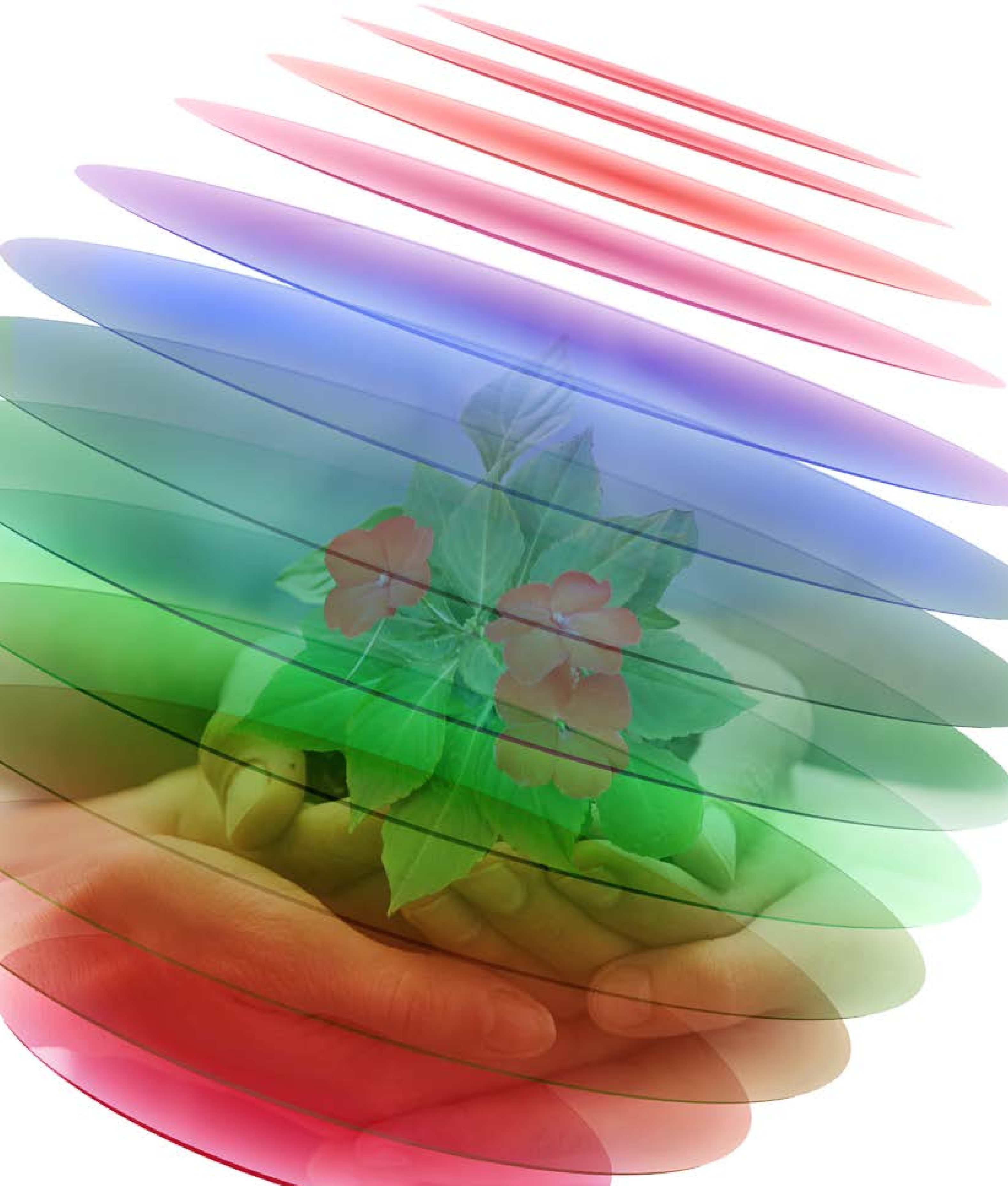
TRINRE

ANNUAL REPORT 2014




TRINRE


2014

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CORPORATE INFORMATION

CORPORATE SECRETARY

Gitanjali Gopeesingh
L.L.B., L.E.C.,
Attorney-At-Law

REGISTERED OFFICE

69-71 Edward Street
Port of Spain
Trinidad, West Indies

AUDITORS

KPMG Chartered Accountants
69 Edward Street
Port of Spain

BANKERS

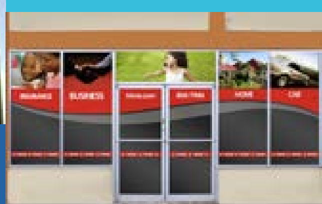
Scotiabank Limited
Cor. Park and Richmond Streets
Port of Spain
Trinidad, West Indies

BRANCH NETWORK

Port of Spain

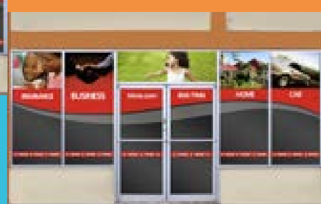
69 Edward Street

San Fernando



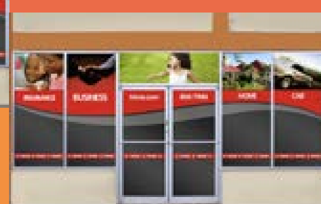
35 Independence Avenue

Chaguanas



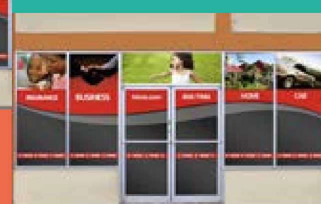
43 MulchanSeuchan Road

Arima



22A King Street

Tobago



Claude Noel Highway
Hampden, Lowlands

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 GUIDING PRINCIPLES

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 key measures of success that allow us to fulfill our obligations to customers; shareholders; reward our employees; and meet our objectives.

OUR VALUES

RESPECT
HONOUR
PASSION

RAYMOND TIM KEE
C.L.U., MBA
Independent Director/Deputy Chairman
Appointed 18th March, 2002

Raymond Tim Kee is a Chartered Life Underwriter (CLU), a Sales and Management Trainer and holds a Masters of Business Administration (International MBA). He is the 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 and has been involved in the insurance industry for over thirty years. He has served in executive positions in both sales and administration with ALGICO/AIG and currently holds the post of President of Trinidad & Tobago Football Federation.

ELIZABETH COX
EMBA, MHP, FLMI
Independent Director
Appointed 1st June, 2010

Elizabeth Cox is the CEO and Principal Consultant of Casper Investments Inc. and brings to the Consultancy over 25 years' experience in Insurance and Management. Her Consultancy practice is based in Guyana but her services extend throughout the Caribbean and Central America. She worked previously in the Insurance industry at the GTM Group of Insurance Companies for over 25 years and held the position of Group Marketing Manager at the time of leaving. Her Insurance and Management expertise is fully utilized as she serves as a Director on several companies both in Guyana and overseas and is a member of the Rotary Club of Georgetown. She is a graduate of the University of the West Indies (UWI), Cave Hill Campus, Barbados with a distinction in the Executive Masters in Business Administration (EMBA). She also distinguished herself in Insurance studies 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.

ADRIAN BHARATH
BA, FCA, CA
Independent Director
Appointed 16th May, 2013

Adrian Bharath is the Managing Director of AMB Corporate Finance Limited since 2009 and brings to TRINRE over 25 years of experience in the field of finance. From 1999 to 2009 he held the position of Director in the Corporate Finance Group at Pricewaterhouse Coopers Limited (Trinidad and Tobago) and prior to that spent 11 years at KPMG (London and New York) in the corporate finance, investment banking and auditing lines of the Business. He is the Chairman of the National Insurance Board of Trinidad and Tobago, as well as, a Director on the Board of the National Insurance Property Development Company Limited (NIPDEC).

ANTHONY PROUDFOOT
Independent Director
Appointed 16th May, 2013

Anthony Proudfoot holds over 30 years of experience in the fields of retail, marketing and distribution. He has held many leadership positions at both the AnsaMcAl 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, he was also the Chief Executive Officer. Most recently, he served as the Chief Executive Officer of H.D. Hopwood in Jamaica and from 2008 to 2012 as a Non-Executive Director on the Board of Agostini's Limited in Trinidad and Tobago.

BOARD OF DIRECTORS

RANI LAKHAN-NARACE
MBA
Executive Chairman
Appointed 22nd June, 2001

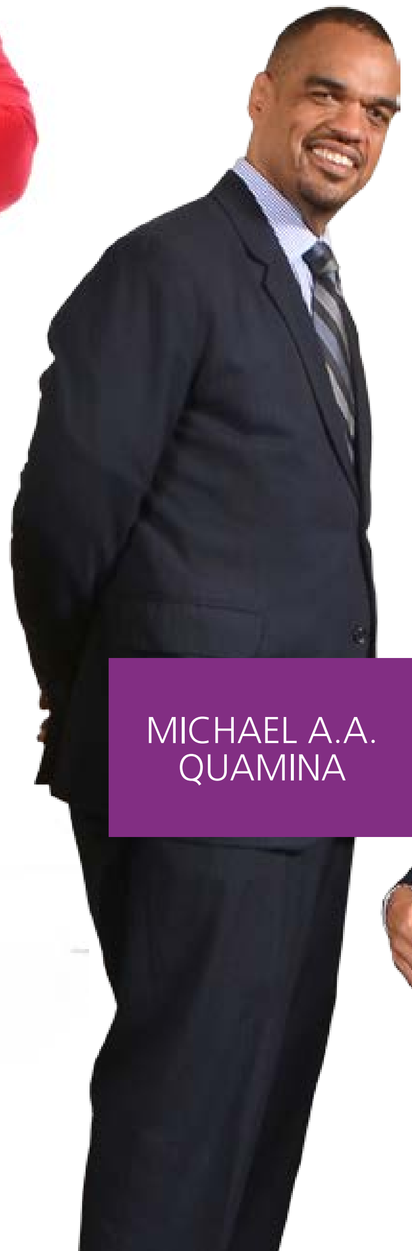
Rani Lakhan-Narace has been the Executive Chairman of TRINRE since 2001 and is a Director of its parent company, Investment Managers Limited. She has served as the President of the Association of Trinidad and Tobago Insurance Companies (ATTIC) for two consecutive terms from 2007 to 2009 and has also been a member of the Board of the Insurance Association of the Caribbean (IAC). Mrs. Lakhan-Narace attained an Executive Masters' Degree in Business Administration from the Arthur Lok Jack Graduate School of Business UWI and holds a Bachelor's Degree in Social Sciences with a major in Economics from the University of Western Ontario, Canada. Mrs. Lakhan-Narace is the Chairman of the Education Committee of the Caribbean Corporate Governance Institute (CCGI)and is presently pursuing their Chartered Director Program. She is the Advisor to the Board of SHIFT! Caribbean, a social enterprise and has made many contributions in different capacities to several community organizations.

MICHAEL A.A. QUAMINA
L.E.C., L.L.B.
Independent Director
Appointed 4th April, 2011

Michael Quamina obtained his Bachelor of Laws degree (with Honours) from the University of the West Indies and attended the Hugh Wooding Law School where he obtained the Certificate of Legal Education. Mr. Quamina has practiced various types of law for over thirteen years including Public Administrative Law, Industrial Relations Law, Insurance Law and the law with respect to confiscation of assets under the Proceeds of Crime legislation. He is also skilled in dispute resolution and has served on several directorships of financial institutions and other private companies.

HOWARD A. DOTTIN
Executive MBA, FCCA
Independent Director
Appointed 25th November, 2011

Howard Dottin has over 30 years of experience in accounting and finance, with 23 of those years spent in the financial services industry including corporate banking and insurance. He has served as Chief Financial Officer at both Guardian Holdings Limited and Scotia Bank Trinidad & Tobago Limited. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and attained an Executive Master of Business Administration from the University of the West Indies. He has been lecturing for over 20 years and continues to do so at the Arthur Lok Jack Graduate School of Business where he also serves as a Programme Director for the Master of Science in International Finance.



FINANCIAL REVIEW

I am pleased to announce that TRINRE registered another year of strong performance, despite the effects of sliding rates, increased cost of regulations and a challenging investment climate in 2014.

Gross Premiums increased by a healthy 16% over the previous year moving from $127.1M in 2013 to $147.8M in 2014, increasing total revenue by $7.0M. Accordingly, there was a simultaneous increase in expenses of $8.4M over 2013, realizing an Underwriting Profit of $6.1M, versus the previous year's $7.5M. This, plus a 5% return on the investment portfolio contributed to Profit Before Tax of $13.2M, compared to $14.4M in 2013. Earnings per share amounted to 19 cents with a dividend per share of 9.5 cents. Our solvency and capital adequacy ratios continued to exceed the regulatory requirements, closing at 385% and 195% respectively.

EXTENSIVE GROWTH

The implementation of both of our new finance and P&C systems intensified, resulting in significant demands on time and effort throughout the organization. We look forward to reaping the benefits of same as we will achieve our goal of having a state of the art integrated insurance system with the capacity to deliver our premier insurance products and service. This will afford us the ability to attain more robust data, analysis, customer insights and performance dashboards which will facilitate greater operational and strategic capability and a means to better respond to and monitor not only regulatory requirements, but also the expanding components of our corporate governance architecture.

The expansion of our Head Office was a major undertaking and we took the opportunity to modernize and uplift the internal facilities to enhance the ambience and added comfort of both staff and customers.

Our penetration into the southern market has been growing steadily and our San Fernando branch has also been expanded and refurbished to ensure that we serve our customers with distinction.

Further geographical reach and expansion of our network were achieved with the addition of an Arima branch and the extension of reinsurance cover to support our local contractors operating in Suriname and Guyana.

Our marketing creativity brought accolades in the area of advertising as our 2014 corporate campaign entitled "It's a Love Thing" earned a Silver Addy Award from the Caribbean Advertising Association.

CORPORATE CITIZENSHIP

Efforts continue to be directed towards the assurance and monitoring of robust systems for corporate governance, the new Insurance Act and new regulatory requirements. Our corporate citizenship program expanded with particular emphasis on increasing employee volunteerism for the TRINRE Foundation initiatives. This served to heighten employee interest which in turn brought great vigor and enthusiasm to the beneficiaries of our various events. Two major activities which stand out are our sponsorship of the Red Steel Cricket team in the Caribbean Premier League (CPL) and our Joy of Reading programme outlined in our Social Consciousness Report on page 16.

APPRECIATION

I extend great appreciation to all our employees, customers and shareholders for their continued support as we rallied through the necessary disruptions that arise during system changes. I also wish to thank my fellow Directors for their leadership and tireless support as we embark on yet another leg of TRINRE's journey as we celebrate our 40th Anniversary in 2015.

Chairman's Review

Corporate Governance

TRINRE's Board of Directors is strongly committed to its duties and responsibilities in accordance with good corporate governance principles. In this regard, four Board committees continued to operate during the year; a summary of their purpose, composition and meetings held 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 December 2014.

COMMITTEE	INVESTMENT	AUDIT	HUMAN RESOURCE & COMPENSATION	NOMINATION & CORPORATE GOVERNANCE
CHAIRMAN	Anthony Proudfoot	Howard Dottin	Michael Quamina	Adrian Bharath
COMMITTEE MEMBERS	Howard Dottin Adrian Bharath Raymond Tim Kee	Elizabeth Cox Raymond Tim Kee Michael Quamina Anthony Proudfoot	Raymond Tim Kee Elizabeth Cox Anthony Proudfoot Adrian Bharath	Michael Quamina Rani Lakhan-Narace
MEETINGS HELD	5	4	1	3
PURPOSE	The **Investment** Committee's role is to monitor adherence to the investment policy and from time to time, make recommendation for the modification of the investment policy to the Board. The Investment Committee will delegate the necessary authority to the Management Team to implement the policy. The Investment Committee must further review investment activities in such depth and with such regularity as is necessary to assure quality investments and conformity to the company's investment policy and the 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; 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.	The **Human Resource and Compensation** Committee's role is to oversee the overall employment environment of the company and be responsible for reviewing the company's policies for Human Resource strategies, compensation and succession planning to ensure that the company is a corporate leader in the development and implementation of proactive Human Resource strategies.	The **Nomination and Corporate Governance** Committee's role is to assist the board in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, to strive to achieve corporate governance best practice standards and to facilitate the board and management's objective of increasing the long-term value of the company.

COMPOSITION OF THE BOARD

The company's Board of Directors at the close of 2014 comprised a complement of sevenDirectors, one Executive and six Non-Executive Directors. One change occurred during the course of the year as our Corporate Secretary, Mrs. Ann Rose West-Smith was replaced by Mrs. Gitanjali Gopeesingh. The Board of Directors express their gratitude to Mrs. West-Smith for her dedicated service.

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. As the financial and technological landscapes continue to evolve and facilitate additional ways to conduct financial transactions, on a local and international level, so too do the strategies for money laundering and terrorist financing continue to proliferate. This calls for increased vigilance from the business community as their exposure to money laundering and terrorist financing schemes increases.

TRINRE therefore continuously reviews and enhances its AML/CTF compliance programme to ensure that an appropriate risk based approach is applied to transaction monitoring, customer due diligence processes and practices so that suspicious activity can be detected and reported at the earliest possible opportunity.

Social Consciousness

Corporate Citizenship continues to be a key focal point for TRINRE in our commitment to positively make a difference in people's lives through education, leadership development and recognition. The TRINRE Foundation in 2014 sought to deepen its impact by undertaking and supporting a number of initiatives which benefitted our communities and employees wellbeing.

JOY OF READING PROGRAMME

The TRINRE Foundation's Joy of Reading Programme continued into its second year with the aim of assisting young persons to embrace reading as a key skill to learning. In collaboration with Nigel Khan Booksellers, a series of Storytelling Jamborees were held with several Children's Homes across communities in Trinidad and Tobago where TRINRE operates. This project was a rewarding experience for all TRINRE staff volunteers and thoroughly appreciated by the participating homes. Our Book Collection Drive remained a mainstay of the programme for which TRINRE's employees provided outstanding support contributing new and recycled storybooks as wells as stationery items. These were distributed to the various children's homes.

JCORS ROAD SAFETY AMBASSADORS

In 2014 TRINRE became a sponsor / partner of the Jonathan Camacho Organization for Road Safety (JCORS), as part of its commitment to fostering road safety awareness throughout Trinidad and Tobago and reducing the spiralling number of road fatalities in the nation. This support enabled JCORS and disseminate thousands of Road Safety Pledge Cards in addition to hosting its Sober Recovery Zones at several Carnival fetes and other events throughout the year.

SPONSORSHIPS

Several organizations throughout Trinidad and Tobago received corporate sponsorship from TRINRE. Major recipients included the Trinidad & Tobago Red Steel Team to participate in the 2014 Caribbean Premier League (CPL). Additionally, TRINRE for the fifth consecutive year was one of the national sponsors of the Tobago Heritage Festival and the Tobago Business Awards. Various other organizations including the Trinidad and Tobago Insurance Institute's Scholarship Fund, the Scotiabank T&T Foundation and Darren Ganga Foundation among others also received support.

FLAGSHIP AWARDS

The TRINRE Foundation Spirit of Leadership Award remains the flagship award of the Foundation since its inception in 2010. Over 35young gymnasts of the Trinidad and Tobago Gymnastics Association who demonstrated outstanding leadership within their teams were recognized in 2014.

TRINRE FOUNDATION CHRISTMAS CHEER

The 3rd Annual TRINRE Foundation Christmas Cheer Programme was held in keeping with our outgoing efforts to bring relief to needy families across Trinidad and Tobago and share the joy of the season.

STAFF WELLNESS

Employee wellness and engagement remain two major priorities for TRINRE. In this connection, 2014 saw several initiatives being undertaken to foster team spirit and employee wellbeing including the hosting of our second Family Day and first Health & Wellness Week.

Joy of Reading

TRINRE Fun Family Day

TRINRE's 5th Annual Gymnastics Award Ceremony

JCORS Road Safety Ambassadors

FINANCIAL STATEMENTS

Independent Auditors' Report to the Shareholders of Reinsurance Company of Trinidad and Tobago Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Reinsurance Company of Trinidad and Tobago Limited (the Company), which comprise the statement of financial position as at December 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

May 14, 2015

Port of Spain

Trinidad and Tobago

STATEMENT OF FINANCIAL POSITION

December 31, 2014

	Notes	2014	2013
		$	$
ASSETS			
Property, plant and equipment	4	7,074,036	5,069,492
Investment property	5	10,500,000	6,816,834
Investment securities	6	76,727,260	75,762,415
Deferred tax asset	7	3,788,027	4,240,646
Accounts receivable and prepayments	8	22,569,114	21,679,969
Taxation recoverable		1,005,928	438,368
Cash and cash equivalents		235,661	6,381,443
Total assets		121,900,026	120,389,167
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	9	22,262,499	22,262,499
Statutory reserve	10	19,548,175	16,782,683
Retained earnings		17,363,897	16,482,533
		59,174,571	55,527,715
LIABILITIES			
Life assurance funds	11	434,654	472,206
Technical reserves	12	46,967,953	44,384,139
Accounts payable	13	15,322,848	20,005,107
		62,725,455	64,861,452
Total equity and liabilities		121,900,026	120,389,167

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

Signed on behalf of the Board

______________________ **Director** ______________________ **Director**

STATEMENT OF COMPREHENSIVE INCOME

December 31, 2014

	Note	2014	2013
		$	$
Revenue			
Gross premium		147,785,439	127,100,692
Premium ceded		(91,474,754)	(81,597,075)
Net premium		56,310,685	45,503,617
Change in unearned premium reserve		(4,192,316)	(2,900,007)
Earned premium		52,118,369	42,603,610
Commission income		14,448,826	16,919,682
Total revenue		66,567,195	59,523,292
Losses and expenses			
Claims incurred		22,953,925	17,794,951
Commission expense		13,740,723	11,709,298
Management expenses		23,741,434	22,506,856
Total losses and expenses		60,436,082	52,011,105
Underwriting gain	14	6,131,113	7,512,187
Investment and other income		2,692,800	3,704,796
Change in investment securities valuation		1,050,770	3,207,555
Change in investment property valuation		3,301,428	-
Profit before for taxation		13,176,111	14,424,538
Taxation	7	(2,114,144)	(2,503,149)
Net profit for the year being total comprehensive income attributable to equity holders		11,061,967	11,921,389

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

STATEMENT OF CHANGES IN EQUITY

December 31, 2014

	Notes	Stated Capital	Statutory Reserve	Retained Earnings	Total
		$	$	$	$
Balance at December 31, 2013		22,262,499	13,802,336	11,152,322	42,217,157
Net profit being total comprehensive income for the year		-	-	11,921,389	11,921,389
Transfer to statutory reserve	10	-	2,980,347	(2,980,347)	-
Dividends paid	20	-	-	(3,610,831)	(3,610,831)
Balance at December 31, 2013		22,262,499	16,782,683	16,482,533	55,527,715
Net profit being total comprehensive income for the year		-	-	11,061,967	11,061,967
Transfer to statutory reserve	10	-	2,765,492	(2,765,492)	-
Dividends paid	20	-	-	(7,415,111)	(7,415,111)
Balance at December 31, 2014		22,262,499	19,548,175	17,363,897	59,174,571

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

STATEMENT OF CASH FLOWS

December 31, 2014

	2014	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,176,111	14,424,538
Adjustments for:		
Depreciation on property, plant and equipment	769,751	727,795
Depreciation on investment property	-	116,961
Loss on disposal of property, plant and equipment	2,230	2,261
Appreciation in investment valuation	(1,050,770)	(3,207,555)
Appreciation in investment property valuation	(3,301,428)	-
Increase in insurance funds	2,583,814	(520,083)
Investment and other income	(2,692,800)	(3,704,796)
	9,486,908	7,839,121
Operating profit before working capital changes		
Changes in accounts receivable	(1,034,032)	(4,147,058)
Changes in accounts payable	(4,682,259)	9,957,487
Changes in life assurance funds	(37,552)	(16,484)
Corporation taxes paid	(2,229,085)	(2,872,726)
Net cash from operating activities	1,503,980	10,760,340
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	2,837,687	3,740,565
Acquisition of property, plant and equipment	(2,777,648)	(2,022,040)
Proceeds from disposal of property, plant and equipment	1,123	-
Enhancements to investment property	(381,738)	(1,085,734)
Purchase of investment securities	(10,869,914)	(10,372,671)
Proceeds from sale of investments securities	10,955,839	5,873,465
Net cash used in investing activities	(234,651)	(3,866,415)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(7,415,111)	(3,610,831)
Net cash used in financing activities	(7,415,111)	(3,610,831)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,145,782)	(3,283,094)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,381,443	3,098,349
CASH AND CASH EQUIVALENTS AT END OF YEAR	235,661	6,381,443
Represented by:		
Cash in hand and at bank	235,661	6,381,443
	235,661	6,381,443

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

1. Incorporation and principal activity

Reinsurance Company of Trinidad and Tobago 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 insurance risks, such as those associated with accidental death, motor, property and liability. These products are offered primarily to the domestic market.

These financial statements were authorized for issue by the Board of Directors on May 14, 2015.

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. Except for the change in accounting policy identified in note 2(v) below, the company 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 Company's functional and presentation currency.

(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.

(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 balance sheet 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.

(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 Company 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 balance sheet date.

(g) *Investment property*

Investment property principally comprises land and building not occupied by the Company, 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.

(h) *Reinsurance assets*

The Company 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 Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

(i) *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.

(j) *Financial instruments*

i) **Classification**

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

The Company 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.

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 balance sheet 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 balance sheet 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.

(k) 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. Cash and cash equivalents are presented net of bank overdraft.

(l) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (see accounting policy (*t*)), are reviewed at each balance sheet 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 Company'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.

(m) Product classification

<u>Insurance contracts</u>

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.

<u>Investment contracts</u>

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

All contracts held by the Company as at December 31, 2014 have been classified as insurance contracts.

(n) *Benefits and claims*

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the balance sheet date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Company 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 balance sheet 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 Company, 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 has occurred.

(o) *Technical reserves*

General insurance contract liabilities

General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet 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 balance sheet 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.

(p) *Provision for other insurance financial liabilities*

A provision is recognised when the Company 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.

(q) *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

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 carrying value. Realised gains and losses are recognized in the statement of comprehensive income when the sale transaction occurs.

(r) *Other income and expenditure*

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

(s) *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 balance sheet 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.

(t) *Segment reporting*

A segment is a distinguishable component of the Company 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 Company's business segments.

(u) *Change in Accounting Policy*

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in the financial statements.

Valuation of investment property

During the year, Management made the decision that investment property should be measured at fair value through profit and loss, as allowed under IAS 40 Investment Property. The lack of valuation assessments at the previous year end resulted in the change in accounting policy being applied prospectively in the financial statements. The effects of the change in accounting policy are detailed below:

	Using the cost model $	Impact of change in accounting policy $	Using the fair value model $
Year ended December 31, 2014			
Profit before taxation	9,783,933	3,392,178	13,176,111
Investment property	7,107,822	3,392,178	10,500,000
Statutory reserve	18,700,130	848,045	19,548,175
Retained earnings	14,819,763	2,544,134	17,363,897

3. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for:

- IFRS 9 Financial Instruments, is not expected to become effective for accounting periods beginning any earlier than January 1, 2017, could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Property, plant and equipment

	Office Furniture & Fittings	Equipment	Motor Vehicles	Computer Equipment	Building Improve-ments	Work in Progress	Total
	$	$	$	$	$	$	$
Year ended December 31, 2014							
Cost							
Balance as at January 1, 2014	446,053	1,158,127	1,340,471	3,856,700	1,340,858	1,936,757	10,078,966
Additions	99,531	402,004	-	517,427	27,227	1,731,459	2,777,648
Disposals	-	(3,529)	-	-	-	-	(3,529)
Transfers	(16,575)	283,715	-	(267,140)	-	-	-
Balance as at December 31, 2014	529,009	1,840,317	1,340,471	4,106,987	1,368,085	3,668,216	12,853,085
Accumulated depreciation							
Balance as at January 1, 2014	235,814	602,364	729,083	2,609,450	832,763	-	5,009,474
Charge for the year	51,014	230,104	152,847	232,657	103,129	-	769,751
Disposals	-	(176)	-	-	-	-	(176)
Transfers	(13,405)	(53,591)	-	66,996	-	-	-
Balance as at December 31, 2014	273,423	778,701	881,930	2,909,103	935,892	-	5,779,049
Net book value							
December 31, 2014	255,586	1,061,616	458,541	1,197,884	432,193	3,668,216	7,074,036
December 31, 2013	210,239	555,763	611,388	1,247,250	508,095	1,936,757	5,069,492

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, 2013								
Cost								
Balance as at								
January 1, 2013	**$**	417,840	1,093,563	1,081,471	3,325,107	1,259,603	909,851	8,087,435
Additions		28,213	66,943	259,000	531,593	207,795	928,496	2,022,040
Disposals		-	(2,379)	-	-	-	-	(2,379)
Transfers		-	-	-	-	(126,540)	98,410	(28,130)
Balance as at								
December 31, 2013	$	446,053	1,158,127	1,340,471	3,856,700	1,340,858	1,936,757	10,078,966
Accumulated depreciation								
Balance as at								
January 1, 2013	**$**	187,247	471,864	532,481	2,385,919	732,416	-	4,309,927
Charge for the year		48,567	130,618	196,602	223,531	128,477	-	727,795
Disposals		-	(118)	-	-	-	-	(118)
Transfers		-	-	-	-	(28,130)	-	(28,130)
Balance as at								
December 31, 2013	$	235,814	602,364	729,083	2,609,450	832,763	-	5,009,474
Net book value								
December 31, 2013	$	210,239	555,763	611,388	1,247,250	508,095	1,936,757	5,069,492
December 31, 2012	$	230,593	621,699	548,990	939,188	527,187	909,851	3,777,508

5. Investment property

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

Year ended December 31, 2014		
Net book value as at January 1, 2014		6,816,834
Enhancements to investment property during the year		381,738
Change in fair value		3,301,428
Valuation as at December31, 2014	$	10,500,000
Year ended December 31, 2013		
Cost		
Balance at the beginning of the year	$	6,198,381
Enhancements to investment property during the year		1,085,734
Balance at the end of the year		7,284,115
Accumulated depreciation		
Balance at the beginning of the year		350,320
Charge for the year		116,961
Balance at the end of the year		467,281
Net book value as at December 31 2013		6,816,834

The property was valued by Raymond and Pierre Limited, an independent professional valuator, whose report dated May 2, 2014 assessed the property on the basis of open market value at $10,500,000.

6. Investments securities

	2014	2013
	$	$
Securities at fair value through profit and loss		
Equity securities	40,506,313	32,313,397
Mutual funds	5,509,963	7,207,196
Other	-	3,756,500
Government and Government-guaranteed bonds	29,368,656	30,477,878
Corporate bonds	1,342,328	2,007,444
Total investment securities	76,727,260	75,762,415

Investment securities amounting to $31,226,935 (2013: $36,677,583) included above are pledged with the Inspector of Financial Institutions as part of the Company’s statutory assets.

7. Taxation

	2014	2013
Income tax recognised in profit and loss		
Corporation tax	1,584,908	1,749,923
Green fund levy	76,617	66,128
Over-provision of corporation tax from the previous year	-	(176,897)
Deferred tax expense relating to the origination/reversal of temporary differences	452,619	863,995
	2,114,144	2,503,149
Reconciliation of effective tax rate		
Profit before provision for taxation	13,176,111	14,424,538
Tax at the statutory rate of 25%	3,294,028	3,606,135
Expenses not deductible for tax purposes	3,516	1,801
Income exempt from tax	(1,278,907)	(1,040,353)
Green fund levy	76,617	66,128
Over-provision of corporation tax from the previous year	-	(176,897)
Adjustment to deferred tax	18,890	46,336
Tax charge for year	2,114,144	2,503,149
Movement in the deferred tax liability (asset)		
Balance at the beginning of the year	(4,240,646)	(5,104,640)
Charge to the statement of comprehensive income	452,619	863,995
Balance at the end of the year	(3,788,027)	(4,240,646)
Composition of deferred tax liability (asset)		
Property, plant and equipment	1,288,046	1,237,552
Claims outstanding	(4,826,073)	(5,228,198)
Accounts receivable	(250,200)	(250,000)
	(3,788,027)	(4,240,646)

8. Accounts receivables and prepayments

	2014	2013
	$	$
Insurance receivables	19,606,064	16,288,606
Amounts due from reinsurers	957,230	3,499,956
Other receivables	1,160,017	1,137,564
Prepayments	845,803	753,843
	22,569,114	21,679,969

9. Stated capital

Authorised
Unlimited number of shares of no par value

Issued and fully paid

58,333,333 shares of no par value	22,262,499	22,262,499

10. Statutory reserve

As required by Section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the Company'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.

11. Life assurance fund

	2014	2013
	$	$
Funds at beginning of year	472,206	488,690
Investment income	4,690	5,750
Premium	101,553	111,415
	578,449	605,855
Commissions	(12,395)	(13,777)
Management expenses	(131,400)	(119,872)
	(143,795)	(133,649)
Funds at end of year	434,654	472,206

12. Technical reserves

	2014	2013
	$	$
Provision for unearned premiums		
Property	706,625	1,125,873
Marine/aviation	44,846	16,698
Bonds	625,484	398,267
Engineering	160,182	131,100
Miscellaneous	2,029,888	1,840,863
Motor	18,781,345	15,814,933
Workmen's compensation	5,315,292	4,143,613
	27,663,662	23,471,347
Provision for outstanding claims		
Property	125,262	237,133
Marine/aviation	4,950	3,300
Bonds	26,136	6,738
Engineering	18,269	9,336
Miscellaneous	2,721,503	2,605,823
Motor	11,362,414	11,972,615
Workmen's compensation	5,045,757	6,077,847
	19,304,291	20,912,792
	46,967,953	44,384,139

13. Trade and other payables

	2014	2013
Sundry creditors and accruals	3,055,224	3,215,443
Amounts due to reinsurers	12,267,624	16,789,664
	15,322,848	20,005,107

14. Segment reporting

	Property	Marine	Bond	Misc	Motor	Total
	$	$	$	$	$	$
Year ended December 31, 2014						
Gross premium written	35,058,947	39,155,157	6,143,878	24,662,195	42,765,262	147,785,439
Premium ceded to Reinsurers	(33,388,454)	(38,864,833)	(4,911,052)	(10,171,518)	(4,138,897)	(91,474,754)
Net premium written	1,670,493	290,324	1,232,826	14,490,677	38,626,365	56,310,685
Change in unearned premium reserve	390,166	(28,148)	(227,217)	(1,360,704)	(2,966,413)	(4,192,316)
Earned premium	2,060,659	262,176	1,005,609	13,129,973	35,659,952	52,118,369
Commission income	8,208,687	610,749	2,022,157	3,016,243	590,990	14,448,826
Total revenue	10,269,346	872,925	3,027,766	16,146,216	36,250,942	66,567,195
Losses & expenses						
Commission expense	4,598,790	147,032	563,178	2,731,451	5,700,272	13,740,723
Claims incurred	(65,317)	13,579	31,272	4,952,754	18,021,637	22,953,925
Management expenses	3,314,691	302,330	1,092,122	5,873,972	13,158,319	23,741,434
Total losses and expenses	7,848,164	462,941	1,686,572	13,558,177	36,880,228	60,436,082
Underwriting profit (loss)	2,421,182	409,984	1,341,194	2,588,039	(629,286)	6,131,113
Year ended December 31, 2013						
Gross premium written	28,759,245	35,677,521	4,384,284	22,623,199	35,656,443	127,100,692
Premium ceded to Reinsurers	(28,374,511)	(35,407,239)	(3,831,229)	(11,194,413)	(2,789,683)	(81,597,075)
Net premium written	384,734	270,282	553,055	11,428,786	32,866,760	45,503,617
Change in unearned premium reserve	361,573	(3,249)	(137,486)	(894,546)	(2,226,299)	(2,900,007)
Earned premium	746,307	267,033	415,569	10,534,240	30,640,461	42,603,610
Commission income	8,496,326	723,631	2,124,804	5,349,178	225,743	16,919,682
Total revenue	9,242,633	990,664	2,540,373	15,883,418	30,866,204	59,523,292
Losses & expenses						
Commission expense	3,811,939	105,864	342,920	2,184,237	5,264,338	11,709,298
Claims incurred	436,205	(35,319)	6,738	3,163,751	14,223,576	17,794,951
Management expenses	2,618,307	164,436	687,498	5,735,749	13,300,866	22,506,856
Total lossesand expenses	6,866,451	234,981	1,037,156	11,083,737	32,788,780	52,011,105
Underwriting profit (loss)	2,376,182	755,683	1,503,217	4,799,681	(1,922,576)	7,512,187

15. Insurance contracts liabilities and reinsurance assets – terms, assumptions and sensitivities

Terms and conditions

The major classes of general insurance contracts written by the Company 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 balance sheet 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 contracts cover the Company'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 Company'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 balance sheet 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.

16. 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 Company 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 Company determines fair values using other valuation techniques.

a) Determination of fair value and fair value hierarchies

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

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.

b) Financial instruments measured at fair value

	Level 1	Level 2	Level 3	Total
2014				
Investments at fair value through profit and loss	76,727,260	-	-	76,727,260
2013				
Investments at fair value through profit and loss	75,762,415	-	-	75,762,415

Transfers between and movement in Levels

For the year ended December 31, 2014 there was no transfer of assets between and movement in Levels.

17. Insurance and risk management

a. Introduction and overview

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

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

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

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

17. Insurance and risk management (continued)
c. Credit risk (continued)

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 Company does not have any significant credit risk exposure to any single counterparty or any Company 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:

	Carrying Amounts	
	2014	2013
	$	$
At fair value through profit and loss investments	76,727,260	75,762,415
Accounts receivables		
(i) Insurance receivables	19,606,064	16,288,606
(ii) Other receivables	1,160,017	1,137,564
Reinsurance assets	957,230	3,499,956
Cash and cash equivalents	235,661	6,381,443
	98,636,232	103,069,998

Impairment losses
The aging of receivables at the reporting date was:

	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
	$	$	$	$
Not past due	11,274,447	-	9,450,357	-
Past due 46-90 days	5,172,039	-	4,851,989	-
Past due 91-180 days	4,199,235	1,039,657	2,066,454	80,194
Past due 181-360 days	557,307	557,307	726,652	726,652
More than one year	769,735	769,735	1,559,853	1,559,853
	21,972,763	2,366,699	18,655,305	2,366,699

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

	2014	2013
	$	$
Balance at the beginning of the year	2,366,699	2,366,699
Impairment loss recognized	-	-
Balance at the end of the year	2,366,699	2,366,699

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 Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. The Company 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 table below shows the maturity profile of financial liabilities:

	Maturing			
	Within 1 yr	Between 1 to 5 yrs	Over 5 yrs	Total
2014	$	$	$	$
Liabilities				
Insurance contracts	19,304,291	-	-	19,304,291
Accounts payable	15,322,848	-	-	15,322,848
	34,627,139	-	-	34,627,139
2013				
Liabilities				
Insurance contracts	20,912,792	-	-	20,912,792
Accounts payable	20,005,107	-	-	20,005,107
	40,917,899	-	-	40,917,899

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 balance sheet.

Management of interest rate risk

The Investment Committee comprises of three non-executive members. The committee is responsible for reviewing the investment portfolio of the Company and setting the general direction as to the types of investments that would comprise the Company'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	
	2014	2013
Fixed rate instruments		
Other	-	3,756,500
Bonds	24,556,517	27,866,989
	24,556,517	31,623,489
Variable rate instruments		
Bonds	6,154,467	4,618,333
Money market funds	5,956,982	5,103,790
Cash at bank	235,661	6,381,443
	12,347,110	16,103,566

17. 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, 2014:		
US Dollar cash and investments	4,170,088	26,771,965
Net position of foreign currency at December 31, 2013:		
US Dollar cash and investments	4,016,216	25,784,108

18. Related party transactions

(a) ***Identity of related party***

The Company 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.

	2014	2013
	$	$
(i) Income and expenses		
Management fees	900,000	900,000
Insurance expense	11,317	63,607
Directors' fees	189,000	168,123
Accommodation expense	1,452,054	1,412,803
Advertising expense	414,000	414,000
Interest income	(36,339)	(96,310)
Rental income	(17,250)	-
Insurance premium income	(905,572)	(836,831)
	2,007,210	2,025,391
(ii) Repayments from Investment Managers Limited	3,756,500	2,168,309
(c) Related party balances		
Investment Managers Limited	-	3,756,500
(d) Transactions with key management personnel		
The key management personnel compensation is as follows:		
Short-term employee benefits		
Emoluments	4,331,378	5,029,724

19. Operating Leases

	2014	2013
	$	$
Non cancellable operating lease rentals are payable as follows:		
Less than one year	2,410,715	1,748,606
Between one and five years	8,640,109	6,201,338
	11,050,824	7,949,944

During the year, $2,112,784 (2013: $1,993,315) was recognised as an expense in the income statement in respect of operating leases. The Company 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.

20. Dividend Paid

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

	2014	2013
	$	$
Fourth quarter dividend	1,733,374	-
Final dividend for 2013	3,602,816	-
Final dividend for 2012	-	1,079,941
First quarter dividend	-	112,059
Second and third quarters dividends	2,078,921	2,418,831
	7,415,111	3,610,831

Dividends declared and paid per share:

	Cents per share	
	2014	2013
	$	$
Fourth quarter dividend	0.030	-
Final dividend for 2013	0.062	-
Final dividend for 2012	-	0.019
First quarter dividend	-	0.002
Second and third quarters dividends	0.036	0.041
	0.128	0.062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Layout and Artwork: **Zenon Designs**