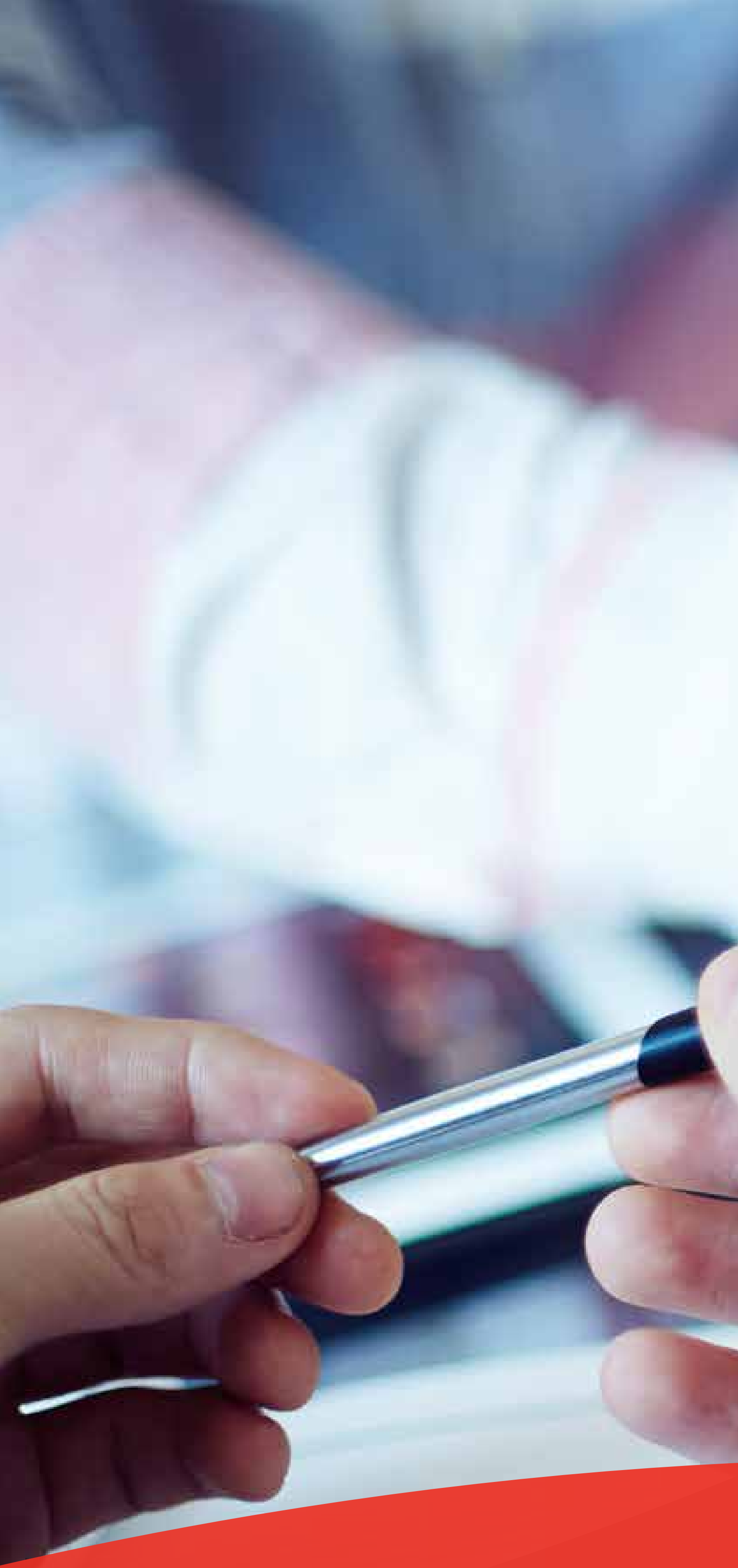
TRINRE INSURANCE

ANNUAL REPORT 2017

TABLE OF CONTENTS.

REPORTS

FINANCIAL STATEMENTS



Branch
Network.

Port of Spain
69 Edward Street

San Fernando
35 Independence Avenue

Chaguanas
43 Mulchan Seuchan Road

Arima
22A King Street

Tobago
Unit 4, Milford Bay Plaza

5 Milford Road, Bon Accord

Corporate Information.

REGISTERED OFFICE

69-71 Edward Street

Port of Spain

Trinidad, West Indies

AUDITORS

KPMG Chartered Accountants

Savannah East

11 Queen's Park East

Port of Spain

Trinidad, W. I.

BANKERS

Scotiabank Trinidad and Tobago Limited

Cor. Park and Richmond Streets

Port of Spain

Trinidad, West Indies

CORPORATE SECRETARY

Sueann Sherwood

Our Core Purpose

To enable greater prosperity for those we serve

Our Vision

To be the most respected and admired company built on an enduring foundation of financial health grounded in strong Corporate Governance and citizenship, fuelled by innovation, passion and talent.

To gain leadership in the markets we serve, by surpassing the expectations of our customers and consistently honouring our obligations.

To be recognized for our social conscience by supporting the wellbeing of our colleagues, environment and communities.

Our Values	Our Guiding Principles
Respect **Honour** **Passion**	We believe that: › Our customers determine our success. › Each day has new possibilities. › Continuous learning and self-mastery will keep us ahead of the competition. › We must navigate change with strength, courage, innovation, talent and discipline. › Long-term relationships are built on integrity, high credibility, mutual respect and honour. › Profit and growth are our measures of success and the means to fulfill our obligations to customers, shareholders, reward our employees and meet other objectives.

BOARD OF DIRECTORS

1 RAYMOND TIM KEE

CLU, MBA
Non-Executive Director/Deputy Chairman
Appointed 18th March, 2002

Raymond Tim Kee is a sterling businessman and insurance professional. With over thirty years' experience in the insurance industry, Mr. Tim Kee has held several executive positions such as Chairman and Chief Executive Officer of Raymond Tim Kee Investments & Insurance Services Limited/ Guardian Life of the Caribbean Limited, RTK Trading Enterprises Limited, and ART Advertising. He holds a Masters of Business Administration (MBA), and is a qualified Chartered Life Underwriter and Sales Management Trainer. Mr. Tim Kee has also dedicated himself to National service as the Mayor of the City of Port of Spain from 2013 to 2016 and is a FIFA Match Commissioner and Standing Committee Member.

2 HOWARD A. DOTTIN

Executive MBA, FCCA
Non-Executive Director
Appointed 25th November, 2011

Howard Dottin has over forty years of Finance and Accounting experience through service in both the Public and Private sector. Having held the posts of Chief Financial Officer in the banking sector and Group Chief Financial Officer of one of the largest insurance conglomerates in the Caribbean region, Mr. Dottin's proficiency is incontestable. He holds a Master's Degree in Business Administration with specialization in Marketing and Finance, and has generously shared his wealth of knowledge and experience through lecturing in accounting, and at the post-graduate level to students of the MBA and MSC in Finance. He currently serves at the Arthur Lok Jack Graduate School of Business as the Programme Director of the Master of Science in International Finance.

3 ANTHONY PROUDFOOT

Non-Executive Director
Appointed 16th May, 2013

Anthony Proudfoot has over thirty years of experience in the fields of retail, marketing, and distribution. He has held many leadership positions at both the Ansa McAl and Neal and Massy Holdings groups including several directorships on the Boards of Trinidad Distributors Limited, Penta Paints Limited and Melville Shipping. Mr Proudfoot was Chairman at a number of organisations; namely Alston's Shipping, Geddes Grant Trinidad and Barbados, and at Hi-Lo Food Stores, where he was also the Chief Executive Officer. He has served as the Chief Executive Officer of H.D. Hopwood in Jamaica and as a Non-Executive Director on the Board of Agostini's Limited in Trinidad and Tobago.

4 ELIZABETH COX

EMBA, MHP, FLMI
Non-Executive Director
Appointed 1st June, 2010

Elizabeth Cox has over thirty years of experience in Insurance and Management serving under the GTM Group of Insurance Companies where she held the position of Group Marketing Manager. She is the Chief Executive Officer and Principal Consultant of Casper Investments Inc. and has served as a Director on the Board of several companies in Guyana and overseas. She obtained a distinction in the Executive Masters of Business Administration (MBA) at the University of the West Indies, Cave Hill Campus, Barbados, and is the holder of the Fellow Life Management International Diploma (FLMI), the Managed Health Care Professional (MHP), and completed studies in Fraud Investigation, Detection & Prevention in Health & Life Insurance. She is a certified Trainer and Administrator of the MBTI personality assessment instrument and is a past President of the Rotary Club of Georgetown.

5 RANI LAKHAN-NARACE

EMBA
Executive Chairman
Appointed 22nd June, 2001

Rani Lakhan-Narace has amassed an impressive record of prowess in both the retail and financial services sectors. Her distinguished leadership has led to her service on several Boards, and with a keen interest in society and human development, Mrs. Lakhan-Narace has often extended her stewardship to many community based organizations. She is a Past President of the Association of Trinidad and Tobago Insurance Companies (ATTIC) and has also served on the Board of the Insurance Association of the Caribbean (IAC). Under her current purview, she serves as; Director of Investment Managers Limited; a member of the Transparency, Accountability and Governance (TAG) Committee of The American Chamber of Commerce of Trinidad and Tobago, and a Director of the Caribbean Corporate Governance Institute (CCGI) where she is pursuing the Chartered Director's Program. Additionally, she extends her influence as Vice President of the International Women's Forum Trinidad and Tobago and a Director of The Bocas Lit Fest. Her professional accomplishments are matched by her academic achievements, holding both an Executive Master's Degree in Business Administration and a Post Masters of Business Administration (MBA) Certificate from the Arthur Lok Jack Graduate School of Business, UWI, as well as a Diploma in Corporate Governance.

6 ADRIAN BHARATH

BA, FCA, CA
Non-Executive Director
Appointed 16th May, 2013

Adrian Bharath possesses over twenty-eight years of experience in the field of Finance and has held the position of Managing Director of AMB Corporate Finance for the past eight years. Mr. Bharath has also held the position of Director in the Corporate Finance Group at PricewaterhouseCoopers Limited (Trinidad and Tobago), and prior to that, spent eleven years at KPMG (London and New York) in the corporate finance, investment banking and auditing lines of business. He has served as Chairman of the National Insurance Board of Trinidad and Tobago, and Director on the Board of the National Insurance Property Development Company Limited (NIPDEC).

7 MICHAEL A.A. QUAMINA

LEC, LLB
Non-Executive Director
Appointed 4th April, 2011

Michael Quamina is a learned professional in Law practicing various types of Law such as Public Administrative Law, Industrial Relations Law, Insurance Law, and the Law with respect to confiscation of assets under the Proceeds of Crime Legislation. His successful career spans over eighteen years during which he served in several directorships of financial institutions and other private companies and currently holds the position of Vice Chairman of Caribbean Airlines.

CHAIRMAN'S REVIEW

"Despite an inescapably arduous landscape, 2017 proved to be yet another good year for TRINRE."

Despite an inescapably arduous landscape, 2017 proved to be yet another good year for TRINRE. Our drive for success in the implementation of strategic initiatives and the streamlining of our business segments for General, Life and Premium Financing remained strong as we continued to focus on successfully navigating the terrain and simultaneously preparing for the future.

The insurance industry continued to face the challenges of the proverbial perfect storm of low rates and weak economic activity long before the actual devastation that razed so many Caribbean islands. This will undoubtedly have a far reaching impact on Reinsurance terms and conditions and consequently, there will be much greater demands on insurance companies to deliver more sustainable results. However, due to our past results and responsible approach in the market, we are very pleased to assure our shareholders, customers and intermediaries that our capability remains solid, and that our negotiated Reinsurance terms will enable TRINRE to provide even greater capacity in 2018.

It is also unfortunate that the industry is being increasingly plagued with fraudulent claims that are being perpetrated on a much larger and bolder scale that ever before. TRINRE felt the impact of this in 2017 so that our Underwriting performance in General insurance was doubly affected by low rates along with these malicious claims. Fortunately, our very robust audit systems were able to identify these violations, allowing for swift and appropriate remedial actions to be implemented. We continue to hone our detection systems and remain ever vigilant with this issue.

Financial Highlights

For the year ended December 31, 2017, our financial statements reflect that the Company's principal business now includes both Life and General insurance. Revenue amounted to $161.1M versus $132.4M in 2016, an increase of $28.7M (21.7%). This increase is attributable to the Life insurance business which began in January 2017 and delivered $28.6M in premiums. Our Underwriting results have been addressed above. Notwithstanding this, the Group reported Profit after Tax of $6.3M, $0.3M below the prior year. The main contributor to this profit was net income from investing activities which performed exceptionally well, totalling $12.4M compared to $8.1M in the prior year, an increase of over 53%. Total assets increased by 5.4% from $186.0M in 2016 to $196.1M while total shareholders' equity increased by 5.0% from $62.3M in 2016 to $65.4M.

The Group remains solidly positioned with Solvency and Capital Adequacy ratios of 783% and 213% respectively which continue to well exceed the regulatory requirements of 120% and 150% respectively.

Earnings per share amounted to $0.56 while Return on Equity remained strong at 10%. The Board has approved a final dividend in respect of the year ended December 31, 2017 of $0.06 per share. Together with the interim dividends paid for 2017, the total dividend will be $0.28, the same as in 2016.

Premier Customer Experience

We are particularly proud of our successful diversification into the Life insurance sector and the tremendous response we have received from the market. We now have a full suite of Group Life products and are well equipped to successfully pursue our efforts in this area.

In 2017, we fully operationalized Caribbean Premium Finance Company Limited and we are heartened by the response to our Flexipay Premium Financing facility. The feedback from our customers continues to be excellent as they face the very real challenge of meeting their financial obligations in this difficult economic climate.

We are also pleased to report that our state of the art insurance platform SOLIS was completed at the end of 2017. The path to completion was a dynamic one, and we are thankful to the entire team for staying the course. We are now assured of a modern system which meets stringent international standards in the areas of data security and we can now deliver more comprehensive real time results.

Corporate Responsibility

The philosophy of Triple bottom line; people, profits and planet, continued to guide our corporate responsibility and shape our priorities over the year. Despite difficult economic circumstances and increasing regulatory demands, we maintained a fervent focus on organisational alignment with emphasis on risk management and readiness for the new Insurance Act.

The TRINRE Foundation remained active as a conduit of our social conscience with several of its regular programmes being conducted, including our Joy of Reading and Annual Christmas Cheer. In keeping with the Foundation's mandate to positively make a difference in people's lives through education, leadership development and recognition, we commemorated International Literacy Day by recognizing the dedication of Moms for Literacy by awarding its Founder, Ms. Amber Gonzales, with our Spirt of Leadership Award.

Appreciation

2017 has given us much to reflect upon and I am sincerely grateful that our team continues to hold steadfast to our vision to become one of the most respected and admired companies.

A heartfelt thanks to our Board of Directors for outstanding stewardship and attention on sound governance. So too on the Board's behalf, I would like to extend appreciation to our Managers and Staff who have rallied through every stage of our journey and showed their commitment and resilience. I would also like to thank our Shareholders, Reinsurers, Brokers, Agents and Customers for their unwavering support as well as the confidence they repose in us each day.

Rani Lakhan-Narace
Executive Chairman
June 8, 2018

CORPORATE GOVERNANCE REPORT

Our Board of Directors is guided by corporate governance principles that facilitate fairness, transparency and accountability and safeguard the interests of shareholders, customers, employees and the public. This is derived from TRINRE's belief that robust governance is an intrinsic element for sustainable performance. The Investment and Audit Committees continued to operate during the year, whilst the Human Resource and Compensation as well as Nomination and Corporate Governance Committees continued to function on an ad hoc basis. A summary of their current purpose and composition is provided below. The Board of Directors believes that the Company's overall internal control systems are able to produce credibility and reliability for the financial statements for the period January 1st to December 31st 2017.

COMMITTEE	INVESTMENT	AUDIT
CHAIRMAN	**Anthony Proudfoot**	**Howard Dottin**
COMMITTEE MEMBERS	Howard Dottin Adrian Bharath Raymond Tim Kee	Elizabeth Cox Raymond Tim Kee Michael Quamina Anthony Proudfoot
PURPOSE	The Investment Committee's role is to monitor adherence to the investment policy and from time to time, make recommendations for the modification of the investment policy. The Investment Committee delegates the necessary authority to the Management Team to implement the policy. In addition, the Investment Committee reviews investment activities in such depth and with such regularity as is necessary to assure quality investments and conformity with the policy and investment limitations stipulated in insurance legislation, regulations and guidelines that are in force.	The Audit Committee's role is to assist the Board of Directors in its oversight responsibilities relating to the integrity of the Company's financial statements, financial reporting process, and systems of internal accounting and financial controls. It also monitors the qualifications, independence, and performance of the independent auditor; and the performance of the Company's internal audit department; and the Company's legal and regulatory compliance; as well as the Company's risk management framework.

Composition of the Board

The Company's Board of Directors, at the close of 2017, comprised a complement of seven Directors - one Executive and six Non-Executive Directors.

Meeting Attendance

For the year ended December 31, 2017 the Board and its two active Committees; Audit and Investment, each held a total of 4 meetings. The attendance record of Directors at Regular Board, Annual and Committee Meetings is listed below:

DIRECTOR	AUDIT	INVEST MENT	REGULAR BOARD MEETINGS	ANNUAL GENERAL MEETING
Rani Lakhan-Narace	-	-	4	1
Raymond Tim Kee	4	3	4	1
Michael Quamina	3	-	4	1
Elizabeth Cox	3	-	2	1
Howard Dottin	4	3	3	1
Adrian Bharath	-	4	4	1
Anthony Proudfoot	3	4	4	1

The Board manages an annual schedule of critical agenda items designed to ensure that it fulfils its recurring obligations, and that Board-reserved items are routinely considered.

Framework for Effective Governance

The Board acknowledges its collective responsibility for the long-term success of the Company and has adopted a number of charters, policies and procedures to support its effective discharge of this responsibility. Further, specific responsibilities and authorities are delegated by the Board to the Executive Chairman. The primary objectives of the role of the Executive Chairman are to lead the management of TRINRE's business and affairs and to lead the implementation of the resolutions and policies of the Board of Directors.

Investment Committee Report

In accordance with its Terms of Reference which were reviewed and updated in November 2017, the Investment Committee work included monitoring key risks to which TRINRE is exposed. These include:

- Reviewing in detail, interest rate, credit, liquidity and foreign exchange risks for the Company;
- Monitoring of risk exposures and reviewing mitigation strategies designed to manage these risks; and
- Reviewing of investment performance.

Audit Committee Report

In accordance with its Terms of Reference which were reviewed and updated in November 2017, the Audit Committee maintained oversight of both the external and internal audit functions of TRINRE. The Committee has continued to play a key role within TRINRE's governance framework to support the Board in matters relating to financial reporting, internal controls, risk management and Connected Party transactions.

Internal Audit

The appointed Internal Auditor is responsible for the Internal Audit function and adherence to the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. The Internal Auditor reports administratively to the Executive Chairman and functionally to the Audit Committee and has unfettered access to the Audit Committee.

The Audit Committee is satisfied that the Internal Audit function has been discharged in an objective and transparent manner. Further, the Audit Committee has satisfied itself that the performance of the function is not subject to management's undue influence.

The ongoing monitoring of the adequacy and effectiveness of the Company's internal control systems is the primary responsibility of Internal Audit. The Audit Committee is satisfied that Management, by approved risk corrective actions, adequately remedied any weaknesses in internal controls highlighted in the internal audit reports.

External Audit

The Audit Committee reviewed the External Auditor's approach to and scope of their examination of the financial statements for the 2017 financial year and provided the requisite approvals for the execution of audit as well as non-audit work performed by the external auditors in 2017.

Fees Paid to the External Auditor

The following is a statement of fees paid to the external auditor for audit and non-audit services during 2017:

SERVICES	FEES PAID TT$
Audit	$136,830
Tax	$22,137
Advisory	$21,000

Enterprise Risk Management

As part of its thrust towards stronger business infrastructure and sustainability, TRINRE has reviewed its approach to risk management with the intention to develop a more robust enterprise risk management framework that is better suited to its unique environment and range of operations. This framework will comprise the articulation of risk philosophy and appetite; risk structures and processes; risk policies and a regime of monitoring risk exposures.

TRINRE's activities of issuing insurance contracts, and investing insurance premiums in a variety of financial and other assets expose the Group to various financial, operational and business risks. Financial risks include insurance credit, liquidity and market risks. Operational risks include fraud, business interruption and system failures, and execution and process errors. Business risks include legal and regulatory, strategic and reputational risks.

This framework will be implemented during 2018.

Anti-Money Laundering (AML) and Combatting Terrorist Financing (CTF)

TRINRE is subject to several laws, regulations and guidelines designed to combat money laundering and terrorist financing in the Trinidad and Tobago economy. These requirements, which are critical to Trinidad and Tobago's standing in the international financial market, are designed to protect the country's business community from the reputational risk and financial implications (penalties) associated with inadvertently committing offences related to money laundering and terrorist financing.

During 2017, Trinidad and Tobago was placed on FATF's list of "Jurisdictions with Strategic Deficiencies" based on the results of its 2015 Mutual Evaluation, which revealed gaps in the effectiveness of Trinidad and Tobago's AML/CTF framework.

Although there were no major changes to the legislative framework for AML/CTF during this period, several Bills were introduced to Parliament to assist with the accomplishment of several of the objectives in Trinidad and Tobago's action plan for strengthening the effectiveness of its AML/CFT regime. In addition, the Central Bank circulated a draft of its revised AML/CTF Guideline for stakeholder consultation with the intention of finalising and implementing same during 2018. TRINRE therefore continues to review and enhance its AML/CTF compliance programme to ensure that an appropriate risk based approach is applied to customer due diligence and monitoring processes so that suspicious activity can be detected and reported at the earliest possible opportunity.

Insurance Bill

During 2017 a Joint Select Committee (JSC) was appointed to review the 2016 version of the Insurance Bill prior to its debate in the House of Representatives. Stakeholder consultations were performed as well as a clause by clause analysis in consultation with industry experts. Although the Bill was carried over from the 2nd session of Parliament to the 3rd, it was not passed during 2017. However it is expected that the Bill will be passed during 2018. Concomitant with the requirements of the Insurance Bill, TRINRE has already met both the Capital Adequacy Ratio and the Capital requirements. TRINRE's Management team continues to work assiduously to ensure that all regulatory requirements of the Insurance Bill are fulfilled in accordance with the aforementioned legislation.

SOCIAL CONSCIENCE HIGHLIGHTS

JOY OF READING

CHRISTMAS CHEER

RECIPIENT OF THE TRINRE FOUNDATION, SPIRIT OF LEADERSHIP AWARD

MS. AMBER GONZALES, FOUNDER – MOMS FOR LITERACY

LAPTOP DONATION

DONATION TO MOMS FOR LITERACY 2017

BUSINESS HIGHLIGHTS

COCKTAIL RECEPTION

STAFF PARTY & AWARDS

STAFF RALLY

CONSOLIDATED FINANCIAL STATEMENTS OF

TRINRE INSURANCE COMPANY LTD

DECEMBER 31, 2017

STATEMENT OF MANAGEMENT RESPONSIBILITIES
TRINRE INSURANCE COMPANY LIMITED

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of TRINRE Insurance Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying consolidated financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

Rani Lakhan-Narace
Chairman

June 8, 2018

Sheldon Burkette
Finance Manager

June 8, 2018

Independent Auditors' Report to the Shareholders of TRINRE Insurance Company Limited

Opinion

We have audited the consolidated financial statements of TRINRE Insurance Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance before the annual general meeting is held.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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
Port of Spain,
Trinidad, West Indies
June 8, 2018

TRINRE INSURANCE COMPANY LIMITED

Consolidated Statement of Financial Position

December 31, 2017

	Notes	2017	2016
		$	$
ASSETS			
Property, plant and equipment	4	5,831,075	6,009,468
Intangible assets	5	12,201,680	10,709,590
Investment property	6	12,000,000	12,000,000
Investment securities	7	75,209,803	62,455,985
Reinsurance assets	9	63,651,936	71,948,143
Loans receivable	10	1,841,546	808,263
Accounts receivable and prepayments	11	19,799,893	17,690,909
Taxation recoverable		-	152,236
Cash and cash equivalents		5,541,093	4,206,930
Total assets		196,077,026	185,981,524
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	12	22,500,000	22,500,000
Statutory reserve		25,639,298	24,004,958
Retained earnings		17,248,643	15,780,832
		65,387,941	62,285,790
LIABILITIES			
Insurance liabilities	13	99,980,172	98,291,898
Borrowings	14	10,817,419	7,200,000
Accounts payable	15	19,404,178	16,498,883
Taxation payable		73,699	-
Deferred tax liability	8	413,617	1,352,969
		130,689,085	123,695,734
Total equity and liabilities		196,077,026	185,981,524

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board

Director **Director**

TRINRE INSURANCE COMPANY LIMITED

Consolidated Statement of Comprehensive Income

December 31, 2017

	Notes	2017	2016
		$	$
Insurance activities			
Gross premiums		161,069,560	132,427,852
Premium ceded to reinsurers		(125,480,609)	(100,127,886)
Net premiums		35,588,951	32,299,966
Change in unearned premium reserve		(900,448)	1,348,162
Earned premiums		34,688,503	33,648,128
Reinsurance commission income		24,195,027	22,488,140
Net underwriting revenue		58,883,530	56,136,268
Net benefits and claims		(24,182,525)	(17,016,424)
Commission expense		(12,466,433)	(11,875,444)
Underwriting expenses		(36,648,958)	(28,891,868)
Net result from underwriting activities	16	22,234,572	27,244,401
Investing activities			
Investment income		1,986,642	2,093,965
Net realised gains and losses		2,147,748	(515,946)
Fair value gains and losses		7,583,217	4,624,101
Other income		670,624	1,908,098
Net income from investing activities		12,388,231	8,110,218
Interest and fee income from premium financing		334,146	9,296
Net income from all activities		34,956,949	35,363,914
Management expenses		(28,639,439)	(25,603,944)
Finance charges		(398,585)	(294,167)
Profit before taxation		5,918,925	9,465,803
Taxation	8	408,254	(2,903,962)
Net profit for the year being total comprehensive income attributable to equity holders		6,327,179	6,561,841

The accompanying notes are an integral part of these financial statements.

TRINRE INSURANCE COMPANY LIMITED

Consolidated Statement of Changes in Equity

December 31, 2017

	Notes	Stated Capital	Statutory Reserve	Retained Earnings	Total
		$	$	$	$
Balance at December 31, 2015		22,262,499	22,339,687	16,626,797	61,228,983
Net profit being total comprehensive income for the year		-	-	6,561,841	6,561,841
Transfer to stated capital	12	237,501	-	(237,501)	-
Transfer to statutory reserve		-	1,665,271	(1,665,271)	-
Dividends paid	22	-	-	(5,505,034)	(5,505,034)
Balance at December 31, 2016		22,500,000	24,004,958	15,780,832	62,285,790
Balance at December 31, 2016		22,500,000	24,004,958	15,780,832	62,285,790
Net profit being total comprehensive income for the year		-	-	6,327,179	6,327,179
Transfer to statutory reserve		-	1,634,340	(1,634,340)	-
Dividends paid	22	-	-	(3,225,028)	(3,225,028)
Balance at December 31, 2017		22,500,000	25,639,298	17,558,068	65,387,941

The accompanying notes are an integral part of these financial statements.

TRINRE INSURANCE COMPANY LIMITED

Consolidated Statement of Cash Flows

December 31, 2017

	2017	2016
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,918,925	9,465,802
Adjustments for:		
Depreciation	1,672,057	1,332,715
Loss / (gain) on disposal of property, plant and equipment	33,145	(307)
Write off of work-in-progress	19,345	-
Appreciation in investment valuation	(7,816,603)	(3,036,286)
Appreciation in investment property valuation	-	(1,071,867)
Change in insurance liabilities	1,336,290	(5,025,750)
Change in reinsurance assets	8,296,207	196,750
Investment and other income	(2,980,003)	(4,002,064)
	6,479,363	(2,141,007)
Changes in accounts receivable	(2,235,248)	2,857,113
Changes in accounts payable	2,905,295	(3,372,752)
Net proceeds on disposal of operating investments	(4,937,215)	12,468,409
Corporation taxes paid	(305,163)	(2,608,581)
Net cash from operating activities	1,907,032	7,203,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,104,419	4,015,155
Acquisition of property, plant and equipment	(1,384,746)	(1,872,155)
Proceeds from disposal of property, plant and equipment	80,785	1,895
Enhancements to investment property	-	(334,333)
Net movement on loans receivable	(1,031,435)	(808,263)
Purchase of intangible assets	(1,734,283)	(2,621,066)
Net cash used in investing activities	(965,260)	(1,618,767)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(3,225,028)	(5,505,034)
Proceeds from borrowings	3,617,419	1,349,344
Net cash from (used in) financing activities	392,391	(4,155,690)
Net increase in cash and cash equivalents	1,334,163	1,428,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,206,930	2,778,205
CASH AND CASH EQUIVALENTS AT END OF YEAR	5,541,093	4,206,930
Represented by:		
Cash in hand and at bank	5,541,093	4,206,930

The accompanying notes are an integral part of these financial statements.

1. Incorporation and Principal Activity

TRINRE Insurance Company Limited (the Company) is a limited liability company incorporated on July 3, 1975 and domiciled in the Republic of Trinidad and Tobago. The address of its registered office is 69 Edward Street, Port of Spain. The Company is a subsidiary of Investment Managers Limited. The Company primarily underwrites non-life and group life insurance risks. These products are offered primarily to the domestic market.

The Company owns 100% of the shares of its subsidiary Caribbean Premium Financing Company Limited (the Subsidiary). The Subsidiary is engaged in the business of premium financing.

These financial statements were authorized for issue by the Board of Directors on June 8th, 2018.

2. Significant Accounting Policies

(a) *Statement of compliance*

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board.

(b) *Basis of measurement*

These financial statements are prepared on the historical cost basis except for the measurement at fair value of investment securities and investment property at fair value through profit and loss. No account is taken of the effects of inflation. The Group has consistently applied the accounting policies set out below to all periods presented in these financial statements.

(c) *Functional and presentation currency*

Amounts included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Trinidad and Tobago dollars which is the Group's functional and presentation currency.

2. Significant Accounting Policies (continued)

(d) Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may 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 year are discussed below:

- *Determining fair values*

  Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

- *Impairment of assets*

  The identification of impairment and the determination of recoverable amounts is an intently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

- *Estimate of future benefit payments and premiums arising from long-term insurance contracts*

  Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. This latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

2. Significant Accounting Policies (continued)

(d) Use of estimates, assumptions and judgements (continued)

- *Estimate of future benefit payments and premiums arising from long-term insurance contracts*

  For the respective reserves assumptions for mortality, lapse, future investment yields, operating expenses and taxes, best estimate assumptions are determined where appropriate for each major product line.

  Provisions for adverse deviations are established based on the risk profiles of the business. They are determined within a specific range established by the Canadian Standards of Practice.

  The reserve assumption for each component of policy cash flow consists of an assumption for the expected experience and, separately, a margin for adverse deviation that reflects the degree of uncertainty in the expected experience assumption. The expected experience and the margin reflect the latest current experiences.

  Detailed analyses are carried out by the Company's Consulting Actuary to come up with the best estimate assumptions.

  Lapse and expenses studies were performed to determine the best estimate lapse and per policy future administrative expense assumptions. However, for certain annuity products, estimates of future lapses were not made based on historical experiences. Due to events taking place subsequent to the year end management has adopted a conservative lapse assumption to reflect uncertainties relating to future policyholder behaviour.

(e) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

2. Significant Accounting Policies (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Land is not depreciated.

Depreciation is computed on the reducing balance basis at rates sufficient to write-off the cost of the assets over their estimated useful lives.

The rates used are as follows:

Buildings	2%
Furniture and equipment	20%
Fixtures and fittings	20%
Motor vehicles	25%
Computer equipment	20%

The asset's residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

(g) Intangible assets

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate future economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs are amortized over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(h) Investment property

Investment property principally comprises land and building not occupied by the Group, which is held for long-term rental yields and capital appreciation. Investment property is classified as a non-current asset and was previously measured using the cost model. During 2014, management decided to change the measurement model to a fair value model and accordingly investment property is now revalued.

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

2. Significant Accounting Policies (continued)

(i) Reinsurance assets

The Group assumes and cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Group may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

(j) Insurance receivables

Insurance receivables are recognized when due and measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of comprehensive income.

(k) Financial instruments

i) Classification

The Group previously classified its investments securities as at fair value through profit and loss.

The Group designates all financial assets as investment securities at fair value through profit and loss to eliminate or substantially reduce the mismatch which would otherwise arise and be consistent with how these investments are reported and managed internally.

ii) Recognition

All purchases and sales of financial assets are recognized on the settlement date. From this date, any gains and losses arising from changes in fair value of assets are recognised.

2. Significant Accounting Policies (continued)

(k) Financial instruments (continued)

iii) Measurement

Financial instruments are initially measured at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument. A financial asset is derecognized when the contractual right to receive cash flows expire or when the asset is transferred.

Subsequent to initial recognition all investment securities at fair value through profit and loss are measured at fair value, based on readily available market prices at the close of business on the reporting date for listed instruments or by reference to current market values of another instrument which is substantially the same. If prices are not readily available, the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

Any investment security at fair value through profit and loss that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Gains and losses arising from the change in the fair value of investment securities at fair value through profit and loss subsequent to initial recognition are accounted for in the profit and loss. All non-trading financial liabilities and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method.

Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of comprehensive income.

(l) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost.

The Group classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of the cash flows for payments of benefits and claims incurred for insurance contracts, which are respectively treated under operating activities.

2. Significant Accounting Policies (continued)

(m) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see accounting policy (*u*)), are 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 and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Group's long-term investment strategy. Impairment losses are recognised in profit and loss.

i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

The recoverable amount of 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 to 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) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates 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, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant Accounting Policies (continued)

(n) Product classification

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts

Any contracts not considered insurance contracts under IFRS are classified as investment contracts.

All contracts held by the Group as at December 31, 2017 have been classified as insurance contracts.

(o) Benefits and claims

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the reporting date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported until after the reporting date.

Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of comprehensive income in the year the claims are settled.

The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

2. Significant Accounting Policies (continued)

(p) Insurance liabilities

Life insurance contract liabilities

Life insurance liabilities for policyholders' benefits that are expected to be incurred in the future are recognised when contracts are entered into and premiums are charged. The liability is based on the present value of estimated amounts for projected future premiums, claims, benefits, investment income and policy maintenance expenses. The liability is based on key assumptions made with respect to variables such as mortality, persistency, investment returns and expense inflation. The liabilities are actuarially recalculated at each consolidated statement of financial position date and the change in the liability is recognised as an expense in the consolidated statement of income.

General insurance contract liabilities

General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date.

Provision for unearned premiums

The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the income statement in the order that revenue is recognized over the period of risk.

(q) Provision for other insurance financial liabilities

A provision is recognised when the Group has a present legal or constructive obligation, as a result of past events, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

(r) Employee benefits

The Group operates pension scheme arrangements which provide individual annuities payable on retirement for all senior managers and qualifying monthly paid employees, which are administered through individual policy contracts. This is a defined contribution plan to which the Group contributes 5% of salary.

A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Group's contribution is charged to the income statement in accordance with the accrual basis.

2. Significant Accounting Policies (continued)

(s) Revenue recognition

Premium income

Premiums written are recognized on policy inception and earned on a pro rata basis over the term of the related policy coverage.

Commission income

The fee is recognized as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided over the term of the contract.

Investment income

If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided over the term of the contract. Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortization of any discount or premium. Investment income also includes dividends, which are recognized as received.

Realised gains and losses recorded in the income statement

Realised gains and losses on the sale of property and equipment and of investment securities at fair value through profit and loss are calculated as the difference between net sales proceeds and the original cost. Realised gains and losses are recognized in the statement of comprehensive income when the sale transaction occurs.

(t) Other income and expenditure

Other income and expenditure items are accounted for on the accrual basis.

2. Significant Accounting Policies (continued)

(u) Taxation

Tax on income comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, business levy and green fund levy, charged on worldwide income, and any adjustment of tax payable for the previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss).

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(v) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any accumulated impairment losses. Dividend income from investments in subsidiaries is recognized when the Group's right to receive payment has been established. It is included in other income.

Separate financial statements of the ultimate parent are prepared in accordance with the requirements of the IFRS and are presented elsewhere.

(w) Statutory Reserve

As required by Section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the Group's profit from general insurance business, for the preceding year is to be appropriated towards a Statutory Surplus Reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

2. Significant Accounting Policies (continued)

(x) Related parties

A party is related to the Group, if:

(i) Directly, or indirectly through one or more intermediaries, the party:

a) is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);

b) has a direct or indirect interest in the company that gives it significant influence; or

c) has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

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 directors and key management personnel, representing certain senior officers of the Company, its parent company and all their affiliates.

(y) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group’s business segments.

(z) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. New, revised and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements:

- IAS 1, *Presentation of Financial Statements* has been amended to clarify or state the following:
    - Specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
    - The order of notes to the financial statements is not prescribed.
    - Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
    - Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
    - The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never be, reclassified to profit or loss.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements* allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

- Amendments to IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

3. New, revised and amended standards and interpretations that became effective during the year (continued):

- IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures* have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

- *Improvements to* IFRS *2012-2014* Cycle contain amendments to certain standards and interpretations applicable to the Company as follows:

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

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

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements .

3. New, revised and amended standards and interpretations that became effective during the year (continued):

New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early-adopted. The Company has assessed the relevance of all such new standards, amendments and interpretations with respect to the Company's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

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

The Company has decided to defer the implementation of IFRS 9 until the earlier of the effective date of a new insurance standard and 2021 ('deferral approach') which is available to reporting entities with a predominant part of their business devoted to the activity of issuing contracts within the scope of IFRS 4.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Company will apply a five-step model to determine when to recognise revenue (other than from insurance contracts), and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

4. Property, Plant and Equipment

	Office Furniture & Fittings	Equipment	Motor Vehicles	Computer Equipment	Building Improve-ments	Work in Progress	Total
	$	$	$	$	$	$	$
Year ended December 31, 2017							
Cost							
Balance as at January 1, 2017	2,356,395	1,911,883	1,340,471	2,418,606	2,011,124	1,238,705	11,277,184
Additions	68,314	53,056	475,690	76,721	95,963	614,732	1,384,746
Disposals	-	(3,529)	(259,000)	(16,280)	(95,062)	-	(373,871)
Transfers	16,975	-	-	53,944	1,763,173	(1,853,437)	(19,354)
Balance as at December 31, 2017	2,441,684	1,961,410	1,557,431	2,532,991	3,775,198	-	12,268,714
Accumulated depreciation							
Balance as at January 1, 2017	760,817	1,167,931	1,082,541	1,026,002	1,230,425	-	5,267,716
Charge for the year	331,294	155,682	167,680	293,852	481,356	-	1,429,864
Disposals	-	(1,705)	(180,039)	(12,865)	(65,332)	-	(259,941)
Balance as at December 31, 2017	1,092,111	1,321,908	1,070,182	1,306,989	1,646,449	-	(6,437,639)
Net book value							
December 31, 2017	1,341,449	639,502	487,249	1,226,002	2,128,749	-	5,831,075
December 31, 2016	1,595,578	743,952	257,930	1,392,604	780,699	1,238,705	6,009,468

4. Property, Plant and Equipment (continued)

	Office Furniture & Fittings	Equipment	Motor Vehicles	Computer Equipment	Building Improve-ments	Work in Progress	Total
	$	$	$	$	$	$	$
Year ended December 31, 2016							
Cost							
Balance as at January 1, 2016	2,220,115	1,939,666	1,340,471	1,943,905	1,968,489	-	9,412,646
Additions	136,280	56,098	-	398,437	42,635	1,238,705	1,872,155
Disposals	-	(1,895)	-	-	-	-	(1,895)
Transfers	-	(81,986)	-	81,986	-	-	-
Adjustment	-	-	-	(5,722)	-	-	(5,722)
Balance as at December 31, 2016	2,356,395	1,911,883	1,340,471	2,418,606	2,011,124	1,238,705	11,277,184
Accumulated depreciation							
Balance as at January 1, 2016	384,874	995,079	996,565	757,068	1,039,286	-	4,172,872
Charge for the year	375,943	175,892	85,976	270,298	191,139	-	1,099,248
Disposals	-	(307)	-	-	-	-	(307)
Adjustment	-	(2,733)	-	(1,364)	-	-	(4,097)
Balance as at December 31, 2016	760,817	1,167,931	1,082,541	1,026,002	1,230,425	-	5,267,716
Net book value							
December 31, 2016	1,595,578	743,952	257,930	1,392,604	780,699	1,238,705	6,009,468
December 31, 2015	1,835,241	944,587	343,906	1,186,837	929,203	-	5,239,774

5. Intangible Assets

	Software	Work in Progress	Deferred Development Costs	Total
	$	$	$	$
Year ended December 31, 2017				
Cost				
Balance as at January 1, 2017	3,681,772	8,893,028	801,740	13,376,540
Additions	-	1,425,825	308,458	1,734,283
Balance as at December 31, 2017	3,681,772	10,318,853	1,110,198	15,110,823
Accumulated depreciation				
Balance as at January 1, 2017	2,658,447	-	8,503	2,666,950
Charge for the year	204,665	-	37,528	242,193
Balance as at December 31, 2017	2,863,112	-	46,031	2,909,143
Net book value				
December 31, 2017	818,660	10,318,853	1,064,167	12,201,680
December 31, 2016	1,023,325	8,893,028	793,237	10,709,590
Year ended December 31, 2016				
Cost				
Balance as at January 1, 2016	3,512,171	7,237,580	-	10,749,751
Additions	163,878	1,655,448	801,740	2,621,066
Adjustment	5,723	-	-	5,723
Balance as at December 31, 2016	3,681,772	8,893,028	801,740	13,376,540
Accumulated depreciation				
Balance as at January 1, 2016	2,429,385	-	-	2,429,385
Charge for the year	224,964	-	8,503	233,467
Adjustment	4,098	-	-	4,098
Balance as at December 31, 2016	2,658,447	-	8,503	2,666,950
Net book value				
December 31, 2016	1,023,325	8,893,028	793,237	10,709,590
December 31, 2015	1,082,786	7,237,580	-	8,320,366

6. Investment Property

Investment property comprises property at Kingsbury Place, 22A King Street, Arima not in use at present by the Group.

	2017	2016
	$	**$**
Year ended December 31		
Net book value as at January 1	12,000,000	10,593,800
Enhancements to investment property during the year	-	334,333
Change in fair value	-	1,071,867
Valuation as at December 31	12,000,000	12,000,000

The property was valued by Raymond & Pierre Ltd, an independent professional valuator, whose report dated August 8, 2016 assessed the property on the basis of open market value at $12,000,000.

	2017	2016
	$	**$**
7. Investments Securities		
Securities at fair value through profit and loss		
Equity securities	48,999,324	36,649,312
Mutual funds	7,275,097	3,996,000
Government and Government-guaranteed bonds	17,445,827	20,516,746
Corporate bonds	1,489,595	1,293,927
Total investment securities	75,209,803	62,455,985

Investment securities amounting to $25,729,597 (2016: $27,355,631) included above are pledged with the Inspector of Financial Institutions as part of the Group's statutory assets.

8. Taxation

	2017	2016
	$	$
Income tax recognised in profit and loss		
Corporation tax	-	810,733
Green fund levy	177,033	171,183
Business levy	354,066	-
Prior year under-provision of corporation tax	-	966,777
Prior year (over) under-provision of deferred tax	(547,830)	352,768
Deferred tax expense relating to the origination/reversal of temporary differences	(391,523)	602,417
	(408,254)	2,903,878
Reconciliation of effective tax rate		
Profit before provision for taxation	5,918,925	9,564,964
Tax at the statutory rate of 30%	1,775,678	2,391,241
Expenses not deductible for tax purposes	463,983	9,798
Income exempt from tax	(2,507,243)	(1,230,831)
Green fund levy	177,033	171,183
Excess of business levy over corporation tax	230,125	-
Prior year under-provision	-	966,777
Effect on deferred tax for change in tax rate	-	225,495
Prior year (over) under-provision of deferred tax	(547,830)	370,215
Tax charge for year	(408,254)	2,903,878
Movement in the deferred tax liability (asset)		
Balance at the beginning of the year	1,352,969	750,552
Charge (credit) to the statement of comprehensive income	(939,352)	602,417
Balance at the end of the year	413,617	1,352,969
Composition of deferred tax liability (asset)		
Property, plant and equipment	1,185,149	2,652,049
Claims incurred but not reported	(151,522)	(589,070)
Other timing differences	(620,010)	(710,010)
	413,617	1,352,969

		2017	2016
		$	**$**
9.	**Reinsurance Assets**		
	Claims reported and IBNR (Note 13 (a))	18,823,911	22,050,708
	Provision for unearned premiums (Note 13 (b))	42,708,409	45,231,495
	Other items	2,119,616	4,665,940
		63,651,936	71,948,143

10. Loans receivable

The loans receivable relates to insurance premium financing, granted during the year. The loans are granted for periods of one year or less.

		2017	2016
		$	**$**
11.	**Accounts Receivables and Prepayments**		
	Insurance receivables	17,067,724	14,405,179
	Other receivables	2,191,837	2,473,902
	Prepayments	540,332	811,828
		19,799,893	17,690,909

12. Stated Capital

Authorised

Unlimited number of shares of no par value

	2017	2016
Issued and fully paid		
11,666,666 shares of no par value	22,500,000	22,500,000

13. Insurance Liabilities

	2017	2016
	$	**$**
(a) Analysis of insurance liabilities		
Long term insurance contracts	4,220,560	-
Short term insurance contracts		
Claims reported and loss adjustment expenses (Note 13(b))	33,777,644	35,259,058
Claims incurred but not reported (Note 13(b))	3,757,914	4,078,142
Unearned premiums (Note 13(c))	58,224,054	58,954,698
	95,759,612	98,291,898
Total insurance contracts liabilities	99,980,172	98,291,898

(b) Analysis of long term insurance contracts

Policy Class	Policies	Annualized Premium	Face Amount	Negative Reserves	Statutory Reserves	Adjusted Reserve
		$	$	$	$	$
Unit Trust Corporation (UTC) Benefit	5,650	68,895	69,774,424	(5,184)	315,374	320,558
UTC total	**5,650**	**68,895**	**69,774,424**	**(5,184)**	**315,374**	**320,558**
Creditor Life	29,753	-	1,953,685,888	-	3,863,875	3,863,875
Creditor Life IBNR	-	-	-	-	36,127	36,127
Creditor life total	**29,753**	**-**	**1,953,685,888**	**-**	**3,900,002**	**3,900,002**
Total	**35,403**	**68,895**	**2,023,460,312**	**(5,184)**	**4,179,249**	**4,220,560**

13. Insurance Liabilities (continued)

(c) Analysis of insurance liabilities on short term insurance contracts:

	2017			
	Note	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$
Provision for claims reported by policyholders		33,777,644	16,968,882	16,808,762
Provision for claims incurred but not reported (IBNR)		3,757,914	1,855,029	1,902,885
Total claims reported and IBNR	13(b)	37,535,558	18,823,911	18,711,647
Provision for unearned premiums	13(c)	58,224,054	42,708,409	15,515,645
Total insurance contracts liabilities		95,759,612	61,532,320	34,227,292

	2016			
	Note	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$
Provision for claims reported by policyholders		35,259,058	19,946,517	15,312,541
Provision for claims incurred but not reported (IBNR)		4,078,142	2,104,191	1,973,951
Total claims reported and IBNR	13(b)	39,337,200	22,050,708	17,286,492
Provision for unearned premiums	13(c)	58,954,698	45,231,495	13,723,203
Total insurance contracts liabilities		98,291,898	67,282,203	31,009,695

13. Insurance Liabilities (continued)

(d) Movement on the provision for claims on short term insurance contracts:

	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$
At January 1, 2017	39,337,200	22,050,708	17,286,492
Claims incurred	36,626,261	16,333,682	20,292,579
Claims paid during the year	(38,427,903)	(19,560,479)	(18,867,424)
At December 31, 2017	37,535,558	18,823,911	18,711,647
At January 1, 2016	40,514,130	19,947,895	20,566,235
Claims incurred	39,935,968	22,919,544	17,016,424
Claims paid during the year	(41,112,898)	(20,816,731)	(20,296,167)
At December 31, 2016	39,337,200	22,050,708	17,286,492

(e) Provision for unearned premiums on short term insurance contracts:

	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$
At January 1, 2017	58,954,698	45,231,495	13,723,203
Premium written in the year	132,509,503	99,846,168	32,663,335
Premium earned during the year	(135,024,138)	(103,261,250)	(31,762,888)
Portfolio transfer	1,783,991	891,996	891,995
At December 31, 2017	58,224,054	42,708,409	15,515,645
At January 1, 2016	62,761,881	47,690,516	15,071,365
Premium written in the year	132,427,852	101,896,902	32,299,964
Premium earned during the year	(136,235,035)	(102,586,908)	(33,648,127)
At December 31, 2016	58,954,698	45,231,495	13,723,203

14. Borrowings

	2017	2016
	$	$
Revolving term loan from Scotiabank obtained in August 2015 for $7,200,000 to assist with the settlement of payables to reinsurers. Interest is charged at the annual rate of 3.9% per annum. Each advance is repayable upon maturity in 6 equal monthly instalments from the date of the first advance. The security for the loan is noted below.	7,200,000	7,200,000
Non-revolving term loan from Scotiabank obtained in October 2016 for $2,200,000 to finance the renovation and extension to property situated at Edward Street, Port of Spain and King Street, Arima. Interest is charged at the annual rate of 6.0% per annum. The loan is repayable in 60 equal monthly instalments of $36,667 plus interest. The security for the loan is noted below.	1,980,000	-
Loan from IML obtained in January 2017 for $475,960 to finance the acquisition of a motor vehicle. Interest is charged at the annual rate of 4.8% per annum. The loan is repayable in 36 equal monthly instalments of $13,221 plus interest. The loan is secured by the motor vehicle acquired.	304,086	-
Loan from IML obtained in September 2017 for $2,000,000 to finance premiums paid by policyholders. Interest is charged at the annual rate of 7% per annum. The loan is repayable in 12 equal monthly instalments of $166,667 plus interest. The loan is unsecured.	1,333,333	-
	10,817,419	7,200,000

The following are held as security for the revolving and non-revolving loans

- Assignment of 32,346 shares in First Citizens Bank Limited, with a current market value $1,035,072.
- Pledge of funds held on term deposit at Scotiabank of US$180,000.
- First Registered Demand Legal Mortgage over property situated at 22A King St, Arima stamped in the amount of $8,400,000.

15. Trade and Other Payables

	2017 $	2016 $
Sundry creditors and accruals	7,349,697	7,475,186
Amounts due to reinsurers	12,054,481	9,023,697
	19,404,178	16,498,883

16. Segment Reporting

	Non-life insurance $	Life insurance $	Total $
Year ended December 31, 2017			
Gross premiums	132,509,504	28,560,056	161,069,560
Premium ceded to reinsurers	(99,846,168)	(25,634,441)	(125,480,609)
Net premiums	32,663,336	2,925,615	35,588,951
Change in unearned premium reserve	(900,448)	-	(900,448)
Earned premiums	31,762,888	2,925,615	34,688,503
Reinsurance commission income	23,356,211	838,816	24,195,027
Net underwriting revenue	55,119,099	3,764,431	58,883,530
Policy acquisition expenses	(11,704,784)	(761,649)	(12,466,433)
Net benefits and claims	(20,279,063)	(3,903,462)	(24,182,525)
Underwriting expenses	(31,983,847)	(4,665,111)	(36,648,958)
Net results from insurance activities	23,135,252	(900,680)	22,234,572

16. Segment Reporting (continued)

	Non-life insurance	Life insurance	Total
	$	$	$
Year ended December 31, 2016			
Gross premiums	132,427,852	-	132,427,852
Premium ceded to reinsurers	(100,127,886)	-	(100,127,886)
Net premiums	32,299,966	-	32,299,966
Change in unearned premium reserve	1,348,162	-	1,348,162
Earned premiums	33,648,128	-	33,648,128
Reinsurance commission income	22,488,140	-	22,488,140
Net underwriting revenue	56,136,268	-	56,136,268
Policy acquisition expenses	(11,875,444)	-	(11,875,444)
Net benefits and claims	(17,016,424)	-	(17,016,424)
Underwriting expenses	(28,891,868)	-	(28,891,868)
Net results from insurance activities	27,244,400	-	27,244,400

17. Insurance Contracts Liabilities and Reinsurance Assets – Terms, Assumptions and Sensitivities

Terms and conditions

General

The major classes of general insurance contracts written by the Group include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

For these insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The provisions are refined as part of a regular ongoing process and as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Group Life

Group life contracts cover the Group's customers in the event of death. The benefit paid on the occurrence of an insurable event is fixed. There are no maturity or surrender benefits. Claims are recorded in the statement of comprehensive income as incurred based on the estimated contractual liability.

Assumptions

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting date.
Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.

18. Financial Instruments

Fair values

With the exception of insurance contracts which are specifically excluded under International Accounting Standard No. 39, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Group would realize in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

(i) Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and short-term deposits, accounts receivable and accounts and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Investments

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

a) Determination of fair value and fair value hierarchies

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

18. Financial Instruments (continued)

(ii) Investments (continued)

a) Determination of fair value and fair value hierarchies (continued)

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market.

This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

18. Financial Instruments (continued)

(ii) Investments (continued)

b) Financial instruments measured at fair value

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2017				
Investments at fair value through profit and loss	75,209,803	-	-	75,209,803
2016				
Investments at fair value through profit and loss	62,455,985	-	-	62,455,985

Transfers between and movement in Levels

For the year ended December 31, 2017 there was no transfer of assets between and movement in Levels.

19. Insurance and Risk Management

a. Introduction and overview

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

- Insurance risk
- Credit risk
- Liquidity
- Interest rate
- Foreign currency

19. Insurance and Risk Management (continued)

a. Introduction and overview (continued)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

b. Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the premiums written or the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long-term claims.

Management of insurance risk

The variability of risks is improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The majority of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

c. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises on reinsurance assets, investment securities and insurance receivables.

19. Insurance and Risk Management (continued)

c. Credit risk (continued)

Management of credit risk

Reinsurance

Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each year end, management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

Investment securities

The Group limits its exposure by setting maximum limits of portfolio securities with a single issuer or group of issuers. The Group also only makes use of institutions with high creditworthiness.

Insurance receivables

The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document on the expiry of which the policy is either repaid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

An estimate of the fair value of collateral and other security enhancements held against financial assets is nil.

Exposure to credit risk

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

19. Insurance and Risk Management (continued)

c. *Credit risk* (continued)

	Carrying Amounts 2017	2016
	$	$
At fair value through profit and loss investments	75,209,803	62,455,985
Loans receivable	1,841,546	808,263
Accounts receivables:		
(i) Insurance receivables	17,067,724	14,405,179
(ii) Other receivables	2,191,837	2,473,902
Reinsurance assets	63,651,936	71,948,143
Cash and cash equivalents	5,541,093	4,206,930
	165,503,939	156,062,883

Impairment losses

The aging of receivables at the reporting date was:

	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
	$	$	$	$
Not past due	9,845,314	-	8,744,784	-
Past due 46-90 days	3,852,719	-	3,624,609	-
Past due 91-180 days	2,917,281	538,727	2,705,962	670,177
Past due 181-360 days	1,782,302	1,197,870	821,408	821,408
More than one year	736,807	330,102	575,114	575,114
	19,134,423	2,066,699	16,471,877	2,066,699

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2017	2016
	$	$
Balance at the beginning of the year	2,066,699	2,366,699
Impairment loss reversed	-	(300,000)
Balance at the end of the year	2,066,699	2,066,699

19. Insurance and Risk Management (continued)

d. Liquidity

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management of liquidity risk

The major liquidity risk confronting the Group is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. The Group sets limits on the minimum portion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims at unexpected levels of demand.

The following tables analyse the insurance and financial liabilities and the reinsurance and financial assets of the Group into relevant maturity groupings based on the remaining period to the contractual or expected maturity date.

			Maturing		
	Carrying Amount	**No stated maturity**	**Within one year**	**Between one to five years**	**Over five years**
Insurance and financial liabilities as at December 31,2017					
Insurance contracts	37,535,558	-	37,535,558	-	-
Borrowings	10,817,419	-	9,131,986	1,685,433	-
Accounts payables	19,414,178	-	19,414,178	-	-
	67,767,155	-	66,081,722	1,685,433	-
Reinsurance and financial assets as at December 31, 2017					
Investment securities	75,209,803	56,274,381	102,333	6,930,289	11,902,800
Reinsurance assets	20,943,527	-	19,625,013	1,318,514	-
Loans receivable	1,841,546	-	1,841,546	-	-
Accounts receivables	17,067,724	-	17,067,724	-	-
Taxation recoverable	528,906	-	528,906	-	-
Cash and cash equivalents	5,541,093-	5,541,093		-	-
	121,132,599	61,815,474	39,165,522	8,248,803	11,902,800

19. Insurance and Risk Management (continued)

d. Liquidity

	Carrying Amount	No stated maturity	Maturing Within one year	Between one to five years	Over five years
Insurance and financial liabilities as at December 31,2016					
Insurance contracts	38,337,200	-	38,337,200	-	-
Borrowings	7,200,000	-	7,200,000	-	-
Accounts payables	16,498,883	-	16,498,883	-	-
	62,036,083	-	62,036,083	-	-
Reinsurance and financial assets as at December 31, 2016					
Investment securities	62,455,985	40,645,313	3,197,033	3,487,769	15,125,870
Reinsurance assets	26,716,648	-	26,065,186	651,462	-
Loans receivable	808,263	-	808,263	-	-
Accounts receivables	14,405,179	-	14,405,179	-	-
Taxation recoverable	152,236	-	152,236	-	-
Cash and cash equivalents	4,206,930 -	4,206,930		-	-
	108,745,241	44,852,243	44,627,897	4,139,231	15,125,870

e. Interest rates

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognized in the statement of financial position.

19. Insurance and Risk Management (continued)

e. Interest rates (continued)

Management of interest rate risk

The Investment Committee comprises of one non-executive member and two executive members. The committee is responsible for reviewing the investment portfolio of the Group and setting the general direction as to the types of investments that would comprise the Group's portfolio. The aim is to balance the risk and returns with an objective of maximizing investment income.

At the reporting date the interest rate profile of the interest-bearing financial instruments was:

	Carrying Amounts 2017 $	2016 $
Fixed rate instruments		
Bonds	15,467,128	16,745,702

	Carrying Amounts 2017 $	2016 $
Variable rate instruments		
Bonds	3,468,294	5,064,971
Money market funds	7,275,057	4,993,494
Cash at bank	5,541,093	4,206,930
	16,284,444	14,265,395

19. Insurance and Risk Management (continued)

f. Foreign currency

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured. The major foreign currency exposure is to the United States Dollars.

	Carrying Amounts	
	US$	**TT$**
Net position of foreign currency at December 31, 2017:		
US Dollar cash and investments	5,380,616	36,319,158
Net position of foreign currency at December 31, 2016:		
US Dollar cash and investments	4,090,626	27,611,725

20. Related Party Transactions

(a) Identity of related party

The Group has a related party relationship with its parent and with its directors and executive officers.

(b) Related party transactions

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and condition.

	2017	**2016**
	$	**$**
Income and expenses		
Management fees	999,844	1,014,375
Directors' fees	342,000	360,000
Accommodation expense	2,571,938	2,098,206
Advertising expense	405,000	405,750
Insurance premium income	(156,859)	(245,921)
	4,161,923	3,632,410

	2017	2016
	$	$

20. Related Party Transactions (continued)

(c) Transactions with key management personnel

The key management personnel compensation is as follows:

	2017 $	2016 $
Short-term employee benefits		
Emoluments	3,644,041	3,450,254

21. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2017 $	2016 $
Less than one year	3,454,328	3,453,695
Between one and five years	9,348,595	12,802,923
	12,802,923	16,256,618

During the year, $3,054,000 (2016: $2,710,267) was recognised as an expense in the statement comprehensive income in respect of operating leases. The Group leases a number of properties under operating leases. The leases normally run for a period of 1 – 5 years with an option to renew after that date. Lease payments are increased on renewal to reflect market rentals.

22. Dividend Paid

The following dividends were declared and paid by the Group during the respective year.

	2017	2016
	$	$
Fourth quarter dividend 2015	-	786,038
Final dividend for 2015	-	3,628,206
Third quarter dividend 2016	-	1,090,790
Fourth quarter dividend 2016	1,240,909	-
Final dividend for 2016	946,410	-
First quarter dividend	818,033	-
Third quarter dividend	219,676	-
	3,225,028	5,505,034

22. Dividend Paid (continued)

Dividends declared and paid per share:

	Cents per share	
	2017	**2016**
	$	**$**
Fourth quarter dividend 2015	-	0.067
Final dividend for 2015	-	0.311
Third quarter dividend 2016	-	0.094
Fourth quarter dividend 2016	0.106	-
Final dividend for 2016	0.081	-
First quarter dividend	0.070	-
Third quarter dividend	0.019	-

23. Subsequent Events

There are no events occurring after the statement of financial position date and before the date of approval of these financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements.

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