thirty-three percent (33%) of the company's liabilities at December 31, 2017 were liabilities that arose because the company issues insurance contracts and fulfils obligations arising from insurance contracts. Additionally, the company has not previously applied any version of IFRS 9. Therefore, the company is an eligible insurer that qualifies for optional relief from the application of IFRS 9.

As at December 31, 2022, there has been no change in the company's activities.

5. Significant accounting policies (continued)

(l) Leases:

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;

5. Significant accounting policies (continued)

(l) Leases (continued):

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

- amounts expected to be payable under a residual value guarantee; and
- 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.

(m) Taxation:

The company is not subjected to corporation tax in Sint Maarten. There was no tax charge during the year.

(n) Employee benefits:

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave. Employee benefits that are earned as a result of past or current service are recognised in the following manner:

5. Significant accounting policies (continued)

(n) Employee benefits (continued):

Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. Employee entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date. The company recognises a provision for bonuses and other short-term employee benefits based on contractual or constructive obligations to pay these amounts as a result of past services provided by the employee and the obligation can be estimated reliably.

(o) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, investments reinsurance assets (excluding unearned premium reserves) insurance receivables, other accounts receivables (excluding prepayments), and accrued interest income. Financial liabilities includes other payables, and accrued charges, amounts due to other insurance companies, outstanding claims (excluding unearned premium reserves), due to fellow subsidiary and lease liability.

(p) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. 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.

(q) 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.

(r) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

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6. Property, plant and equipment

	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicle	Total
At cost:				
December 31, 2020	97,234	57,659	46,781	201,674
Additions	-	9,512	-	9,512
December 31, 2021	97,234	67,171	46,781	211,186
Additions	-	972	-	972
December 31, 2022	97,234	68,143	46,781	212,158
Depreciation:				
December 31, 2020	45,537	40,155	38,984	124,676
Charge for year	9,723	4,401	7,796	21,920
December 31, 2021	55,260	44,556	46,780	146,596
Charge for year	6,354	4,686	-	11,040
December 31, 2022	61,614	49,242	46,780	157,636
Net book values:				
December 31, 2022	35,620	18,901	1	54,522
December 31, 2021	41,974	22,615	1	64,590

7. Lease

The company leases a property for its operations. The term of the lease runs for the period of five (5) years, with an option to renew after that date. Lease payments are renegotiated to reflect market rates.

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

(a) Right-of-use asset

	2022	2021
Balance at January 1 and December 31	237,167	237,167
Depreciation at January 1	142,300	94,866
Depreciation charge for the year	47,433	47,434
Balance at December 31	189,733	142,300
Carrying amount as at December 31	47,434	94,867

7. Lease (continued)

(b) Lease liability

Maturity analysis – contractual undiscounted cash flows:

	2022	2021
Less than one year	59,400	59,400
One to five years	-	59,400
Total undiscounted lease liability as at December 31	59,400	118,800
Less: future interest expense	(4,400)	(12,874)
Carrying amount of lease liability as at December 31	55,000	105,926
Current	55,000	50,926
Non-current	-	55,000
Lease liability included in the statement of financial position as at December 31, 2022	55,000	105,926

(c) Amount recognised in profit or loss

	2022	2021
Interest on lease liability	8,474	12,246
Depreciation	47,433	47,434

(d) Amounts recognised in the statement of cash flows

	2022	2021
Total cash outflow for leases	59,400	59,400

8. 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:

	2022	2021
Due to fellow subsidiary:		
The Insurance Company of the West Indies Limited	1,114	981

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

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

	2022	2021
Management fees - fellow subsidiary (note 18)	135,000	130,000
Directors' remuneration (note 18)	16,200	16,200

9. Reinsurance assets and insurance contract provisions

(a) Analysis of movements in reinsurance assets and insurance contract provisions:

	2022 Gross	2022 Reinsurance	2022 Net	2021 Gross	2021 Reinsurance	2021 Net
Claims outstanding	1,255,251	627,174	628,077	1,530,892	838,132	692,760
Unearned premiums	1,707,993	489,740	1,218,253	1,791,694	1,147,967	643,727
	2,963,244	1,116,914	1,846,330	3,322,586	1,986,099	1,336,487

(b) Claims outstanding:

	2022 Gross	2022 Reinsurance	2022 Net	2021 Gross	2021 Reinsurance	2021 Net
Claims notified	860,892	462,902	397,990	448,487	256,700	191,787
Claims incurred, but not reported	670,000	375,230	294,770	284,000	165,390	118,610
Balance at January 1	1,530,892	838,132	692,760	732,487	422,090	310,397
Claims expense incurred	1,211,116	335,138	875,978	2,499,921	1,328,030	1,171,891
Claims paid in year	(1,486,757)	(546,096)	(940,661)	(1,701,516)	(911,988)	(789,528
Change in outstanding claims provision	(275,641)	(210,958)	(64,683)	798,405	416,042	382,363
Balance at December 31	1,255,251	627,174	628,077	1,530,892	838,132	692,760
Claims notified	652,251	221,174	431,077	860,892	462,902	397,990
Claims incurred but not reported	603,000	406,000	197,000	670,000	375,230	294,770
Balance at December 31	1,255,251	627,174	628,077	1,530,892	838,132	692,760

(c) Unearned premiums:

	2022 Gross	2022 Reinsurance	2022 Net	2021 Gross	2021 Reinsurance	2021 Net
Balance at January 1	1,791,694	1,147,967	643,727	1,520,135	971,954	548,181
Premiums written during the year	4,715,413	2,058,266	2,657,147	5,665,198	3,688,638	1,976,560
Premiums earned during the year	(4,799,114)	(2,716,493)	(2,082,621)	(5,393,639)	(3,512,625)	(1,881,014)
Balance at December 31	1,707,993	489,740	1,218,253	1,791,694	1,147,967	643,727

9. Reinsurance assets and insurance contract provisions (continued)

(d) Gross unearned premiums are analysed as follows:

	2022	2021
Accident	6,672	11,379
Liability, engineering, bond and guarantee	17,240	7,899
Motor vehicle	1,183,844	1,223,766
Fire	500,237	548,650
	1,707,993	1,791,694

(e) Insurance contract provisions include an estimate of 12,000 (2021: 9,000) in respect of unallocated loss adjustment expense.

10. Insurance receivables

	2022	2021
Premium receivables	190,894	306,941

Premium receivables are stated net of commission. No impairment losses have been recognised in the statement of profit or loss relating to premium receivables.

11. Deferred commission expense

	2022	2021
January 1	161,117	119,835
Commission paid during the year	381,230	497,152
Amounts recognised in profit or loss during the year	(395,892)	(455,870)
Balance December 31	146,455	161,117

12. 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.

	2022	2021
Loans and receivables:		
Certificates of Deposit	1,242,383	1,237,670

12. Investments (continued)

Investments, are due from the reporting date as follows:

	2022	2021
Certificates of deposit:		
Within 3 months	1,138,555	1,133,841
From 3 months to 1 year	103,828	103,829
	1,242,383	1,237,670

The following table presents the fair value and the amount of change in the fair value of the company's financial assets as at and for the year ended December 31, 2022 and 2021, showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

	2022				
		SPPI financial assets		Non-SPPI financial assets	
Financial assets	Total carrying value	Fair value	Change in fair value	Fair value	Change in fair value
Certificates of deposit	1,242,383	1,242,383	-	-	-

	2021				
		SPPI financial assets		Non-SPPI financial assets	
Financial assets	Total carrying value	Fair value	Change in fair value	Fair value	Change in fair value
Certificates of deposit	1,237,670	1,237,670	-	-	-

The following table presents the credit risk ratings of SPPI financial assets as at December 31, 2022 and 2021:

	2022		
Credit rating	Carrying value amount	Fair value	% of fair value
Certificates of deposit:			
Ba2	1,242,383	1,242,383	100%

	2021		
Credit rating	Carrying value amount	Fair value	% of fair value
Certificates of deposit:			
Ba2	1,237,670	1,237,670	100%

13. Other accounts receivable

	2022	2021
Prepayments	11,865	3,350
Other	15,901	12,935
	27,766	16,285

No impairment losses have been recognised in the statement of profit or loss relating to other accounts receivables.

14. Cash and cash equivalents

	2022	2021
Cash and bank balances	1,535,900	1,272,015

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

	2022	2021
United States dollars	794,174	526,804

15. Other payables and accrued charges

	2022	2021
Accrued charges	73,846	101,203
Other payables	204,254	142,120
	278,100	243,323

16. Insurance payables

	2022	2021
Amounts due to other insurance companies	435,978	196,349
Deferred commission income	106,178	401,594
	542,156	597,943

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

	2022	2021
Balance January 1	401,594	339,618
Commission received during the period	(23,392)	995,156
Amounts recognised in profit or loss during the year	(272,024)	(933,180)
Balance December 31	106,178	401,594

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17. Capital and Reserves

	2022	2021
(a) Share capital		
Authorised:		
900,000 (2021: 900,000) shares of no par value		
Issued and fully paid:		
900,000 (2021: 900,000) ordinary shares of no par value	900,000	900,000

(b) Contributed capital

In 2017, the shareholder, ICWI (Cayman) Limited provided capital injection of NAF450,000.

18. Operating expenses

	2022	2021
Audit and accounting fees	51,294	25,677
Bank charges	30,503	49,615
Premium tax	248,031	265,241
Management fees [note 8(b)]	135,000	135,000
Directors' remuneration [note 8(b)]	16,200	16,200
Salaries and wages	579,896	513,986
Other staff related costs	36,345	89,447
Travel and travel related expenses	2,525	-
Legal and professional service fees	171,800	101,094
Depreciation – Property, plant and equipment	11,040	21,920
– Right-of-use asset	47,433	47,434
Utilities	22,922	19,691
Other administrative expenses	67,814	3,319
	1,420,803	1,288,624

19. Other Income

	2022	2021
Credit balances and other deposits write off	2,488	31,399
Other	45	-
	2,533	31,399

20. Underwriting policy and reinsurance ceded

	2022 US$	2021 US$
Liability	200,000	200,000
Marine Hull	50,000	50,000
Marine Cargo	33,333	33,333
Engineering	30,000	30,000
Property	22,500	22,500
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

In addition, the company has catastrophe reinsurance on which its liability in respect of each event is limited to US$225,000.

21. 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.

21. Insurance risk management (continued)

Reinsurance strategy:

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

Ceded reinsurance includes credit risk, and the company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors 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 22.

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. The majority of bodily injury claims have a relatively short tail. In general, these claims involve lower estimation uncertainty.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay (Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions). The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

21. Insurance risk management (continued)

Terms and conditions of general insurance contracts (continued):

Type of contract	**Terms and conditions**	**Key factors affecting future cash flows**
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the 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.

Liability contracts:

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

Property contracts:

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

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.

21. Insurance risk management (continued)

Risk exposure and concentrations of risk:

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

	Motor	Property	Other	Total
At 31 December 2022				
Gross	1,222,100	33,151	-	1,255,251
Net of reinsurance	627,958	119	-	628,077
At 31 December 2021				
Gross	1,403,400	127,492	-	1,530,892
Net of reinsurance	681,928	10,832	-	692,760

Claims development:

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

Analysis of net claims development

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
	'000	'000	'000	'000	'000	'000	'000
Estimate of cumulative claims at end of accident year	126	447	539	549	1,041	1,148	3,850
-one year later	342	410	533	669	858	-	2,812
-two years later	352	413	537	611	-	-	1,913
-three years later	350	417	498	-	-	-	1,265
-four years later	352	435	-	-	-	-	787
-five years later	344	-	-	-	-	-	344
Estimate of cumulative claims	344	435	498	611	858	1,148	3,894
Cumulative payments to date	(344)	(418)	(477)	(537)	(770)	(720)	(3,266)
Net outstanding claims liabilities	-	17	21	74	88	428	628

22. 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

22. Financial risk management (continued)

Risk management framework:

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

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

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

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

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

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

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22. Financial risk management (continued)

(a) Credit risk (continued)

Management of credit risk

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

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

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. 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.

(i) Exposure to credit risk:

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

	2022				
	AA	A	Ba2	Not rated	Total
Financial assets carrying amount	-	-	1,242,383	1,535,900	2,778,283
Reinsurance assets (excluding unearned premium reserve) carrying amount	627,174	-	-	-	627,174
Insurance and other receivables (excluding prepayments)					
Neither past due nor impaired	-	-	-	116,031	116,031
Past due but not impaired	-	-	-	90,764	90,764
Gross amount	627,174	-	-	206,795	833,969
Allowance for impairment	-	-	-	-	-
Carrying amount	627,174	-	1,242,383	1,742,695	3,612,252

22. Financial risk management (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk (continued):

	2021				
	AA	A	Ba2	Not rated	Total
Financial assets carrying amount	-	-	1,237,670	1,272,015	2,509,685
Reinsurance assets (excluding unearned premium reserve) carrying amount	715,932	122,200	-	-	838,132
Insurance and other receivables (excluding prepayments)					
Neither past due nor impaired	-	-	-	155,770	155,770
Past due but not impaired	-	-	-	164,106	164,106
Gross amount	715,932	122,700	-	319,876	1,158,008
Allowance for impairment	-	-	-	-	-
Carrying amount	715,932	122,200	1,237,670	1,591,891	3,667,693

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

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

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

(ii) Concentrations of credit risk

The specific concentration of risk from counterparties was limited to Cleveland Beresford, marketing agent for the company in Sint Maarten.

22. Financial risk management (continued)

(a) Credit risk (continued)

(iii) Assets that are past due

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

	Less than 46 days	46 to 90 days	More than 90 days	Total
December 31, 2022				
Receivable arising from insurance and reinsurance contracts - agents, brokers, intermediates and other receivables	64,673	51,358	90,764	206,795
December 31, 2021				
Receivable arising from insurance and reinsurance contracts - agents, brokers, intermediates and other receivables	105,083	50,687	164,106	319,876

The analysis of overall credit risk exposure indicates that the company has no receivables that are impaired at the reporting date.

(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.

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22. Financial risk management (continued)

(b) Liquidity risk (continued)

Management of liquidity risk

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Consequently, the company invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due, and in the event of reasonably foreseeable abnormal circumstances.

An analysis of the contractual maturities of the company's financial and insurance contract liabilities is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position.

	2022						
	Contractual undiscounted cash flows						
	Carrying Amount	Total cash outflow	Less than 1year	1-2 years	2-5 years	5-10 years	More than 10 years
Financial liabilities:							
Other payables and accrued charges	278,100	278,100	278,100	-	-	-	-
Insurance payables	542,156	542,156	542,156	-	-	-	-
Lease liability	55,000	59,400	59,400	-	-	-	-
Due to fellow subsidiary	1,114	1,114	1,114	-	-	-	-
Total financial liabilities	876,370	880,770	880,770	-	-	-	-
Insurance contact Provisions -claims outstanding	1,255,251	1,255,251	875,141	352,054	28,056	-	-
	2,131,621	2,136,021	1,755,911	352,054	28,056	-	-

	2021						
	Contractual undiscounted cash flows						
	Carrying Amount	Total cash outflow	Less than 1year	1-2 years	2-5 years	5-10 years	More than 10 years
Financial liabilities:							
Other payables and accrued charges	243,323	243,323	243,323	-	-	-	-
Insurance payables	597,943	597,943	597,943	-	-	-	-
Lease liability	105,926	118,800	59,400	59,400	-	-	-
Due to fellow subsidiary	981	981	981	-	-	-	-
Total financial liabilities	948,173	961,047	901,647	59,400	-	-	-
Insurance contact Provisions -claims outstanding	1,530,892	1,530,892	650,535	483,223	397,134	-	-
	2,479,065	2,491,939	1,552,182	542,623	397,134	-	-

22. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the company's assets, the amount of its liabilities and/or the company's income. Market risk arises due to fluctuations in the value of liabilities and the value of investments held. The company is exposed to market risk on most 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 credit risk have not changed significantly from the prior year.

Management of market risk

The Investment Committee of the Company manages market risk in accordance with its asset/liability management framework of the company. 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.

Interest rate risk

Interest rate risk arises primarily from the company's investments. However, changes in these asset values attributable to interest rate changes are mitigated by corresponding and partially offsetting changes in the economic value of insurance provisions.

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 investments which have been contracted at fixed 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 period.

22. Financial risk management (continued)

(c) Market risk (continued)

Management of market risk (continued)

Interest rate risk (continued)

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

	Carrying amount	
	2022	2021
Fixed rate instruments:		
Financial assets	1,242,383	1,237,670

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.

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 Netherland Antilles Guilders. The currency giving rise to the risk is primarily the United States dollar.

Operational risks

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

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.

22. Financial risk management (continued)

(c) Market risk (continued)

Management of market risk (continued)

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, 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.

23. Fair value of financial instruments

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

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

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
Cash and cash equivalents, investments, insurance and other receivables (excluding prepayment), insurance and other payables, reinsurance assets, in (excluding unearned premium reserves) insurance contract provisions (excluding unearned premium reserves) and related party balances.	Assumed to approximate their carrying values, due to their short-term nature.

The Company considers relevant and observable market prices in its valuations where possible.

The following table sets out the fair value of the financial instruments using the valuation methods and assumption described below as classified on level 2.

23. Fair value of financial instruments (continued)

The fair value disclosed does not reflect the value of assets and liabilities that are not considered financial instruments, such as property, plant and equipment.

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets not measured at fair value:				
Cash and cash equivalents	1,535,900	1,535,900	1,272,015	1,272,015
Investments	1,242,383	1,242,383	1,237,670	1,237,670
Accrued investment income	2,142	2,142	2,713	2,713
Reinsurance assets (excluding unearned premium reserves)	627,174	627,174	838,132	838,132
Other accounts receivable (excluding prepayments)	15,901	15,901	12,935	12,935
Insurance receivable	190,894	190,894	306,941	306,941
	3,614,394	3,614,394	3,670,406	3,670,406
Financial liabilities not measured at fair value:				
Insurance contract provisions (excluding unearned premium reserves)	1,255,251	1,255,251	1,530,892	1,530,892
Other payables and accrued charges	278,100	278,100	243,323	243,323
Due to fellow subsidiary	1,114	1,114	981	981
Lease liability	55,000	55,000	105,926	105,926
Insurance payables	542,156	542,156	597,943	597,943
	2,131,621	2,131,621	2,479,065	2,479,065

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 carrying amounts of the financial assets and liabilities of the company approximate their fair values and are classified as level 2.