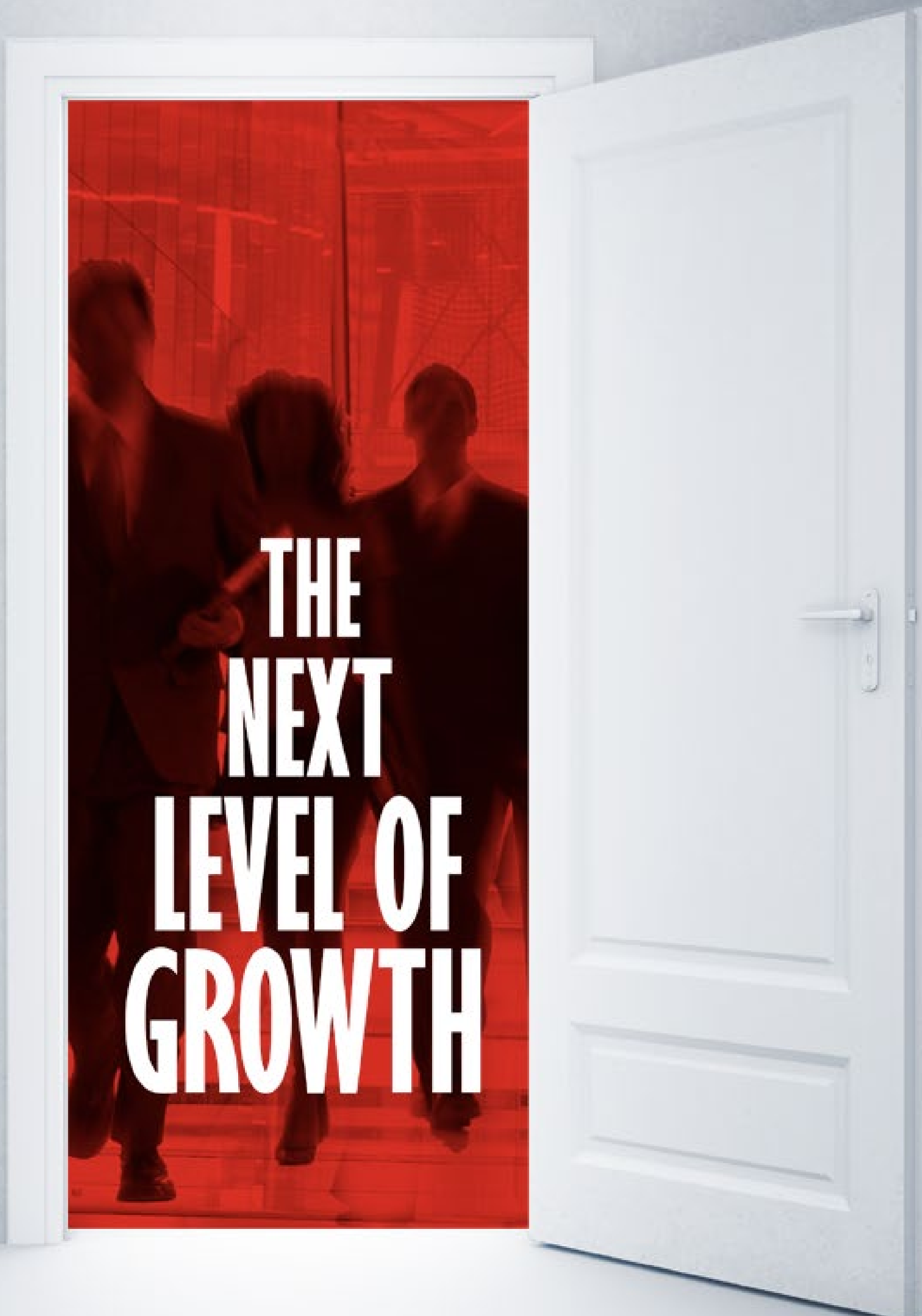
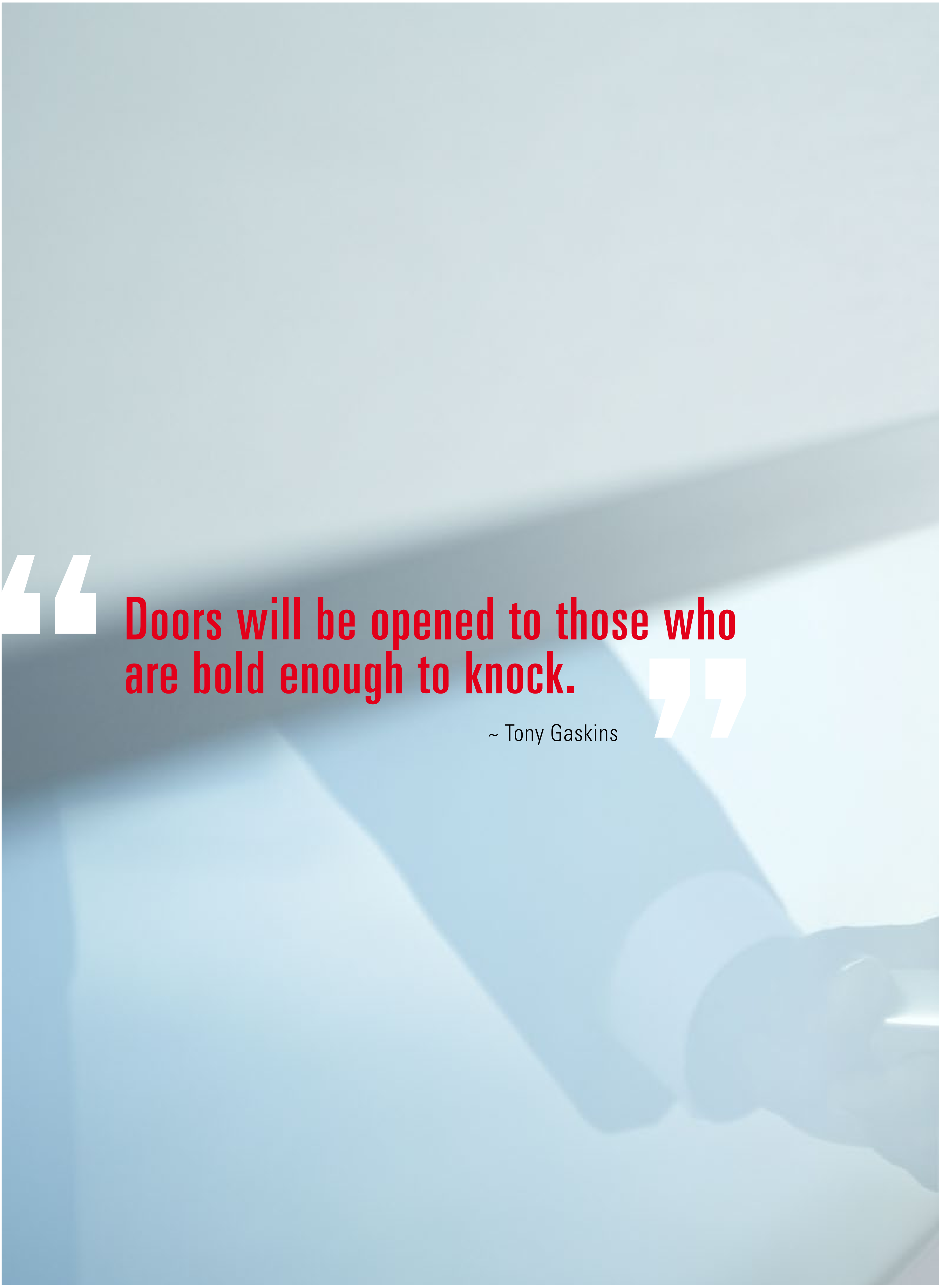
TRINRE



ANNUAL REPORT 2013


Doors will be opened to those who are bold enough to knock.
~ Tony Gaskins

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CORPORATE INFORMATION

CORPORATE SECRETARY
Mrs. 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

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

BRANCH NETWORK
69 Edward Street
Port of Spain

35 Independence Avenue
San Fernando

43 Mulchan Seuchan Road
Chaguanas

Claude Noel Highway Hampden
Lowlands
Tobago

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

Respect
Honour
Passion

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 is one measure of success and a means to fulfill our obligations to customers, shareholders reward our employees and meet other objectives

HOWARD A. DOTTIN

Executive M.B.A., FCCA
Non-Executive 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.

ADRIAN BHARATH

BA, FCA, CA
Non-Executive 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).

ELIZABETH COX

E.M.B.A, MHP, FLMI
Non-Executive 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.

MICHAEL A.A. QUAMINA

L.E.C., L.L.B.
Non-Executive 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.

BOARD OF DIRECTORS

RAYMOND TIM KEE
C.L.U., M.B.A.
Non-Executive 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.

RANI LAKHAN-NARACE
M.B.A
Executive Chairman
Appointed 22nd June, 2001

Rani Lakhan-Narace is a Director and Past President of the Association of Trinidad and Tobago Insurance Companies (ATTIC), a position to which she served for two consecutive terms. She is also a Member of the Board of the Insurance Association of the Caribbean (IAC) and a Director of Investment Managers Limited, the parent company of TRINRE. MrsLakhan-Narace attained an Executive Masters Degree in Business Administration from the Arthur Lok Jack Graduate School of Business and holds a Bachelor's Degree in Social Sciences with a major in Economics from the University of Western Ontario, Canada.

ANTHONY PROUDFOOT
Non-Executive 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.

CHAIRMAN'S REVIEW

Rani Lakhan-Narace, Executive Chairman

2013 IN REVIEW

I am pleased to announce that TRINRE achieved another year of outstanding performance, making it our best year once again, establishing a consistent record of robust growth.

Gross Written Premium increased from $123.1M to $127.1M whilst our underwriting profit more than doubled from 3.6M to 7.5M. Profit Before Tax recorded a significant $14.4M compared to $10.1M in 2012. We note however that a change in treatment of investments necessitated a restatement of prior year's results to reflect unrealized gains of $3.8M. The Net After Tax Profit attributable to shareholders was a commendable $11.9M compared to $7.2M in 2012. Total assets increased by 16% from a restated $103.4M in 2012 to $120.4M in 2013. Once again both our solvency and capital adequacy ratios consistently exceeded statutory requirements at 257% and 222% respectively. Shareholders Equity expanded by 17% from $47.2M in 2012 to $55.5M in 2013. The resulting Earnings Per Share is $0.20 as compared to $0.12 in 2012. Based on the Company's performance, a final dividend of six (6) cents per share was declared bringing the total dividends to fourteen (14) cents compared to five (5) cents paid in 2012.

Our continued focus on our three strategic themes of greater capacity, deeper market penetration and stronger governance has been instrumental in facilitating significant breakthroughs in our methodologies and success around our brand management, people, systems and profitability, which in turn have allowed us to reap the reward of increased brand recognition as well as productivity and operational efficiency throughout the organization.

PRESSING FORWARD TO THE NEXT LEVEL

We continue to press towards fulfilling our core purpose of enabling greater prosperity for those we serve, and are well underway to the development of an enterprise wide architecture that can deliver sustainable business performance as well as provide a strong platform for reliable delivery on our brand promise of "Premier Insurance Coverage for Less".

As we embark on the implementation phases of both our new insurance and finance systems this year, we recognize the critical importance of continuous emphasis on achieving milestones and measuring results in order to accelerate our movement to the next level of organizational strength. This will ensure our ability and agility to manage the increasing demands of the regulatory and business environment while delivering more value to our customers, employees and shareholders.

Corporate Responsibility

Our commitment to improving the lives of those around us continued in 2013 through several initiatives undertaken by the TRINRE Foundation. The Joy of Reading Program brought particular satisfaction to both the children and the TRINRE team and it is our intention to intensify our efforts in supporting well-being programs at both community and employee levels.

I wish to thank our staff, management and fellow Directors for their dedication and these exceptional results. Additionally, I wish to extend our gratitude to our brokers, agents, reinsurance brokers and reinsurers as well as our shareholders for their continued confidence and trust. We appreciate their support and look forward to even greater possibilities in the year ahead.

CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD

The Company's Board of Directors at the close of 2013 comprised a complement of seven Directors, one Executive and six Non-Executive Directors. One change occurred during the course of the year as Dr Axel Kravatzky, Chairman of the Nomination & Governance Committee left after serving the Board for three years since 2010. The Board of Directors expresses their gratitude to Dr Kravatzky for his dedication and stewardship.

BOARD COMMITTEES

Four Board Committees continued to operate during the year, a summary of their composition and meetings held is provided below:

COMMITTEE	CHAIRMAN	COMMITTEE MEMBERS	MEETINGS HELD
INVESTMENT	Rani Lakhan-Narace	Howard Dottin Adrian Bharath Raymond Tim Kee	4
AUDIT	Howard Dottin	Elizabeth Cox Raymond Tim Kee Michael Quamina Anthony Proudfoot	4
HUMAN RESOURCE & COMPENSATION	Michael Quamina	Raymond Tim Kee Elizabeth Cox Anthony Proudfoot	1
NOMINATION & CORPORATE GOVERNANCE	Adrian Bharath	Michael Quamina Rani Lakhan-Narace	3

CORPORATE RESPONSIBILITY

TRINRE continues in its commitment to make a positive difference in people's lives through education, leadership development and recognition. With this mandate in mind, in 2013, the TRINRE Foundation undertook a range of initiatives which impacted both society and our employees more directly.

Joy of Reading Programme

This initiative was launched with the aim of assisting young persons to embrace reading as a key skill to learning. The first phase of the programme took place in the form of a Children's Back to School Drive in recognition of the numerous caregivers throughout Trinidad & Tobago without the means to adequately provide basic school supplies. The first recipient was the CREDO Foundation for Justice which has several children's centres in Trinidad that assists high risk boys and girls who are socially displaced. TRINRE's employees enthusiastically participated by donating storybooks in addition to various stationery items.

Flagship Awards

The Spirit of Leadership Award remains the flagship award of the Foundation since its inception in 2010. Over 35 young gymnasts of the Trinidad and Tobago Gymnastics Association who demonstrated outstanding leadership within their teams were recognized in 2013.

Annual Christmas Cheer

Following its successful initiation in 2012, the second Annual Christmas Cheer Programme was hosted to share in the joy of the season with several families across Trinidad and Tobago.

Staff Wellness

TRINRE's work in corporate social responsibility extends beyond support for communities. Amongst several initiatives undertaken to increase engagement, foster team spirit and employee wellbeing, was the hosting of our first Family Day.

Sponsorships

Once again in 2013, TRINRE was one of the National sponsors of the Tobago Heritage Festival with further support being provided for the Tobago Business Awards in the form of the TRINRE Service Excellence Award. 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 assistance.

TRINRE Fun Family Day


TRINRE Fun Family Day


TRINRE Fun Family Day

TRINRE Fun Family Day


TRINRE Fun Family Day

Joy of Reading

Joy of Reading

TRINRE's 4th Annual Gymnastics Award Ceremony


The Christmas Cheer Initiative


The Christmas Cheer Initiative

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, 2013, 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.

Auditor's 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, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
April 30, 2014
Port of Spain
Trinidad and Tobago

STATEMENT OF FINANCIAL POSITION

December 31, 2013

	Notes		2013	Restated 2012	Restated 2011
Assets					
Property, plant and equipment	4	$	5,069,492	3,777,508	2,986,091
Investment property	5		6,816,834	5,848,061	5,933,083
Investments	6		75,762,415	68,055,654	58,784,830
Deferred tax asset	7		4,240,646	5,104,640	5,626,908
Accounts receivable and prepayments	8		21,679,969	17,568,680	21,909,006
Taxation recoverable			438,368	-	-
Cash and cash equivalents			6,381,443	3,098,349	4,187,749
Total assets		$	120,389,167	103,452,892	99,427,667
Equity and Liabilities					
Equity					
Stated capital	9	$	22,262,499	22,262,499	22,262,499
Statutory reserve	10		16,782,683	13,802,336	11,995,079
Retained earnings			16,482,533	11,152,322	10,295,055
			55,527,715	47,217,157	44,552,633
Liabilities					
Life assurance funds	11		472,206	488,690	518,149
Technical reserves	12		44,384,139	44,904,222	46,499,046
Taxation payable			-	795,203	1,409,657
Accounts payable	13		20,005,107	10,047,620	6,448,182
			64,861,452	56,235,735	54,875,034
Total equity and liabilities		$	120,389,167	103,452,892	99,427,667

The notes on pages 24 to 46 are an integral part of these financial statements.

Signed on behalf of the Board

.... Director .... Director

STATEMENT OF COMPREHENSIVE INCOME

December 31, 2013

	Note	2013	2012
Revenue			
Gross premium	$	127,100,692	123,129,289
Premium ceded		(81,597,075)	(80,784,556)
Net premium		45,503,617	42,344,733
Change in unearned premium reserve		(2,900,007)	400,425
Earned premium		42,603,610	42,745,158
Commission income		16,919,682	8,683,800
Total revenue		59,523,292	51,428,958
Losses and expenses			
Claims incurred		17,794,951	15,763,385
Commission expense		11,709,298	10,217,495
Management expenses		22,506,856	21,809,900
Total losses and expenses		52,011,105	47,790,780
Underwriting gain		7,512,187	3,638,178
Investment and other income		3,704,796	3,888,225
Change in investment valuation		3,207,555	2,586,344
Profit before provision for taxation		14,424,538	10,112,747
Provision for taxation	7	(2,503,149)	(2,883,719)
Net profit for the year being total comprehensive income attributable to equity holders	$	11,921,389	7,229,028

The notes on pages 24 to 46 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

December 31, 2013

	Notes		Stated Capital	Statutory Reserve	Retained Earnings	Total
Balance at December 31, 2011, as previously stated		$	22,262,499	11,426,509	8,589,345	42,278,353
Prior year adjustment	2(w)		-	568,570	1,705,710	2,274,280
Balance at December 31, 2011, as restated		$	22,262,499	11,995,079	10,295,055	44,552,633
Net profit being total comprehensive income for the year			-	-	7,229,028	7,229,028
Transfer to statutory reserve	10		-	1,807,257	(1,807,257)	-
Dividends paid	20		-	-	(4,564,504)	(4,564,504)
Balance at December 31, 2012		$	22,262,499	13,802,336	11,152,322	47,217,157
Net profit being total comprehensive noincome 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

The notes on pages 24 to 46 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

December 31, 2013

		2013	2012
Cash flows from operating activities			
Profit before taxation	$	14,424,538	10,112,747
Adjustments for:			
Depreciation on property, plant and equipment		727,795	618,006
Depreciation on investment property		116,961	85,022
Appreciation in investment valuation		(3,207,555)	(2,586,344)
Loss on disposal of property, plant and equipment		2,261	-
Increase in insurance funds		(520,083)	(1,594,824)
Investment and other income		(3,704,796)	(3,888,225)
		7,839,121	2,746,382
Operating profit before working capital changes			
Changes in accounts receivable		(4,147,058)	4,377,941
Changes in accounts payable		9,957,487	3,599,438
Changes in life assurance funds		(16,484)	(29,459)
Corporation taxes paid		(2,872,726)	(2,975,905)
Net cash from operating activities		10,760,340	7,718,397
Cash flows used in investing activities			
Interest received		3,740,565	3,850,610
Acquisition of property, plant and equipment		(2,022,040)	(1,409,423)
Enhancements to investment property		(1,085,734)	-
Purchase of investments		(10,372,671)	(28,099,648)
Proceeds from sale of investments		5,873,465	21,415,168
Net cash used in investing activities		(3,866,415)	(4,243,293)
Cash flows used in financing activities			
Dividends paid		(3,610,831)	(4,564,504)
Net cash used in financing activities		(3,610,831)	(4,564,504)
Net increase (decrease) in cash and cash equivalents		3,283,094	(1,089,400)
Cash and cash equivalents at beginning of year		3,098,349	4,187,749
Cash and cash equivalents at end of year	$	6,381,443	3,098,349

Represented by:			
Cash in hand and at bank	$	6,381,443	3,098,349
	$	6,381,443	3,098,349

The notes on pages 24 to 46 are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Incorporation and principal activity

The 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 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 April 30, 2014.

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 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 notes 2(j)(i) and 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.

2. Significant accounting policies (continued)
(d) Use of estimates, assumptions and judgments (continued)

- *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 is measured using the cost model. Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives. Buildings are depreciated on a straight line basis at a rate of 2% per annum. Land is not depreciated.

(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.

2. Significant accounting policies (continued)
(h) Reinsurance assets (continued)

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 either held to maturity or at fair value through profit and loss. However, effective 2013 management changed its policy and all its investments are classified 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.

2. Significant accounting policies (continued)
(j) Financial instruments (continued)

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.

(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

The recoverable amount of the Company's held-to-maturity financial assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). 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

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,

2. Significant accounting policies (continued)
(m) Product classification (continued)

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 Company as at December 31, 2013 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 giving rise to the claims has happened.

(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) Employee benefits

The Company 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 Company contributes 5% of salary.

A defined contribution plan is a pension plan under which the Company 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 Company's contribution is charged to the income statement in accordance with the accrual basis.

2. Significant accounting policies (continued)

(r) *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.

(s) *Other income and expenditure*

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

(t) *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.

(u) *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.

2. Significant accounting policies (continued)

(v) 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.

(i) **Fair value measurement**

IFRS 13 establishes a single framework for measures of fair value and making disclosures about fair value measurements when such measurements are required or permitted to IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants of the measurement date. It replaces and expounds the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

(ii) **Change to fair value measurement**

In accordance with its goal to eliminate or substantially reduce the mismatch that would otherwise arise and to be consistent with how the Company's investments are reported and managed internally, Management decided that all investments should be measured at fair value through profit and loss. This change in accounting policy required a retrospective look at the value of its previously classified as held to maturity portfolio. The effects of the change in accounting policy are detailed in note 2(w) below.

(w) Prior period adjustments

These comparative figures have been adjusted to reflect the change in accounting policy described in Notes 2(j)(i) and 2(v) above.

	As previously stated $	Prior year Adjustment $	As restated $
Year ended December 31, 2011			
Statutory reserve	11,426,509	568,570	11,995,079
Retained earnings	8,589,345	1,705,710	10,295,055
Investments	56,510,550	2,274,280	58,784,830
Year ended December 31, 2012			
Statutory reserve	12,843,775	958,561	13,802,336
Retained earnings	8,276,638	2,875,684	11,152,322
Investments	64,221,410	3,834,244	68,055,654

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, 2013, 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, 2012								
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

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, 2012								
Cost								
Balance as at January 1, 2012	**$**	379,203	1,000,581	1,081,471	3,186,876	1,029,881	-	6,678,012
Additions		38,637	92,982	-	138,231	229,722	909,851	1,409,423
Balance as at December 31, 2012	$	417,840	1,093,563	1,081,471	3,325,107	1,259,603	909,851	8,087,435
Accumulated depreciation								
Balance as at January 1, 2012	**$**	138,689	339,709	374,690	2,190,996	647,837	-	3,691,921
Charge for the year		48,558	132,155	157,791	194,923	84,579	-	618,006
Balance as at December 31, 2012	$	187,247	471,864	532,481	2,385,919	732,416	-	4,309,927
Net book value								
December 31, 2012	$	230,593	621,699	548,990	939,188	527,187	909,851	3,777,508
December 31, 2011	$	240,514	660,872	706,781	995,880	382,044	-	2,986,091

5. Investment property

Investment property comprises property at Kingsbury Place, 22A King Street, Arima not in use at present by the Company. Brent Augustus and Associates Limited completed a valuation as at September 30, 2009 on the basis of open market value. The property was valued at $5,750,000 with transaction cost of $448,381.

		2013	2012
Cost			
Balance at the beginning of the year	$	6,198,381	6,198,381
Enhancements to investment property during the year		1,085,734	-
Balance at the end of the year	$	7,284,115	6,198,381
Accumulated depreciation			
Balance at the beginning of the year	$	350,320	265,298
Charge for the year		116,961	85,022
Balance at the end of the year	$	467,281	350,320
Net book value at the end of the year	$	6,816,834	5,848,061

6. Investments

		2013	2012
Securities at fair value through profit and loss			
Equity securities	$	32,313,397	21,177,391
Mutual funds		7,207,196	9,623,445
Other		3,756,500	1,924,808
Government and Government-guaranteed bonds		30,477,878	30,322,466
Corporate bonds		2,007,444	5,007,544
Total investments	$	75,762,415	68,055,654

Investments amounting to $36,677,583 (2012: $31,277,000) included above are pledged with the Inspector of Financial Institutions as part of the Company's statutory assets.

7. Taxation

		2013	2012
Income tax recognised in profit and loss			
Corporation tax	$	1,749,923	2,306,534
Green fund levy		66,128	54,917
Over-provison of corporation tax			
from the previous year		(176,897)	-
Deferred tax expense relating to the			
origination/reversal of temporary differences		863,995	522,268
	$	2,503,149	2,883,719
Reconciliation of effective tax rate			
Profit before provision for taxation	$	14,424,538	10,112,747
Tax at the statutory rate of 25%	$	3,606,135	2,528,187
Expenses not deductible for tax purposes		1,801	5,107
Income exempt from tax		(1,040,353)	(480,333)
Green fund levy		66,128	54,917
Over-provision of corporation tax			
from the previous year		(176,897)	-
Adjustment to deferred tax		46,336	775,841
Tax charge for year	$	2,503,149	2,883,719
Movement in the deferred tax liability (asset)			
Balance at the beginning of the year	$	(5,104,640)	(5,626,908)
Charge to the statement of comprehensive income		863,995	522,268
Balance at the end of the year	$	(4,240,646)	(5,104,640)
Composition of deferred tax liability (asset)			
Property, plant and equipment	$	1,237,552	1,273,468
Claims outstanding		(5,228,198)	(6,104,294)
Other timing differences		(250,000)	(273,814)
	$	(4,240,646)	(5,104,640)

8. Accounts receivables and prepayments

		2013	2012
Insurance receivables	$	16,288,606	12,546,352
Amounts due from reinsurers		3,499,956	3,620,983
Other receivables		1,137,564	964,179
Prepayments		753,843	437,166
	$	21,679,969	17,568,680

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

		2013	2012
Funds at beginning of year	$	488,690	518,149
Investment income		5,750	7,481
Premium		111,415	119,691
		605,855	645,321
Commissions		(13,777)	(14,951)
Management expenses		(119,872)	(141,680)
		(133,649)	(156,631)
Funds at end of year	$	472,206	488,690

12. Technical reserves

		2013	2012
Provision for unearned premiums			
Property	$	1,125,873	1,524,403
Marine/aviation		16,698	13,449
Bonds		398,267	260,781
Engineering		131,100	94,142
Miscellaneous		1,840,863	1,372,508
Motor		15,814,933	13,588,636
Workmen's compensation		4,143,613	3,717,420
		23,471,347	20,571,339
Provision for outstanding claims			
Property		237,133	229,087
Marine/aviation		3,300	39
Bonds		6,738	-
Engineering		9,336	39,885
Miscellaneous		2,605,823	3,914,362
Motor		11,972,615	13,579,531
Workmen's compensation		6,077,847	6,569,979
		20,912,792	24,332,883
	$	44,384,139	44,904,222

13. Trade and other payables

Sundry creditors and accruals	$	3,215,443	3,221,561
Amounts due to reinsurers		16,789,664	6,826,059
	$	20,005,107	10,047,620

14. Segment reporting

		Property	Marine	Bond	Misc	Motor	Total
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 losses and 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
Year ended December 31, 2012							
Gross premium written	$	28,539,904	34,790,672	3,695,115	23,479,449	32,624,149	123,129,289
Premium ceded to Reinsurers		(27,765,509)	(34,545,287)	(3,245,035)	(13,086,311)	(2,142,414)	(80,784,556)
Net premium written		774,395	245,385	450,080	10,393,138	30,481,735	42,344,733
Change in unearned premium reserve		(783,793)	(5,156)	(49,522)	784,347	454,549	400,425
Earned premium		(9,398)	240,229	400,558	11,177,485	30,936,284	42,745,158
Commission income		3,679,945	535,115	975,820	3,434,884	58,036	8,683,800
Total revenue		3,670,547	775,344	1,376,378	14,612,369	30,994,320	51,428,958
Losses & expenses							
Commission expense		2,418,581	116,361	344,342	2,621,269	4,716,942	10,217,495
Claims incurred		258,069	12,626	-	4,930,459	10,562,231	15,763,385
Management expenses		1,838,800	167,909	617,519	5,959,729	13,225,943	21,809,900
Total losses and expenses		4,515,450	296,896	961,861	13,511,457	28,505,116	47,790,780
Underwriting profit (loss)	$	(844,903)	478,448	414,517	1,100,912	2,489,204	3,638,178

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.

16. Financial instruments (continued)
(ii) Investments (continued)

b) Financial instruments measured at fair value

		Level 1	Level 2	Level 3	Total
2013					
Investments at fair value					
through profit and loss	$	75,762,415	-	-	75,762,415
2012					
Investments at fair value					
through profit and loss	$	68,055,654	-	-	68,055,654

Transfers between and movement in Levels

For the year ended December 31, 2013 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.

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:

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

		Carrying Amounts	
		2013	2012
At fair value through profit and loss investments	$	75,762,415	68,055,654
Accounts receivables			
(i) Insurance receivables		16,288,606	12,546,352
(ii) Other receivables		1,891,407	1,401,345
Reinsurance assets		3,499,956	3,620,983
Cash and cash equivalents		6,381,443	3,098,349
	$	103,823,827	88,722,683

Impairment losses

The aging of receivables at the reporting date was:

		Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not past due	$	9,450,357	-	6,240,838	-
Past due 46-90 days		4,851,989	-	3,295,059	-
Past due 91-180 days		2,066,454	-	3,613,388	-
Past due 181-360 days		726,652	-	282,645	-
More than one year		1,559,853	2,366,699	1,481,121	2,366,699
	$	18,655,305	2,366,699	14,913,051	2,366,699

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

		2013	2012
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

17. 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 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
2013					
Liabilities					
Insurance contracts	$	20,912,792	-	-	20,912,792
Accounts payable		20,005,107	-	-	20,005,107
	$	40,917,899	-	-	40,917,899
2012					
Liabilities					
Insurance contracts	$	24,332,883	-	-	24,332,883
Accounts payable		10,047,620	-	-	10,047,620
	$	34,380,503	-	-	34,380,503

e. Interest rates

Interest rate risk is therisk 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 one non-executive member and two 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.

17. Insurance and risk management (continued)
e. Interest rates (continued)

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

		Carrying Amounts	
		2013	2012
Fixed rate instruments			
Other	$	3,756,500	1,924,808
Bonds		27,866,989	30,230,010
	$	31,623,489	32,154,818
Variable rate instruments			
Bonds	$	4,618,333	5,100,000
Money market funds		5,103,790	6,305,645
Cash at bank		6,381,443	3,098,349
	$	16,103,566	14,503,994

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	
		2013	2012
Net position of foreign currency at December 31, 2013:			
US Dollar cash and investments	$	4,016,216	25,784,108
Net position of foreign currency at December 31, 2012:			
US Dollar cash and investments	$	3,268,479	20,983,637

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.

			2013	2012
(i)	Income and expenses			
	Management fees	$	900,000	900,000
	Insurance expense		63,607	52,753
	Directors' fees		168,123	189,726
	Accommodation expense		1,412,803	1,387,569
	Advertising expense		414,000	414,000
	Interest income		(96,310)	(136,991)
	Rental income		-	(96,000)
	Insurance premium income		(836,831)	(612,243)
		$	2,025,391	2,098,814
(ii)	Repayments from Investment Managers Limited	$	2,168,309	954,578

(c) Related party balances

Investment Managers Limited	$	3,756,500	1,924,808

(d) Transactions with key management personnel

The key management personnel compensation is as follows:

Short-term employee benefits

Emoluments	$	5,029,724	2,746,154

19. Operating Leases

		2013	2012
Non cancellable operating lease rentals are payable as follows:			
Less than one year	$	1,748,606	1,586,844
Between one and five years		6,201,338	6,347,376
	$	7,949,944	7,934,220

During the year, $1,993,315 (2012: $1,884,090) 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.

		2013	2012
Final dividend for 2012	$	1,079,941	-
Final dividend for 2011		-	1,857,333
First quarter dividend		112,059	800,917
Second and third quarters dividends		2,418,831	951,921
Fourth quarter dividend		-	954,333
	$	3,610,831	4,564,504

Dividends declared and paid per share:

	Cents per share	
	2013	2012
Final dividend for 2012	0.018	-
Final dividend for 2011	-	0.032
First quarter dividend	0.002	0.014
Second and third quarters dividends	0.041	0.016
Fourth quarter dividend	-	0.016


The future is completely open, and we are writing it moment to moment.
~ Pema Chodron

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Layout and Artwork: Zenon Designs