



ANNUAL REPORT 2020

CariA-Rating

INTRODUCING



We are delighted to introduce Premier Insurance, a wholly-owned subsidiary of TRINRE Insurance Company Limited (TRINRE), one of the fastest-growing independent insurers in Trinidad and Tobago, which has been in operation for over 45 years and has a Cari A- CariCRIS Rating.

Having received its license in February 2020, Premier Insurance will commence operations in Guyana during early 2021. Premier Insurance's business philosophy is founded on a commitment to building strong business relationships, particularly with brokers, maintaining sound corporate governance and delivering relevant insurance solutions, cutting edge IT capability, and excellence in customer experience.

TRINRE's experienced team of Underwriters and internationally recognized 'A' rated re-insurers underpin the company's strength and stability and enable Premier Insurance to offer a comprehensive range of general insurance products and services in auto, property, accident & liability, bonds, marine, and oil and gas, among others.

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TRINRE

Supplemental Information in GYD

BRANCH NETWORK

Port of Spain

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

Arima

22A King Street

Chaguanas

62 Mulchan Seuchan Road

San Fernando

8-10 Gordon Street

Tobago

Unit 4, Milford Bay Plaza
5 Milford Road, Bon Accord

ABOUT TRINRE

TRINRE was established over 44 years ago as a composite company that is now one of the fastest growing independent insurers in Trinidad & Tobago. TRINRE's growth is premised on the company's commitment to good corporate governance, revenue diversification, technological innovation, employee development and excellence in customer experience. Relationships with 'A' rated re-insurers enable the company to offer an increasing range of group life and general insurance products and services including packaged business insurances and specialty services.

CORPORATE INFORMATION

Registered Office

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

Bankers

Scotiabank Trinidad and Tobago Limited
Corner Park and Richmond Streets
Port of Spain
Trinidad, West Indies

Auditors

KPMG Chartered Accountants
Savannah East
11 Queen's Park East
Port of Spain
Trinidad, West Indies

Corporate Secretary

Reyna Kowlessar



VISION & VALUES

Our Core Purpose

To enable greater prosperity for those we serve

Our Values

- Respect
- Honour
- Passion

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

- 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

BOARD OF DIRECTORS

Rani Lakhan-Narace has amassed an impressive record of prowess in both the retail and financial services sectors. Her distinguished leadership has led to her appointment on several Boards, and with a keen interest in society and human development. Mrs. Lakhan-Narace has often extended her stewardship to many community-based organizations.

She currently serves as a Director of Investment Managers Limited; President of the International Women's Forum Trinidad and Tobago, President of The Bocas Lit Fest and Chairman of the Transparency, Accountability, and Governance (TAG) Committee of The American Chamber of Commerce of Trinidad and Tobago. She is a Past President of the Association of Trinidad and Tobago Insurance Companies (ATTIC) and has also served on the Board of the Insurance Association of the Caribbean (IAC) and the Caribbean Corporate Governance Institute (CCCI).

Her professional accomplishments are supported by her academic achievements, holding both an Executive Master's Degree in Business Administration and a Post Masters of Business Administration (MBA) Certificate from the Arthur Lok Jack Graduate School of Business, UWI, as well as a Diploma in Corporate Governance from the Caribbean Corporate Governance Institute.

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

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



RANI LAKHAN-NARACE

Executive Chairman

Appointed 22nd June, 2001



HOWARD DOTTIN

Director

Appointed 25th November, 2011



ADRIAN BHARATH

Director

Appointed 16th May, 2013

BOARD OF DIRECTORS

Anthony Proudfoot holds over thirty years of experience in the fields of retail, marketing, and distribution. He has held many leadership positions at both the Ansa McAl and Neal and Massy Holdings groups including several Directorships on the Boards of Trinidad Distributors Limited, Penta Paints Limited, and Melville Shipping.

Mr Proudfoot was Chairman at a number of organisations; namely Alston's Shipping, Ceddes Grant Trinidad and Barbados, and at Hi-Lo Food Stores, where he was also the Chief Executive Officer. He has served as the Chief Executive Officer of H.D. Hopwood in Jamaica and as a Non-Executive Director on the Board of Agostini's Limited in Trinidad and Tobago.

Elizabeth Cox has over thirty years of experience in Insurance and Management serving under the CTM Group of Insurance Companies where she held the position of Group Marketing Manager. She is the Chief Executive Officer and Principal Consultant of Casper Investments Inc. and has served as a Director on the Board of several companies in Guyana and overseas.

She is the current Chairman of RF&G Life Belize. She obtained a Distinction in the Executive Masters of Business Administration (MBA) at the University of the West Indies, Cave Hill Campus Barbados, and is the holder of the Fellow Life Management International Diploma (FLMI), the Managed Health Care Professional (MHP), and completed studies in Fraud Investigation, Detection & Prevention in Health & Life Insurance.

She is a certified Trainer and is an Administrator of the MBTI personality assessment instrument. She is a past President of the Insurance Institute of Guyana, Association of the Insurance Institutes of the Caribbean, and the Rotary Club of Georgetown.

Michael Quamina is an attorney-at-law of over twenty years practice in several areas including Public Administrative and Constitutional Law, Industrial Relations, Insurance Law, and the Law with respect to confiscation of assets under the Proceeds of Crime Legislation.

Mr. Quamina is a former director of First Citizens Bank, and he is currently a director on the board of several companies in the private sector and the Chairman Trinidad Petroleum Holdings Limited and Vice Chairman of Caribbean Airlines Limited.



ANTHONY PROUDFOOT

Director

Appointed 16th May, 2013



ELIZABETH COX

Director

Appointed 1st June, 2010



MICHAEL QUAMINA

Director

Appointed 4th April, 2011

BOARD OF DIRECTORS



RAYMOND TIM KEE

Director

March, 2002 - December, 2019

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

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**MESSAGE TO
SHAREHOLDERS**



GROUP CHAIRMAN'S REMARKS

“Once again it has been another successful year, despite the unusual circumstances that continue to prevail, as TRINRE turned out a solid Profit after Tax of \$13.9M.”

Having been regressed by the pandemic, I expect Trinidad and Tobago's trajectory of economic recovery to take about 18 months. My confidence is due to the fact that T&T is a mature Oil and Gas province with world class Oil and Gas infrastructure that includes 20 world scale petrochemical plants and 4 LNG trains, and remains the largest exporter of ammonia in the world. And even though natural gas has declined in recent times, this is expected to reverse in 2022.

We recognize that Guyana is the fastest growing economy in the world, premised on the advent of oil production starting December 2019 at 120,000 barrels per day, and expected to increase to an impressive 750,000 barrel per day within the next three years. This prosperity provided an ideal opportunity for the expansion of TRINRE to support the growing needs of the insurance industry there. At the same time, since foreign exchange in T&T has become a frequent challenge, an outward looking approach has become a critical solution.

I'm very pleased therefore, to announce that our subsidiary in Guyana, PREMIER Insurance Company Inc, received its license in February, 2020, and will commence operations early 2021. Undoubtedly, this thrust provides a complementarity of benefits to both Guyana and Trinidad and Tobago, particularly as we embark on a transfer of technology from Trinidad to Guyana. Accordingly, the prospects for both countries continue to be very exciting.

It's important to us that even in the midst of the year's maelstrom of business activities, our ethical and spiritual values continue to remind us of our responsibility as a Corporate citizen and remain fervently committed to doing so.

I must thank the Executive Chairman, the Board of Directors and employees of TRINRE for its sterling performance which has contributed significantly to the Group's success. Let me also take the opportunity to thank the many clients and business partners who have allowed us the privilege to serve them, as well as the many supporters who have been invaluable to us over the past year.



JERRY NARACE

GROUP CHAIRMAN

EXECUTIVE CHAIRMAN'S STATEMENT

“We still performed with distinction”

I am very pleased to present our 2020 Annual Report, particularly in light of the historical event of immense proportion that began towards the end of our financial year, starting on January 30th 2020 when the World Health Organization (WHO) declared the outbreak of the Coronavirus to be a Public Health Emergency of International concern. This quickly escalated to a global pandemic by May, throwing Governments around the world into a tailspin as they grappled with the devastating impact on lives, livelihoods and economies.

Prior to this, Trinidad and Tobago's real growth was expected to pick up after a long period of anemic performance and fluctuating US stock market. This, of course, came to a rapid halt as the Government of Trinidad and Tobago responded quickly and responsibly with measures to close businesses, limit numbers of people that can gather and reduce commercial travel, earning international accolades for swift and prudent restrictions.

By this time, TRINRE had galvanized into action, complementing Business Continuity Plans with new Work From Home Policies, supported by a “Safety and Service” focus to safeguard our employees and visitors while pivoting our systems to ensure that all our intermediaries and clients continued to be efficiently served. We repeatedly broadcasted our

commitment to our team to maintain our levels of employment although the financial impact on the business was a tangible one in the last quarter.

Notwithstanding the advent of the pandemic, we still performed with distinction, receiving regulatory approval to expand operations in Guyana.

While prudence dictated that we review our strategic direction for the new financial year, we decided to progress our expansion into Guyana, albeit in tandem with any consequences of COVID-19 in both Trinidad and Guyana. As such, we have included supplemental information in the financial statements for the benefit of Guyanese readers.

The sequence of events rocked all financial markets. Nevertheless, our results withstood the shock and delivered a solid Profit after Tax of \$13.9M, 35% higher than the previous 15 month audited period and 70% more than the 12 month annualized period.

Furthermore, we managed to achieve a commendable Gross Written Premium of \$194.3M, an increase of 15% over the annualized period, 8% below the audited period.

Naturally, the stock market was dramatically affected. Up to then, our overseas equity portfolio had given a laudable return of 37.1% outperforming the 28.9% increase in the Standard & Poor's (S&P), resulting in investment income of \$12.7M. This sharply declined to \$3.2M by March 31st. However, for the year, the foreign equities still reported a

A close-up portrait of Rani Lakhan-Narace, Executive Chairman, smiling. She has short, wavy brown hair and is wearing a dark blue blazer over a blue top. The background is white, and a red vertical bar is on the left side of the page.

EXECUTIVE CHAIRMAN'S STATEMENT

praiseworthy return of 4.2%, far ahead of the -8.8% reported by the S & P Index. Earnings per share for the year stands at \$1.19, an increase of 35% over the last 15 month period with a total dividend paid of \$0.64 compared to \$0.52 for the prior 15 month period.

As we bring another year to a successful close, we must give pause to acknowledge and celebrate the sterling contribution of our former Director, Mr. Raymond Tim Kee who passed away in 2019 after serving for 18 years. He left an indelible mark within the organization and the many committees over which he presided. His critical thinking, loyalty and passion for the insurance industry is truly missed.

I remain grateful to the many TRINRE ambassadors we are proud to call our team. Each day they help us to embody our core values and uphold our guiding principles. The shared vision of our Directors is one that grows stronger with each passing year. I applaud each one for their unwavering support and stewardship.

My heartfelt gratitude also goes to our shareholders, reinsurers, brokers, agents and customers who are part of the TRINRE family. Thank you for all the love and confidence in us.

A handwritten signature in black ink, appearing to read 'Rani Lakhan-Narace'.

RANI LAKHAN-NARACE
EXECUTIVE CHAIRMAN

CORPORATE GOVERNANCE

FRAMEWORK FOR EFFECTIVE GOVERNANCE

TRINRE was first established as the Reinsurance Company of Trinidad and Tobago in 1975. It recognizes its obligations to policyholders, shareholders, employees, and other stakeholders, including communities, in Trinidad and Tobago. In so doing, the company is always cognizant of its corporate responsibility through its Corporate Governance Framework, a well-established risk governance structure built on legal and regulatory requirements.

The realm of Corporate Governance is a dynamic one, and the Board reviews its approach on an ongoing basis to ensure its relevance. It is supported by robust charters and guidelines which aim at the highest standards of fiduciary duty, fairness, transparency, integrity and accountability and specific responsibilities and authorities are delegated by the Board to the Executive Chairman. The primary objectives of the role of the Executive Chairman are to lead the management of TRINRE's business and affairs and to lead the implementation of the resolutions and heed the direction of the Board of Directors.

We have an active and engaged Board of Directors supported by an experienced management team. This report outlines areas of the Governance Framework and the key activities of the Board for the period, April 1st, 2019 to March 31st, 2020.



COMPOSITION OF THE BOARD

The company's Board of Directors at the close of March 31st, 2020, comprised a complement of six Directors. In recognition of the important role of Independent Directors, TRINRE continues to have the majority of five such Directors.

We wish to take this opportunity to pay special tribute to Mr. Raymond Tim Kee, who served on the Board with distinction since 2002 until his untimely passing in December 2019. His commitment and loyalty were unwavering over the years, and this was greatly admired and appreciated by all.

There was also a change in Corporate Secretary from Ms. Sue Ann Sherwood, whom we thank for her years of service, to Ms. Reyna Kowlessar.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS' MEETINGS

The Board manages an annual schedule of critical agenda items designed to ensure that it fulfils its recurring obligations and that Board-reserved items are routinely considered. The Board of Directors held seven (7) meetings for the period April 1st to March 31st 2020. The attendance record of Directors at Regular Board, Annual and Committee Meetings is indicated below:

| Director | Board Meetings | Audit | Investment | Governance | Annual General Meetings |
|--------------------|----------------|-------|------------|------------|-------------------------|
| Rani Lakhan-Narace | 7 | 6 | - | 1 | 1 |
| Raymond Tim Kee | 1 | - | - | - | 1 |
| Michael Quamina | 5 | 3 | - | - | 0 |
| Elizabeth Cox | 5 | 5 | - | 1 | 0 |
| Howard Dottin | 7 | 6 | 5 | - | 1 |
| Adrian Bharath | 7 | 2 | 5 | 1 | 1 |
| Anthony Proudfoot | 7 | 6 | 5 | - | 1 |

BOARD COMMITTEES

The Investment and Audit Committees continued to operate, whereas the Governance Committee was reconstituted during the period. Details of their current purpose and composition are provided next. 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 April 1st, 2019, to March 31st, 2020.

CORPORATE GOVERNANCE

| Committee | Investment | Audit | Governance |
|--------------------------|--|--|---|
| CHAIRMAN | Anthony Proudfoot | Howard Dottin | Elizabeth Cox |
| COMMITTEE MEMBERS | Howard Dottin Adrian Bharath Raymond Tim Kee | Elizabeth Cox Raymond Tim Kee (deceased) Michael Quamina Anthony Proudfoot Rani Lakhan-Narace (Ex-officio) | Adrian Bharath Rani Lakhan-Narace (Ex-officio) |
| PURPOSE | The Investment Committee's role is to consider the overall investment strategy for the company and monitor adherence consequent to the investment policy, and, from time to time, make recommendations for its modification. The Investment Committee delegates the necessary authority to the Management Team to implement the policy. In addition, the Investment Committee reviews investment activities in such depth and with such regularity as is necessary to assure quality investments and conformity with the 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 external auditor and the performance of the company's internal audit department; and the company's legal and regulatory compliance. The company's risk management framework is now being considered by the entire Board. | The Governance Committee's role is to advise, monitor, and make recommendations to the Board and the Corporate Governance framework, and to strengthen the Board effectiveness such as inter alia composition, evaluation, selection, compensation and disclosure, as well as Executive compensation and Human Resources oversight; and any other relevant matters that impact the sustainability of the organization. |

CORPORATE GOVERNANCE

INTERNAL AUDIT

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

The ongoing monitoring of the adequacy and effectiveness of the company's internal control systems is the primary responsibility of the Audit Committee, and during the year under review, it was decided to outsource this function to S.N. Golding Financial Services Limited.

EXTERNAL AUDIT:

The Audit Committee reviewed the External Auditors, KPMG Chartered Accountants', approach to and scope of their examination of the financial statements for the financial year. The Board is satisfied that the external auditors have planned the audit to obtain reasonable assurance that the financial statements are free of material misstatement and present a fair view of the financial position of the company as at 31st March 2020 and the results of its operations and cash flows for the year ended in accordance with International Financial Reporting Standards.

The Audit Committee provided the requisite approvals for the execution of audit as well as non-audit works performed by the external auditors during the period. **The following is a statement of fees paid to the External Auditor for audit and non-audit services for 2019:**

| SERVICES | FEES PAID TT\$ |
|-----------|----------------|
| Audit | 550,000 + VAT |
| IFI | 11,000 + VAT |
| Non Audit | ----- |

ENTERPRISE RISK MANAGEMENT

As part of its thrust towards stronger corporate governance and increased resilience, TRINRE continued to assess and refine its recently revised Enterprise Risk Management framework to ensure that it is adequately aligned to its unique environment and range of operations. The Enterprise Risk Management (ERM) framework comprises articulation of risk philosophy and appetite, risk structures and processes, risk policies, and a regime of monitoring existing and emerging risk exposures. The focus continued to be on strengthening systems of internal control to manage and mitigate the identified risk exposures as well as monitor emerging risks.

With the onset of COVID-19 and its devastating impact on the business environment, lives, and livelihoods, the ERM was expanded to include the risks to health and contamination within the organization and the national community.

This year, a stress test was applied to gauge the impact that COVID-19 could have on our financial health. As contained in Note 25 to the Financial Statements, TRINRE has been able to responsibly navigate the effects of COVID-19 to ensure that the organization continues to operate successfully through its safety, service and investment strategies that supported robust business continuity plans.

CORPORATE GOVERNANCE

ANTI-MONEY LAUNDERING (AML) AND COMBATTING TERRORIST FINANCING (CTF)

In accordance with the change in the definition of “financial institution” throughout the AML/CTF legislative framework, TRINRE’s reduced AML/CTF obligations were implemented throughout its branch network. As a result of the exclusion of general insurance and term life insurance products from the definition of “financial institution” and the full gamut of AML/CTF obligations, TRINRE’s AML/CTF obligations were reduced to (i) ensuring a mechanism for identification and reporting of suspicious activity, (ii) screening for terrorism and proliferation financing and (iii) conducting customer due diligence as is appropriate to address requirements (i) and (ii). This change has significantly impacted the ease of doing business for both internal and external customers.

INSURANCE ACT 2018

The Insurance Bill was assented to on June 4, 2018, but has not yet been proclaimed. During the last quarter of 2019, the Government of the Republic of Trinidad and Tobago introduced the Insurance (Amendment) Act and the Finance Act into Parliament in preparation for the proclamation of the Insurance Act 2018. The Insurance (Amendment) Act was assented to on February 18, 2020 and the Finance Bill was assented to on December 17, 2019. However, there has been no official update with respect to the Insurance Act Regulations. The Central Bank began circulating draft returns and draft revisions of existing guidelines to the insurance industry for feedback as it also began preparing for proclamation of the Act. The industry continues to await comprehensive guidance from the Central Bank with respect to several new areas of the Insurance Act 2018 to ensure that this significantly amended and complex piece of legislation is clearly understood by all licensees. TRINRE is well prepared and looks forward to the guidance from the regulator as a means to ensuring full compliance with the Insurance Act 2018.

RELATIONSHIP WITH SHAREHOLDERS

The Board continues to be committed to fulfilling its obligations with regard to the ownership rights of all shareholders. They have the opportunity to actively participate in Annual and any special meetings, whether directly or through proxies.

External Auditors, the Board, and Managers are available at such meetings to address any shareholders’ enquiries. In addition to the statutory reporting requirements, all shareholders receive a comprehensive report from the Executive Chairman that keeps them informed on both the operational and strategic performance of TRINRE.

BUSINESS HIGHLIGHTS

ANNUAL AWARDS AND SOIREE



BUSINESS HIGHLIGHTS

44TH ANNIVERSARY CELEBRATION



BUSINESS HIGHLIGHTS

ARC TRINRE CARIBBEAN CHAMPION STAKES



BUSINESS HIGHLIGHTS

JAYALAKSHMI CHILDRENS HOME DONATION 2019



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**FINANCIAL
STATEMENTS**



FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT RESPONSIBILITIES TRINRE INSURANCE COMPANY LIMITED

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of TRINRE Insurance Company Limited (the Company), which comprise the separate statement of financial position as at March 31, 2020, the separate statements of comprehensive income, changes in equity and cash flows for the fifteen month period then ended, and notes, comprising of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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



Rani Lakhan-Narace
Executive Chairman



Kevin Matthews
Finance Manager

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRINRE INSURANCE COMPANY LIMITED

OPINION

We have audited the financial statements of TRINRE Insurance Company Limited (the Company), which comprise the statement of financial position as at March 31, 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

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

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

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRINRE INSURANCE COMPANY LIMITED (CONTINUED)

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRINRE INSURANCE COMPANY LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

KPMG

CHARTERED ACCOUNTANTS

PORT OF SPAIN

TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Statement of Financial Position

March 31, 2020

| | Notes | 2020 \$ | 2019 \$ |
|-------------------------------------|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Property, plant and equipment | 4 | 5,481,840 | 4,694,025 |
| Right-of-use assets | 5 | 14,015,759 | - |
| Intangible assets | 6 | 9,234,964 | 10,418,423 |
| Investment property | 7 | 9,750,000 | 12,000,000 |
| Investment securities | 8 | 99,022,117 | 77,887,190 |
| Reinsurance assets | 10 | 64,603,267 | 67,183,695 |
| Accounts receivable and prepayments | 11 | 28,885,192 | 29,998,738 |
| Due from related parties | 12 | 6,747,352 | 3,416,412 |
| Deferred tax asset | 9 | 958,819 | 183,155 |
| Cash and cash equivalents | | <u>19,196,857</u> | <u>11,844,186</u> |
| Total assets | | <u>257,896,167</u> | <u>217,625,824</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Stated capital | 13 | 22,500,000 | 22,500,000 |
| Statutory reserve | 2r | 28,928,737 | 27,894,682 |
| Retained earnings | | <u>24,985,945</u> | <u>19,593,957</u> |
| | | <u>76,414,682</u> | <u>69,988,639</u> |
| LIABILITIES | | | |
| Insurance liabilities | 14 | 123,463,854 | 103,835,845 |
| Borrowings | 15 | - | 7,305,769 |
| Lease liabilities | 5 | 14,436,049 | - |
| Accounts payable | 16 | 41,489,341 | 33,233,428 |
| Taxation payable | | <u>2,092,241</u> | <u>3,262,143</u> |
| | | <u>181,481,484</u> | <u>147,637,185</u> |
| Total equity and liabilities | | <u>257,896,167</u> | <u>217,625,824</u> |

Signed on behalf of the Board



Director



Director

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

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Statement of Comprehensive Income

Year ended March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|---------------|---------------|
| Insurance activities | | | |
| Gross premium | 17 | 194,368,465 | 210,397,860 |
| Premium ceded to reinsurers | | (119,834,345) | (163,279,557) |
| Net premiums | | 74,534,120 | 47,118,303 |
| Change in unearned premium reserve | | 1,455,596 | (1,423,200) |
| Earned premiums | | 75,989,716 | 45,695,103 |
| Reinsurance commission income | 17 | 21,296,842 | 31,486,470 |
| Net underwriting revenue | | 97,286,558 | 77,181,573 |
| Net benefits and claims | | (31,634,854) | (19,403,473) |
| Policy acquisition expenses | 17 | (14,345,854) | (15,735,626) |
| Underwriting expenses | | (45,980,708) | (35,139,099) |
| Net result from underwriting activities | | 51,305,850 | 42,042,474 |
| Investing activities | | | |
| Investment income | | 3,183,860 | 2,818,012 |
| Net realised gains and losses | | 499,161 | 7,245,887 |
| Fair value losses | | (2,701,891) | (969,476) |
| Depreciation in value of investment property | | (2,250,000) | - |
| Other income | | 812,645 | 602,385 |
| Net income from investing activities | | (456,226) | 9,696,808 |
| Net income from all activities | | 50,849,625 | 51,739,282 |
| Operating expenses | 18 | (36,284,151) | (37,597,231) |
| Finance charges | | (18,464) | (477,802) |
| Profit before for taxation | | 14,547,010 | 13,664,249 |
| Taxation | 9 | (679,912) | (3,343,141) |
| Net profit for the year being total comprehensive income attributable to equity holders | | 13,867,098 | 10,321,108 |

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

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Statement of Changes in Equity

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

| | <u>Notes</u> | <u>Stated Capital</u> \$ | <u>Statutory Reserve</u> \$ | <u>Retained Earnings</u> \$ | <u>Total</u> \$ |
|---|--------------|---------------------------------|------------------------------------|------------------------------------|--------------------|
| Balance at December 31, 2017 | | 22,500,000 | 25,639,298 | 17,558,068 | 65,697,366 |
| Net profit being total comprehensive income for the period/year | | - | - | 10,321,108 | 10,321,108 |
| Transfer to statutory reserve | | - | 2,255,384 | (2,255,384) | - |
| Dividends paid | 24 | - | - | (6,029,835) | (6,029,835) |
| Balance at March 31, 2019 | | 22,500,000 | 27,894,682 | 19,593,957 | 69,988,639 |
| Net profit being total comprehensive income for the period/year | | - | - | 13,192,098 | 13,192,098 |
| Transfer to statutory reserve | | - | 1,034,055 | (1,034,055) | - |
| Dividends paid | 24 | - | - | (7,441,055) | (7,441,055) |
| Balance at March 31, 2020 | | <u>22,500,000</u> | <u>28,928,737</u> | <u>24,985,945</u> | <u>76,414,682</u> |

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

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Statement of Cash Flows

Year ended March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

| | Notes | 2020 \$ | 2019 \$ |
|---|-------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the year | | 13,867,098 | 10,321,108 |
| Adjustments for: | | | |
| Depreciation – Owned Assets | 4,6 | 2,212,062 | 2,826,019 |
| Depreciation – Right of Use Assets | 5 | 2,820,950 | - |
| Loss on disposal of property, plant and equipment | | 4,980 | 153,629 |
| Adjustment to property, plant and equipment | | - | 9,778 |
| Adjustment to intangible assets | | - | 260,975 |
| Loss on disposal of subsidiary | | - | 274,896 |
| Change in investment valuation | | 2,701,891 | 969,476 |
| Change in property valuation | 7 | 2,250,000 | - |
| Change in insurance liabilities | | 19,628,009 | 3,855,673 |
| Change in reinsurance assets | | 2,580,428 | (3,531,759) |
| Lease interest expense | 5 (i)(b)(c) | 968,911 | - |
| Taxation | 9 | 679,912 | 3,343,141 |
| Investment and other income | | (3,183,205) | (3,373,003) |
| | | 44,531,036 | 15,109,933 |
| Changes in accounts receivable | | 1,162,803 | (10,088,554) |
| Changes in due from related parties | | (3,330,939) | (2,211,633) |
| Changes in accounts payable | | 8,255,912 | 13,854,510 |
| Change in operating investments | | (23,836,818) | (3,646,863) |
| Interest paid | | (968,911) | - |
| Corporation taxes paid | | (2,625,480) | (729,688) |
| Net cash from operating activities | | <u>23,187,605</u> | <u>12,287,705</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 3,133,948 | 3,262,712 |
| Acquisition of property, plant and equipment | 4 | (1,821,398) | (513,861) |
| Additions to investment in subsidiary | | - | (239,500) |
| Proceeds from disposal of investment in subsidiary | | - | 225,104 |
| Purchase of intangible assets | | - | (8,500) |
| Net cash provided in investing activities | | <u>1,312,550</u> | <u>2,725,955</u> |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | | |
| Dividends paid | 24 | (7,441,055) | (6,029,835) |
| Payment of lease liability, net | | (2,400,660) | - |
| Repayment from borrowings | | (7,305,769) | (2,178,317) |
| Net cash used in financing activities | | <u>(17,147,484)</u> | <u>(8,208,152)</u> |
| Net increase in cash and cash equivalents | | 7,352,671 | 6,805,508 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/ PERIOD | | <u>11,844,186</u> | <u>5,038,678</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD | | <u>19,196,857</u> | <u>11,844,186</u> |

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

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

1. Incorporation and Principal Activity

TRINRE Insurance Company Limited (the Company) is a limited liability company incorporated on July 3, 1975 and domiciled in the Republic of Trinidad and Tobago. The address of its registered office is 69 Edward Street, Port of Spain. The Company is a subsidiary of Investment Managers Limited, which is incorporated and domiciled in Trinidad and Tobago.

The Company primarily underwrites non-life and group life insurance risks. These products are offered primarily to the domestic market.

These financial statements were authorized for issue by the Board of Directors on November 13, 2020.

2. Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. This is the first set of the Company's annual financial statements in which IFRS 16, *Leases* have been applied. Changes to significant accounting policy is described in note 3.

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

New, revised and amended standards and interpretations that are not yet effective

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(a) Statement of compliance (continued)

- IFRS 9, *Financial Instruments* (continued)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Company has decided to defer the implementation of IFRS 9 until the earlier of the effective date of a new insurance standard and 2023 ('deferral approach') which is available to reporting entities with a predominant part of their business devoted to the activity of issuing contracts within the scope of IFRS 4.

The Company's activities are predominantly connected with insurance as the carrying amount of its liabilities arising from contracts within the scope of IFRS 4, *Insurance Contracts* is significant compared to the total carrying amount of all its liabilities. The annual reporting period immediately before 1 April 2016 was December 31, 2015. At that reporting date, the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities was 90%. Insurance related revenue and expenses were 99% and 98% of total revenue and expenses, respectively. And, the Company's business of underwriting insurance risk has not changed from the year ended December 31, 2015. The Company will continue to apply IAS 39 until April 1, 2023. To enable a comparison with entities applying

IFRS 9, entities that apply the deferral approach are required to disclose the following information:

- Fair value and changes in fair value separately for:
 - (a) those financial assets that pass the solely payments of principal and interest (SPPI) test, excluding any financial asset that meets the definition of held-for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis and
 - (b) all other financial assets, including financial assets that are managed and whose performance is evaluated on a fair value basis. Refer to Note 8..
- Credit ratings of financial assets that pass the SPPI test. Financial assets which pass the SPPI test are assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Refer to Note 8.
- IFRS 17 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023, replaces IFRS 4 *Insurance Contracts* and provides three models to apply to all insurance contracts: the general model, the variable fee approach and the premium allocation approach.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(a) Statement of compliance (continued)

- IFRS 17 *Insurance Contracts* (continued)

- The key principles in IFRS 17 are that an entity:
 - identifies insurance contracts as those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event, (the insured event) adversely affects the policyholder;
 - separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
 - recognises and measures company of insurance contracts at:
 - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset).
 - an amount representing the unearned profit in the company of contracts (the contractual service margin).
 - recognises the profit from a company of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a company contract is or becomes loss-making, an entity recognises the loss immediately.
 - presents separately insurance revenue (that excludes the receipt of repayment of investment components) and insurance finance income or expenses;
 - includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts where the coverage period is less than a year or where there are no significant expected changes in estimates before the claims are incurred.

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

The company is assessing the impact that the standard will have on its financial statements

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(a) Statement of compliance (continued)

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;

A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present

- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The company is assessing the impact that the amendments will have on its 2020 financial statements.

(b) Basis of measurement

These financial statements are prepared on the historical cost basis except for the measurement at fair value of investment securities and investment property at fair value through profit and loss. No account is taken of the effects of inflation. The 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(d) Use of estimates, assumptions and judgements

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

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below:

- *Determining fair values*

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

- *Impairment of assets*

The identification of impairment and the determination of recoverable amounts is an inherently 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Lapse and expenses studies were performed to determine the best estimate lapse and per policy future administrative expense assumptions. Due to events taking place subsequent to the year end management has adopted a conservative lapse assumption to reflect uncertainties relating to future policyholder behaviour.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

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

- *Estimate of future benefit payments and premiums arising from long-term insurance contracts (continued)*
- *Outstanding claims*

Outstanding claims comprise estimates of the amount of reported losses and expenses plus a provision for losses incurred but not reported based on historical experience. The loss and loss expense reserves have been estimated by the company's actuary using the company's past loss experience and industry data.

Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities. Notes 20 and 22 contain information about the assumptions and uncertainties relating to insurance liabilities and discloses the risk factors in these contracts.

(e) Foreign currency

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

(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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

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% |
| Right of use assets | Over the lease life |

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

(g) Intangible assets

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

(h) Investment property

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

(i) Insurance contracts recognition and measurement

(i) 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(i) Insurance contracts recognition and measurement (continued)

(i) Reinsurance assets (continued)

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.

(ii) 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.

(iii) Insurance liabilities

Life insurance contract liabilities

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

Death claims are recorded in profit or loss net of reinsurance recoverable.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(i) *Insurance contracts recognition and measurement (continued)*

(iii) *Insurance liabilities (continued)*

General insurance contract liabilities

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

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

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

The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the 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.

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.

(iv) *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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(i) *Insurance contracts recognition and measurement (continued)*

(v) Deferred acquisition and deferred commission income

Commission paid to agents and brokers for insurance contracts that are related to securing new and renewing existing contracts and commission income are deferred on a basis consistent with that used for deferring premium income.

(j) *Financial instruments*

i) Classification

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

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

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(j) Financial instruments (continued)

iii) Measurement (continued)

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.

(l) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets (see accounting policy (q)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(l) Impairment (continued)

i) Calculation of recoverable amount (continued)

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, 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 March 31, 2020 have been classified as insurance contracts.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(n) *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.

(o) *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.

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts [see note 2(i)(i)]. Profit commission in respect of reinsurance contracts is recognised on an accrual basis.

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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(o) Revenue recognition (continued)

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.

(p) Other income and expenditure

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

(q) 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 period, using the tax rate enacted by the reporting date, business levy and green fund levy, charged on worldwide income, and any adjustment of tax payable for the previous years.

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

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

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

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant Accounting Policies (continued)

(r) *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.

(s) *Related parties*

A party is related to the Company, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
 - a) is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
 - b) has a direct or indirect interest in the company that gives it significant influence; or
 - c) has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

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

The Company has a related party relationship with its directors and key management personnel, representing certain senior officers of the Company, its parent company and all their affiliates.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant accounting policies

(s) Comparatives

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

(t) Leases

Policy applicable from April 1, 2019

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

This policy is applied to contracts entered into, on or after April 1, 2019.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant accounting policies (continued)

(t) *Leases(continued)*

Policy applicable from April 1, 2019

i. As a lessee (continued)

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

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

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

Policy applicable before April 1, 2019

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

2. Significant accounting policies (continued)

(t) Leases(continued)

i. As a lessee (continued)

Policy applicable before April 1, 2019 (continued)

Short-term leases and leases of low-value assets (continued)

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets acquired under finance leasing arrangements are measured at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation, and impairment losses. After deducting interest attributable to future periods, the net amount payable is included in accounts payable.

Assets held under other leases were classified as operating leases and were not recognised in the Company's balance sheet. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

3. Changes in significant accounting policies

The Company initially applied IFRS 16 *Leases* from April 1, 2019. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the Company's financial statements.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at April 1, 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The details of the changes in accounting policies are disclosed in note 3. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

3. Changes in significant accounting policies

- (a) The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
 - did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
 - excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
 - used hindsight when determining the lease term.
- (b) Impact on transition
- (i) On adoption of IFRS 16 on April 1, 2019, the group and the company recognised additional right-of-use assets and additional lease liabilities. The group and company have elected to measure the right-of-use asset at an amount equal to the lease liability. Consequently, there was no impact on retained earnings at the date of transition.
- (ii) In measuring lease liabilities for leases that were classified as operating leases, the group discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted-average rate applied is 5.75%.

| | <u>April 1, 2019</u> \$'000 |
|---|--------------------------------|
| Operating lease commitment at March 31, 2019, as disclosed | <u>9,083,501</u> |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | (<u>1,094,549</u>) |
| Extension options reasonably certain to be exercised | <u>8,080,279</u> |
| Lease liability recognised at April 1 2019 | <u>16,069,231</u> |

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

4. Property, Plant and Equipment

| | Office Furniture & Fittings | Equipment | Motor Vehicles | Computer Equipment | Building Improve- ments | Work in Progress | Total |
|---------------------------------|-----------------------------------|-----------|-------------------|-----------------------|-------------------------------|------------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Year ended | | | | | | | |
| March 31, 2020 | | | | | | | |
| <i>Cost</i> | | | | | | | |
| Movements for the year | | | | | | | |
| March 31, 2019 | 2,467,755 | 1,989,480 | 1,557,431 | 2,690,304 | 3,662,648 | - | 12,367,618 |
| Additions | 4,151 | 12,007 | 82,000 | 370,700 | 27,540 | 1,325,000 | 1,821,398 |
| Disposals | - | - | - | (20,043) | - | - | (20,043) |
| Balance as at March 31, 2020 | 2,471,906 | 2,001,487 | 1,639,431 | 3,040,961 | 3,690,188 | 1,325,000 | 14,168,973 |
| <i>Accumulated depreciation</i> | | | | | | | |
| Balance as at March 31, 2019 | 1,414,654 | 1,471,837 | 1,214,834 | 1,612,194 | 1,960,074 | - | 7,673,593 |
| Charge | 211,033 | 105,276 | 97,608 | 251,001 | 343,810 | 19,875 | 1,028,603 |
| Disposals | - | - | - | (15,063) | - | - | (15,063) |
| Balance as at March 31, 2020 | 1,625,687 | 1,577,113 | 1,312,442 | 1,848,132 | 2,303,884 | 19,875 | 8,687,133 |
| <i>Net book value</i> | | | | | | | |
| March 31, 2020 | 846,219 | 424,374 | 326,989 | 1,192,830 | 1,386,303 | 1,305,125 | 5,481,840 |
| March 31, 2019 | 1,053,101 | 517,643 | 342,597 | 1,078,110 | 1,702,574 | - | 4,694,025 |

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

4. Property, Plant and Equipment (continued)

| | Office Furniture & Fittings | Equipment | Motor Vehicles | Computer Equipment | Building Improve- ments | Work in Progress | Total |
|--|-----------------------------------|------------------|-------------------|-----------------------|-------------------------------|------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Fifteen months ended March 31, 2019 | | | | | | | |
| <i>Cost</i> | | | | | | | |
| January 1, 2018 | 2,432,127 | 1,943,424 | 1,557,431 | 2,510,799 | 3,775,198 | - | 12,218,979 |
| Movements for the fifteen months | | | | | | | |
| Additions | 35,628 | 37,621 | - | 195,718 | 28,782 | 216,112 | 513,861 |
| Disposals | - | - | - | - | (355,444) | - | (355,444) |
| Transfers | - | - | - | - | 214,112 | (214,112) | - |
| Adjustments | - | 8,435 | - | (16,213) | - | (2,000) | (9,778) |
| March 31, 2019 | <u>2,467,755</u> | <u>1,989,480</u> | <u>1,557,431</u> | <u>2,690,304</u> | <u>3,662,648</u> | <u>-</u> | <u>12,367,618</u> |
| <i>Accumulated depreciation</i> | | | | | | | |
| January 1, 2018 | 1,090,678 | 1,318,311 | 1,070,182 | 1,303,804 | 1,646,449 | - | 6,429,424 |
| Movements for the fifteen months | | | | | | | |
| Charge | 323,976 | 152,401 | 144,652 | 309,515 | 515,440 | - | 1,445,984 |
| Disposals | - | - | - | - | (201,815) | - | (201,815) |
| Transfers | - | 1,125 | - | (1,125) | - | - | - |
| March 31, 2019 | <u>1,414,654</u> | <u>1,471,837</u> | <u>1,214,834</u> | <u>1,612,194</u> | <u>1,960,074</u> | <u>-</u> | <u>7,673,593</u> |
| <i>Net book value</i> | | | | | | | |
| March 31, 2019 | <u>1,053,101</u> | <u>517,643</u> | <u>342,597</u> | <u>1,078,110</u> | <u>1,702,574</u> | <u>-</u> | <u>4,694,025</u> |
| December 31, 2017 | <u>1,341,449</u> | <u>625,113</u> | <u>487,249</u> | <u>1,206,995</u> | <u>2,128,749</u> | <u>-</u> | <u>5,789,555</u> |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

5. Leases

As a lessee

The Company leases some assets, including properties and IT equipment. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’, the same line item as it presents underlying assets of the same nature that it owns. Right-of-use assets that meet the definition of investment property are presented within investment property. The implementation of the new standard had negligible impact on the financial statements.

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

(a) Right-of-use assets

| | Properties |
|----------------------------------|---------------------|
| | \$ |
| Balance at April 1, 2019 | 16,069,231 |
| Additions | 767,478 |
| Depreciation charge for the year | <u>(2,820,950)</u> |
| Balance at March 31, 2020 | <u>14,015,759</u> |

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

| | <u>2020</u> |
|--|---------------------|
| | \$ |
| Less than one year | 3,432,680 |
| One to five years | 13,292,660 |
| Over five years | <u>263,143</u> |
| | 16,988,183 |
| Less: future interest | <u>(2,552,435)</u> |
| Total discounted lease liabilities at March 31, 2020 | 14,436,049 |
| Less: current portion | <u>(2,602,608)</u> |
| Non-current | <u>11,833,441</u> |

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

5. Leases (continued)

| | | |
|-----|---|------------------|
| (c) | Amounts recognised in profit or loss | <u>2020</u> |
| | | \$' |
| | Interest on lease liabilities | 968,911 |
| | Depreciation | <u>2,820,950</u> |
| (d) | Amounts recognised in the statement of cash flows | <u>2020</u> |
| | | \$ |
| | Total cash outflow for leases | <u>3,369,571</u> |

6. Intangible Assets

| | <u>Software</u> | <u>Work in Progress</u> | <u>Deferred Development Costs</u> | <u>Total</u> |
|---------------------------------------|------------------|---------------------------------|---|-------------------|
| | \$ | \$ | \$ | \$ |
| Year ended March 31, 2020 | | | | |
| Cost | | | | |
| Balance as at March 31, 2019 and 2020 | 13,421,941 | 418,184 | 1,043,390 | <u>14,884,025</u> |
| Accumulated depreciation | | | | |
| Balance as at March 31, 2019 | <u>4,204,627</u> | - | 260,975 | <u>4,465,602</u> |
| Charge for the year | <u>974,677</u> | - | 208,782 | <u>1,183,459</u> |
| Balance as at March 31, 2020 | <u>5,179,304</u> | - | 469,757 | <u>5,649,061</u> |
| Net book value | | | | |
| March 31, 2020 | <u>8,242,637</u> | <u>418,184</u> | <u>574,143</u> | <u>9,234,964</u> |
| March 31, 2019 | <u>9,217,314</u> | <u>418,184</u> | <u>782,925</u> | <u>10,418,423</u> |

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TRINRE INSURANCE COMPANY LIMITED

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As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

6. Intangible Assets (continued)

| | <u>Software</u> | <u>Work in Progress</u> | <u>Deferred Development Costs</u> | <u>Total</u> |
|----------------------------------|-------------------|---------------------------------|---|-------------------|
| | \$ | \$ | \$ | \$ |
| Year ended March 31, 2019 | | | | |
| Cost | | | | |
| Balance as at January 1, 2018 | 3,521,272 | 10,318,853 | 1,035,400 | 14,875,525 |
| Movements for the fifteen months | | | | |
| Transfers | 9,900,669 | (9,900,669) | - | - |
| Adjustments | - | - | - | - |
| Additions | - | - | 8,500 | 8,500 |
| Balance as at March 31, 2019 | <u>13,421,941</u> | <u>418,184</u> | <u>1,043,390</u> | <u>14,884,025</u> |
| Accumulated depreciation | | | | |
| Balance as at January 1, 2018 | 2,824,592 | - | - | 2,824,592 |
| Movements for the fifteen months | | | | |
| Charge for the period | 1,380,035 | - | 208,780 | 1,588,815 |
| Adjustments | - | - | 52,195 | 52,195 |
| Balance as at March 31, 2019 | <u>4,204,627</u> | <u>-</u> | <u>260,975</u> | <u>4,465,602</u> |
| Net book value | | | | |
| March 31, 2019 | <u>9,217,314</u> | <u>418,184</u> | <u>782,925</u> | <u>10,418,423</u> |
| December 31, 2017 | <u>696,680</u> | <u>10,318,853</u> | <u>1,035,400</u> | <u>12,050,933</u> |

7. Investment Property

Investment property comprises property at Kingsbury Place, 22A King Street.

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|-------------------|
| | \$ | \$ |
| Net book value as at March 31 | 12,000,000 | 12,000,000 |
| Change in fair value | <u>(2,250,000)</u> | <u>-</u> |
| Valuation as at the end of the year/period | <u>9,750,000</u> | <u>12,000,000</u> |

The property was valued by Raymond & Pierre Ltd, an independent professional valuator, whose report dated August 24, 2020

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

7. Investment Property

The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

| Valuation techniques | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|--|--|
| <p>Income approach</p> <p>This model:</p> <ul style="list-style-type: none"> • Considers a property's potential cashflows • Analyses the present worth of the anticipated future benefits to the owner over an assumed holding period • Includes a discounted cash-flow and income capitalization procedure to compute the value of property | <ul style="list-style-type: none"> • Net income before debt service and depreciation • The potential rental value of the property in the current investment climate. | <p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • Judgement about what the property can be sold, exchanged, let, mortgaged, which had been determined to be better/(worse). • The potential rental value of the property increased/decreased. |

Investment property in the current and prior year, are classified as Level 3 in the fair value hierarchy as per IFRS fair value measurement as the input for the valuation is not based on an observable market data.

Income and expenses in respect of investment properties are:

| | 2020 | 2019 |
|---------------------------------|----------------|----------------|
| | \$ | \$ |
| Rental income and service costs | (811,690) | (952,445) |
| Investment property expense | <u>197,210</u> | <u>508,763</u> |

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TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

8. Investment Securities

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| | \$ | \$ |
| Securities at fair value through profit and loss | | |
| Equity securities | 38,939,219 | 38,650,565 |
| Mutual funds | 24,703,117 | 10,413,692 |
| Government and Government-guaranteed bonds | 32,060,889 | 26,491,289 |
| Corporate bonds | 1,870,892 | 1,818,370 |
| Asset based security | <u>1,448,000</u> | <u>513,274</u> |
| Total investment securities | <u>99,022,117</u> | <u>77,887,190</u> |

Investment securities amounting to \$47,875,474 (2019: \$31,541,226) included above are pledged with the Inspector of Financial Institutions as part of the Company's statutory assets.

Investments, excluding interest receivable, are due from the reporting date as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------------|-------------------|-------------------|
| | \$ | \$ |
| No specific maturity | 63,642,336 | 49,037,400 |
| Within 1 year | 3,863,092 | 6,779,018 |
| 1 year to 5 years | 18,028,184 | 10,480,972 |
| Over 5 years | <u>13,488,505</u> | <u>11,589,800</u> |
| | <u>99,022,117</u> | <u>77,887,190</u> |

The following table presents the fair value and the amount of change in the fair value of the company's financial assets as at and for the year ended March 31, 2020 and March 31, 2019, showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

| Financial asset | <u>2020</u> | | | | |
|--|----------------------|-----------------------|----------------------|---------------------------|----------------------|
| | Total carrying value | SPPI financial assets | | Non-SPPI financial assets | |
| Investments: | | Fair value | Change in fair value | Fair value | Change in fair value |
| | \$ | \$ | \$ | \$ | \$ |
| Equity securities | 38,939,219 | - | - | 38,939,219 | - |
| Mutual funds | 24,703,117 | - | - | 24,703,117 | - |
| Government and Government-guaranteed bonds | 32,060,889 | 32,060,889 | - | - | - |
| Corporate bonds | 1,870,892 | 1,870,892 | - | - | - |
| Asset based security | 1,448,000 | 1,448,000 | - | - | - |
| | <u>99,022,117</u> | <u>35,379,781</u> | <u>-</u> | <u>63,642,336</u> | <u>-</u> |

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TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

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(with comparatives for the fifteen month period ended March 31, 2019)

8. Investment Securities (continued)

| Financial asset | 2019 | | | | |
|--|----------------------|-----------------------|----------------------|---------------------------|----------------------|
| | Total carrying value | SPPI financial assets | | Non-SPPI financial assets | |
| Investments: | | Fair value | Change in fair value | Fair value | Change in fair value |
| | \$ | \$ | \$ | \$ | \$ |
| Equity securities | 38,650,565 | - | - | 38,650,565 | - |
| Mutual funds | 10,413,692 | - | - | 10,413,692 | - |
| Government and Government-guaranteed bonds | 26,491,289 | 26,491,289 | - | - | - |
| Corporate bonds | 1,818,370 | 1,818,370 | - | - | - |
| Asset based security | 513,274 | 513,274 | - | - | - |
| | <u>77,887,190</u> | <u>28,822,933</u> | - | <u>49,064,257</u> | - |

Credit risk

| Credit rating | 2020 | | |
|---|-----------------------|-------------------|-----------------|
| | Carrying value Amount | Fair value | % of Fair value |
| | \$ | \$ | |
| Bonds and asset security short-term investments | | | |
| Ba1 | <u>35,379,781</u> | <u>35,379,781</u> | 100 |

| Credit rating | 2019 | | |
|---|-----------------------|-------------------|-----------------|
| | Carrying value Amount | Fair value | % of Fair value |
| | \$ | \$ | |
| Bonds and asset security short-term investments | | | |
| Ba1 | <u>28,822,933</u> | <u>28,822,933</u> | 100 |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

9. Taxation

| | 2020 | 2019 |
|--|----------------|------------------|
| | \$ | \$ |
| <i>Income tax recognised in profit and loss</i> | | |
| Corporation tax | 2,599,654 | 3,674,440 |
| Green fund levy | 299,482 | 246,075 |
| Prior year over-provision of corporation tax | (1,443,561) | - |
| Deferred tax expense relating to the origination/reversal of temporary differences | (775,663) | (577,374) |
| | 679,912 | 3,343,141 |
| <i>Reconciliation of effective tax rate</i> | | |
| Profit before provision for taxation | 14,547,010 | 13,664,249 |
| Tax at the statutory rate of 30% | 4,364,103 | 4,099,276 |
| Expenses not deductible for tax purposes | 60,604 | 289,795 |
| Income exempt from tax | (2,600,716) | (515,337) |
| Green fund levy | 299,482 | 246,075 |
| Prior year over-provision of corporation tax | (1,443,561) | - |
| Prior year over-provision of deferred tax | - | (776,668) |
| Tax charge for year/period | 679,912 | 3,343,141 |
| <i>Movement in the deferred tax liability (asset)</i> | | |
| Balance at the beginning of the year/period | (183,156) | 394,218 |
| Charge (credit) to the statement of comprehensive income | (775,663) | (577,374) |
| Balance at the end of the year/period | (958,819) | (183,156) |
| <i>Composition of deferred tax liability (asset)</i> | | |
| Property, plant and equipment and leases, net | 1,039,647 | 1,026,910 |
| Right of Use Asset | 126,087 | - |
| Claims incurred but not reported | (1,252,370) | (590,056) |
| Other timing differences | (620,010) | (620,010) |
| | (958,819) | (183,156) |

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

10. Reinsurance Assets

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| | \$ | \$ |
| Claims reported and IBNR (Note 14 (c)) | 27,509,207 | 21,406,065 |
| Provision for unearned premiums (Note 14 (e)) | 36,830,822 | 41,577,006 |
| Other items | <u>263,238</u> | <u>4,200,624</u> |
| | <u>64,603,267</u> | <u>67,183,695</u> |

11. Accounts Receivables and Prepayments

| | <u>2020</u> | <u>2019</u> |
|-----------------------|-------------------|-------------------|
| | \$ | \$ |
| Insurance receivables | 26,043,653 | 27,258,476 |
| Other receivables | 2,254,683 | 2,064,143 |
| Prepayments | <u>586,856</u> | <u>676,119</u> |
| | <u>28,885,192</u> | <u>29,998,738</u> |

12. Due from Related Parties

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Caribbean Premium Financing Company Limited | 2,109,155 | 3,191,308 |
| Premier Insurance Company Inc | 4,413,093 | - |
| Investment Managers Limited | <u>225,104</u> | <u>225,104</u> |
| | <u>6,747,352</u> | <u>3,416,412</u> |

All outstanding balances with the related parties are unsecured.

13. Stated Capital

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| | \$ | \$ |
| <i>Authorised</i> | | |
| Unlimited number of ordinary and preference shares of no par value | | |
| <i>Issued and fully paid ordinary shares</i> | | |
| 11,666,666 shares of no par value | <u>22,500,000</u> | <u>22,500,000</u> |

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As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

14. Insurance Liabilities

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|
| | \$ | \$ |
| (a) <i>Analysis of insurance liabilities</i> | | |
| <u>Long term insurance contracts</u> (Note 14(b)) | <u>22,732,617</u> | <u>6,389,894</u> |
| <u>Short term insurance contracts</u> | | |
| Claims reported and loss adjustment expenses (Note 14(c)) | 34,150,828 | 35,392,660 |
| Claims incurred but not reported (Note 14(c)) | 13,281,755 | 3,932,434 |
| Unearned premiums (Note 14(e)) | <u>53,298,634</u> | <u>58,120,857</u> |
| | <u>100,731,237</u> | <u>97,445,951</u> |
| Total insurance contracts liabilities | <u>123,463,854</u> | <u>103,835,845</u> |
| (b) (i) <i>Analysis of long term insurance contracts</i> | | |

| <u>2020</u> | | | | | | |
|--------------------------------------|-----------------|---------------------------|----------------------|--------------------------|---------------------------|-------------------------|
| <u>Policy Class</u> | <u>Policies</u> | <u>Annualized Premium</u> | <u>Face Amount</u> | <u>Negative Reserves</u> | <u>Statutory Reserves</u> | <u>Adjusted Reserve</u> |
| | | \$ | \$ | \$ | \$ | \$ |
| Unit Trust Corporation (UTC) Benefit | 5,009 | 54,127 | 56,237,232 | (11,184) | 135,437 | 146,621 |
| Creditor Life | 115,129 | - | 7,921,313,792 | - | 17,404,368 | 17,404,368 |
| Creditor Life (IBNR) | - | - | - | - | 1,437,166 | 1,437,166 |
| Bereavement life | 886 | 366,452 | 23,470,000 | - | 2,750,668 | 2,750,668 |
| Group Life | 667 | 610,752 | 160,544,992 | - | 993,794 | 993,794 |
| Total | 121,691 | 1,031,331 | 8,161,566,016 | (11,184) | 22,721,433 | 22,732,617 |

| <u>2019</u> | | | | | | |
|--------------------------------------|-----------------|---------------------------|----------------------|--------------------------|---------------------------|-------------------------|
| <u>Policy Class</u> | <u>Policies</u> | <u>Annualized Premium</u> | <u>Face Amount</u> | <u>Negative Reserves</u> | <u>Statutory Reserves</u> | <u>Adjusted Reserve</u> |
| | | \$ | \$ | \$ | \$ | \$ |
| Unit Trust Corporation (UTC) Benefit | 5,304 | 59,875 | 61,667,308 | (11,636) | 149,727 | 161,363 |
| Creditor Life | 57,122 | - | 3,305,496,064 | - | 5,097,342 | 5,097,342 |
| Bereavement life | 474 | 155,415 | 8,735,000 | - | 571,927 | 571,927 |
| Group Life | 782 | 489,089 | 172,466,000 | - | 559,262 | 559,262 |
| Total | 63,682 | 704,379 | 3,548,364,372 | (11,636) | 6,378,258 | 6,389,894 |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

14. Insurance Liabilities (continued)

(b) (ii) Change in policyholders' liabilities:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|------------------|
| | \$ | \$ |
| a) Actuarial liabilities: | | |
| At the beginning of the year | 6,389,894 | 4,220,560 |
| Changes in actuarial model and assumptions | (3,228,698) | - |
| Normal changes in liabilities | <u>19,571,421</u> | <u>2,169,334</u> |
| At the end of the year | <u>22,732,617</u> | <u>6,389,894</u> |

(b) (iii) Actuarial liabilities are computed for the insurance portfolio as follows:

- 1 The policy liabilities for both individual and group business have been calculated using the Caribbean Policy Premium Method. This method uses Best Estimates of future operating experience along with Margins for Adverse Deviations (MfADs), to determine the reserve required at the valuation date, such that the reserve and future expected cash flow receipts (e.g. premium, and investment income) are sufficient to meet all future cash flow expenditures (e.g. benefits and expenses).
- 2 Both individual and group business has been modelled on AXIS (actuarial valuation software) using a report summary of records provided by the management of TRINRE.
- 3 Considering the statutory requirements in Trinidad, all policies with negative reserves have been excluded from the reserves figures and set to zero.

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TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

14. Insurance Liabilities (continued)

(b) (iv) Sensitivity of actuarial liabilities to changes in assumptions:

The sensitivity of the actuarial liabilities to changes in assumptions is presented below, assuming there is a simultaneous change in the assumption across all products.

| | Increase in actuarial liabilities, net | |
|--|--|---------|
| | 2020 | 2019 |
| | \$ | \$ |
| Policy related assumptions | | |
| 1% decrease in interest rates | 953,077 | 286,473 |
| 10% increase in future mortality rates | 1,069,525 | 395,992 |
| 10% decrease in future lapse rates | 352,049 | 130,372 |
| 10% increase in future expense level | 398,434 | 236,312 |

(c) Analysis of claims reports on short term insurance contracts:

| | | 2020 | | |
|---|---------------------------------|----------------------------------|------------|--|
| Notes | Insurance Contracts Liabilities | Reinsurers' Share of Liabilities | Net | |
| | \$ | \$ | \$ | |
| Provision for claims reported by policyholders | 34,150,828 | 19,230,523 | 14,920,305 | |
| Provision for claims incurred but not reported (IBNR) | 13,281,775 | 8,278,685 | 5,003,090 | |
| Total claims reported and IBNR | 47,432,603 | 27,509,207 | 19,923,396 | |
| Provision for unearned premiums | 53,298,634 | 36,830,822 | 16,467,812 | |
| Total insurance contracts liabilities | 100,731,237 | 64,340,029 | 36,391,208 | |
| | | 2019 | | |
| Notes | Insurance Contracts Liabilities | Reinsurers' Share of Liabilities | Net | |
| | \$ | \$ | \$ | |
| Provision for claims reported by policyholders | 35,392,660 | 19,317,347 | 16,075,313 | |
| Provision for claims incurred but not reported (IBNR) | 3,932,434 | 2,088,718 | 1,843,716 | |
| Total claims reported and IBNR | 39,325,094 | 21,406,065 | 17,919,029 | |
| Provision for unearned premiums | 58,120,857 | 41,577,006 | 16,543,851 | |
| Total insurance contracts liabilities | 97,445,951 | 62,983,071 | 34,462,880 | |

FINANCIAL STATEMENTS

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

14. Insurance Liabilities (continued)

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

| | Insurance Contracts Liabilities | Reinsurers' Share of Liabilities | Net |
|-------------------------------|--|---|---------------------|
| | \$ | \$ | \$ |
| At March 31, 2019 | 39,325,094 | 21,406,065 | 17,919,029 |
| Claims incurred | 39,495,081 | 25,644,178 | 13,850,903 |
| Claims paid during the year | <u>(31,387,572)</u> | <u>(19,541,036)</u> | <u>(11,846,536)</u> |
| At March 31, 2020 | <u>47,432,603</u> | <u>27,509,207</u> | <u>19,923,396</u> |
| At January 1, 2018 | 37,535,558 | 18,823,911 | 18,711,647 |
| Claims incurred | 40,891,931 | 24,782,740 | 16,109,191 |
| Claims paid during the period | <u>(39,102,395)</u> | <u>(22,200,586)</u> | <u>(16,901,809)</u> |
| At March 31, 2019 | <u>39,325,094</u> | <u>21,406,065</u> | <u>17,919,029</u> |

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

| | Insurance Contracts Liabilities | Reinsurers' Share of Liabilities | Net |
|----------------------------------|--|---|---------------------|
| | \$ | \$ | \$ |
| At March 31, 2019 | <u>58,120,857</u> | <u>41,577,006</u> | <u>16,543,851</u> |
| Premium written in the year | 123,716,982 | 89,982,134 | 33,734,848 |
| Premium earned during the year | <u>(128,539,205)</u> | <u>(94,728,318)</u> | <u>(33,810,887)</u> |
| At March 31, 2020 | <u>53,298,634</u> | <u>36,830,822</u> | <u>16,467,812</u> |
| At January 1, 2018 | 58,224,054 | 42,708,409 | 15,515,645 |
| Premium written in the period | 171,978,655 | 131,474,435 | 40,504,220 |
| Premium earned during the period | <u>(171,732,149)</u> | <u>(132,424,242)</u> | <u>(39,307,907)</u> |
| Portfolio transfer | <u>(349,703)</u> | <u>(181,596)</u> | <u>(168,107)</u> |
| At March 31, 2019 | <u>58,120,857</u> | <u>41,577,006</u> | <u>16,543,851</u> |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

14. Insurance Liabilities (continued)

(f) Claims development:

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

Analysis of net claims development

| | Accident year | | | | | Total \$'000 |
|------------------------------------|----------------|----------------|----------------|-----------------|----------------|-----------------|
| | 2015 \$'000 | 2016 \$'000 | 2017 \$'000 | 2019* \$'000 | 2020 \$'000 | |
| Estimate of cumulative claims | | | | | | |
| at end of accident year | 17,360 | 12,411 | 14,021 | 13,471 | 11,756 | |
| -one year later | 18,457 | 14,679 | 16,326 | 14,327 | | |
| -two years later | 19,960 | 15,404 | 17,509 | | | |
| -three years later | 20,686 | 15,383 | | | | |
| -four years later | 20,867 | | | | | |
| Estimate of cumulative claims | 20,867 | 15,383 | 17,509 | 14,327 | 11,756 | 79,842 |
| Cumulative payments to date | (11,803) | (14,072) | (15,252) | (10,885) | (7,907) | (59,919) |
| Net outstanding claims liabilities | <u>9,064</u> | <u>1,311</u> | <u>2,257</u> | <u>3,442</u> | <u>3,849</u> | <u>19,923</u> |

*The company changes its accounting period from December 31 to March 31. The results of 2019 represent a fifteen month period.

15. Borrowings

Revolving term loan from Scotiabank obtained in August 2015 for \$7,200,000 to assist with the settlement of payables to reinsurers. Interest was charged at the annual rate of 3.9% per annum. Each advance was repayable upon maturity in 6 equal monthly instalments from the date of the first advance. The loan was fully repaid during the year.

| 2020 | 2019 |
|------|------|
| \$ | \$ |

| | |
|---|-----------|
| - | 7,200,000 |
|---|-----------|

Loan from IML obtained in January 2017 for \$475,960 to finance the acquisition of a motor vehicle. Interest was charged at the annual rate of 4.8% per annum. The loan was repayable in 36 equal monthly instalments of \$13,221 plus interest. The loan was fully repaid during the year.

| | |
|---|---------|
| - | 105,769 |
|---|---------|

| | |
|---|-----------|
| - | 7,305,769 |
|---|-----------|

FINANCIAL STATEMENTS

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As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

16. Trade and Other Payables

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Sundry creditors and accruals | 9,535,408 | 8,824,735 |
| Amounts due to reinsurers | <u>31,953,933</u> | <u>24,408,693</u> |
| | <u>41,489,341</u> | <u>33,233,428</u> |

17. Net results from insurance activities

| | <u>Non-life insurance</u> | <u>Life insurance</u> | <u>Total</u> |
|--|-------------------------------|---------------------------|----------------------|
| | \$ | \$ | \$ |
| <i>Year ended March 31, 2020</i> | | | |
| Gross premiums | 123,716,982 | 70,651,483 | 194,368,465 |
| Premium ceded to reinsurers | <u>(89,889,961)</u> | <u>(29,944,834)</u> | <u>(119,834,345)</u> |
| Net premiums | 33,827,021 | 40,707,099 | 74,534,120 |
| Change in unearned premium reserve | <u>1,455,596</u> | <u>-</u> | <u>1,455,596</u> |
| Earned premiums | 35,282,617 | 40,707,099 | 75,989,716 |
| Reinsurance commission income | <u>22,618,782</u> | <u>(1,321,940)</u> | <u>21,296,842</u> |
| Net underwriting revenue | <u>57,901,399</u> | <u>39,385,159</u> | <u>97,286,558</u> |
| Policy acquisition expenses | <u>(13,066,882)</u> | <u>(1,278,973)</u> | <u>(14,345,854)</u> |
| Net benefits and claims | <u>(13,033,774)</u> | <u>(18,601,080)</u> | <u>(31,634,854)</u> |
| Underwriting expenses | <u>(26,100,656)</u> | <u>(19,880,052)</u> | <u>(45,980,708)</u> |
| Net results from insurance activities | <u>31,800,743</u> | <u>19,505,107</u> | <u>51,305,850</u> |
| <i>Period ended March 31, 2019</i> | | | |
| Gross premiums | 171,978,655 | 38,419,205 | 210,397,860 |
| Premium ceded to reinsurers | <u>(129,539,910)</u> | <u>(33,739,647)</u> | <u>(163,279,557)</u> |
| Net premiums | 42,438,745 | 4,679,558 | 47,118,303 |
| Change in unearned premium reserve | <u>(1,423,200)</u> | <u>-</u> | <u>(1,423,200)</u> |
| Earned premiums | 41,015,545 | 4,679,558 | 45,695,103 |
| Reinsurance commission income | <u>30,056,895</u> | <u>1,429,575</u> | <u>31,486,470</u> |
| Net underwriting revenue | <u>71,072,440</u> | <u>6,109,133</u> | <u>77,181,573</u> |
| Policy acquisition expenses | <u>(14,773,541)</u> | <u>(962,085)</u> | <u>(15,735,626)</u> |
| Net benefits and claims | <u>(16,764,022)</u> | <u>(2,639,451)</u> | <u>(19,403,473)</u> |
| Underwriting expenses | <u>(31,537,563)</u> | <u>(3,601,536)</u> | <u>(35,139,099)</u> |
| Net results from insurance activities | <u>39,534,877</u> | <u>2,507,597</u> | <u>42,042,474</u> |

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TRINRE INSURANCE COMPANY LIMITED

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As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

18. Operating expenses

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Actuarial fees | 384,638 | 131,625 |
| Administrative fees | 6,672,526 | 2,386,174 |
| Advertising | 1,611,617 | 1,113,582 |
| Consultant fees | 1,546,234 | 3,023,424 |
| Depreciation and amortization | 2,212,062 | 2,826,020 |
| Depreciation- right of use asset | 2,820,950 | - |
| Directors fees | 264,000 | 360,000 |
| Equipment rental | 217,825 | 299,537 |
| Interest on lease liabilities | 968,111 | - |
| Management fees | 1,012,500 | 1,252,969 |
| Network and hardware maintenance | 236,809 | 492,543 |
| Office rent | 72,241 | 3,807,675 |
| Other expenses | 3,364,866 | 3,841,699 |
| Other staff costs | 2,260,763 | 2,685,979 |
| Promotions | 335,271 | 419,857 |
| Repairs and maintenance | 268,198 | 556,770 |
| Road side assistance | 539,050 | 641,166 |
| Salaries | 9,705,695 | 11,436,751 |
| Security | 279,641 | 310,807 |
| Software development | 427,939 | 635,150 |
| Software licence and upgrade | 717,234 | 937,521 |
| Staff welfare | <u>365,981</u> | <u>437,984</u> |
| | <u>36,284,151</u> | <u>37,597,231</u> |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

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

Terms and conditions

Non-Life

The major classes of non-life 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 reporting date.

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

Group Life

The major classes of group life insurance contracts written by the Company include:

a) Creditor Life

In the event of death of an insured (client of the policyholder - financial institution), the policy covers the outstanding balance of the insured's loan.

b) Group Life

This provides coverage in the event of death of the insured. Current in-force policies are annually renewable and offer coverage to age 65. Coverage amounts may be a flat benefit where all insureds have the same face amounts or may be a multiple of salary benefit where coverage is based on the salary of the insureds.

c) Bereavement Cover

This is essentially a funeral expense benefit. It provides coverage in the event of death of the insured. The policy covers up to five (5) eligible dependents with seven (7) benefit options ranging from \$10,000 to \$100,000.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

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19. Insurance Contracts Liabilities and Reinsurance Assets – Terms, Assumptions and Sensitivities (continued)

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 reporting date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.

20. 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

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(with comparatives for the fifteen month period ended March 31, 2019)

20. Financial Instruments (continued)

(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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

20. Financial Instruments (continued)

(ii) Investments (continued)

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

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*

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|-------------------|----------------|-------------------|
| | \$ | \$ | \$ | \$ |
| <u>March 2020</u> | | | | |
| Investments at fair value through profit and loss | <u>71,435,336</u> | <u>27,586,781</u> | - | <u>99,022,117</u> |
| <u>March 31, 2019</u> | | | | |
| Investments at fair value through profit and loss | <u>52,888,219</u> | <u>24,988,971</u> | - | <u>77,887,190</u> |

Transfers between and movement in Levels

For the year ended March 31, 2020 there was no transfer of assets between and movement in Levels.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. 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) Reinsurance limits

The table below presents the concentration of insured benefits across five bands per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. These tables do not include annuity contracts, for which a separate analysis is reported further below.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

(c) Reinsurance limits

The benefits assured distributed by retained amounts and by reinsured amounts are shown below:

| 2020 | | | |
|-----------------------|-------------------------------|---|--|
| <u>Band</u> \$'000 | <u>Total amount</u> \$'000 | <u>Total amount reinsured</u> \$'000 | <u>Total amount retained</u> \$'000 |
| 0 - 250 | 124,960 | 81,224 | 43,736 |
| 251 - 500 | 81,523 | 56,772 | 24,751 |
| 501 - 1,000 | 68,292 | 58,002 | 10,290 |
| 1,001 - 3,000 | 44,008 | 40,858 | 3,150 |
| 3,001 and over | 10,800 | 10,590 | 210 |

| 2019 | | | |
|-----------------------|-------------------------------|---|--|
| <u>Band</u> \$'000 | <u>Total amount</u> \$'000 | <u>Total amount reinsured</u> \$'000 | <u>Total amount retained</u> \$'000 |
| 0 - 250 | 145,558 | 76,329 | 69,259 |
| 251 - 500 | 90,283 | 53,994 | 36,289 |
| 501 - 1,000 | 56,810 | 45,590 | 11,220 |
| 1,001 - 3,000 | 48,238 | 43,648 | 4,680 |
| 3,001 and over | 10,800 | 10,560 | 240 |

d. 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

d. Credit risk (continued)

Management of credit risk

Reinsurance

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

Investment securities

The 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:

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TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

d. Credit risk (continued)

| | Carrying 2020 | Amounts 2019 |
|---|--------------------------|-------------------------|
| | \$ | \$ |
| At fair value through profit and loss investments | 99,022,117 | 77,887,190 |
| Accounts receivables: | | |
| (i) Insurance receivables | 26,043,653 | 27,258,476 |
| (ii) Other receivables | 2,841,539 | 2,064,143 |
| Reinsurance assets | 27,509,207 | 21,406,065 |
| Cash and cash equivalents | 19,196,857 | 11,844,186 |
| | <u>174,613,373</u> | <u>140,460,060</u> |

Exposure to credit risk

| | March 31, 2020 | | | |
|---------------------------------|-----------------------|------------|------------------|-------------------|
| | <u>A</u> | <u>Bal</u> | <u>Not rated</u> | <u>Total</u> |
| | \$ | \$ | \$ | \$ |
| Financial assets: | | | | |
| Carrying amount | - | 35,379,781 | 82,839,193 | 118,218,974 |
| Reinsurance assets | <u>27,509,207</u> | - | - | <u>27,509,207</u> |
| (excluding unearned premiums) | | | | |
| Insurance and other receivables | | | | |
| : Neither past due nor impaired | - | - | 14,854,270 | 14,854,270 |
| Past due but not impaired | - | - | 14,030,922 | 14,030,922 |
| Individually impaired | - | - | 2,066,699 | 2,066,699 |
| Gross amount | - | - | 30,951,891 | 30,951,891 |
| Allowance for impairment | - | - | (2,066,699) | (2,066,699) |
| Carrying amount | - | - | 28,298,336 | 28,855,192 |
| [note 11] | - | - | - | - |

| | March 31, 2019 | | | |
|---------------------------------|-----------------------|------------|------------------|-------------------|
| | <u>A</u> | <u>Bal</u> | <u>Not rated</u> | <u>Total</u> |
| | \$ | \$ | \$ | \$ |
| Financial assets: | | | | |
| Carrying amount | - | 28,822,933 | 60,908,443 | 89,731,376 |
| Reinsurance assets | <u>21,406,065</u> | - | - | <u>21,406,065</u> |
| (excluding unearned premiums) | | | | |
| Insurance and other receivables | | | | |
| : Neither past due nor impaired | - | - | 10,984,438 | 10,984,438 |
| Past due but not impaired | - | - | 18,338,181 | 18,338,181 |
| Individually impaired | - | - | 2,066,699 | 2,066,699 |
| Gross amount | - | - | 31,389,318 | 31,389,318 |
| Allowance for impairment | - | - | (2,066,699) | (2,066,699) |
| Carrying amount | - | - | 29,322,619 | 29,322,619 |
| [note 11] | - | - | - | - |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

c. Credit risk (continued)

Impairment losses

The aging of receivables at the reporting date was:

| | Gross 2020 | Impairment 2020 | Gross 2019 | Impairment 2019 |
|-----------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| | \$ | \$ | \$ | \$ |
| Not past due | 12,012,731 | | 8,920,295 | - |
| Past due 46-90 days | 7,032,549 | | 9,401,989 | - |
| Past due 91-180 days | 7,852,927 | 854,554 | 7,164,591 | - |
| Past due 181-360 days | 854,658 | 854,658 | 2,194,612 | 423,011 |
| More than one year | 357,487 | 357,487 | 1,643,688 | 1,643,688 |
| | <u>28,110,352</u> | <u>2,066,699</u> | <u>29,325,175</u> | <u>2,066,699</u> |

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

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance at the beginning and end of the year / period | <u>2,066,699</u> | <u>2,066,699</u> |

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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

d. Liquidity (continued)

Management of liquidity risk (continued)

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

| | Carrying Amount | No stated maturity | Within one year | Maturing Between one to five years | Over five years |
|---|-------------------|--------------------|-------------------|------------------------------------|-----------------|
| Insurance and financial liabilities as at March 31, 2020 | | | | | |
| Insurance contracts | 47,432,603 | - | 47,432,603 | - | - |
| Accounts payable | 41,489,341 | - | 41,489,341 | - | - |
| Taxation payable | 2,092,241 | - | 2,092,241 | - | - |
| | <u>91,014,185</u> | <u>-</u> | <u>91,014,185</u> | <u>-</u> | <u>-</u> |

Reinsurance and financial assets as at March 31, 2020

| | | | | | |
|---------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Investment securities | 99,022,117 | 63,642,336 | 3,863,092 | 18,028,184 | 13,488,505 |
| Reinsurance assets | 27,772,445 | | 26,770,268 | 1,002,177 | - |
| Accounts receivables | 26,043,653 | | 26,043,653 | - | - |
| Due from related parties | 6,747,352 | | 6,747,352 | - | - |
| Cash and cash equivalents | 19,196,857 | | 19,196,857 | - | - |
| | <u>178,782,424</u> | <u>63,642,336</u> | <u>82,621,222</u> | <u>19,030,361</u> | <u>13,488,505</u> |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

d. Liquidity

| | Carrying Amount | No stated maturity | Within one year | Maturing Between one to five years | Over five years |
|--|--------------------|-----------------------|--------------------|---|--------------------|
| Insurance and Financial liabilities as at March 2019 | | | | | |
| Insurance contracts | 39,325,094 | - | 39,325,094 | - | - |
| Borrowings | 7,305,769 | - | 7,305,769 | - | - |
| Accounts payable | 33,233,428 | - | 33,233,428 | - | - |
| Taxation payable | 3,262,143 | - | 3,262,143 | - | - |
| | <u>83,126,434</u> | <u>-</u> | <u>83,126,434</u> | <u>-</u> | <u>-</u> |
| Reinsurance and financial assets as at March 31, 2019 | | | | | |
| Investment securities | 77,887,190 | 49,037,406 | 6,779,012 | 10,480,972 | 11,589,800 |
| Reinsurance assets | 25,606,689 | - | 24,586,562 | 1,020,127 | - |
| Accounts receivables | 27,258,476 | - | 27,258,476 | - | - |
| Due from related parties | 3,416,412 | - | 3,416,412 | - | - |
| Cash and cash equivalents | 11,844,186 | - | 11,844,186 | - | - |
| | <u>146,012,953</u> | <u>49,037,406</u> | <u>73,884,648</u> | <u>11,501,099</u> | <u>11,589,800</u> |

e. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and price risk will affect the value of the Company's assets, the amount of its liabilities and/or income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The Company is exposed to market risk on certain of its financial assets.

(a) Interest rates

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

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

e. Market risk (continued)

(a) Interest rates (continued)

Management of interest rate risk

The Investment Committee comprises of one non-executive member and two executive members. The committee is responsible for reviewing the investment portfolio of the 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 | |
|----------------------------------|-------------------------|-------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Fixed rate instruments | | |
| Bonds | 29,903,672 | 22,609,604 |
| | | |
| | Carrying Amounts | |
| | 2020 | 2019 |
| | \$ | \$ |
| Variable rate instruments | | |
| Bonds | 5,476,109 | 6,213,329 |
| Money market funds | 11,235,799 | 7,521,391 |
| Cash at bank | 1,215,465 | 1,215,465 |
| | <u>17,927,373</u> | <u>14,950,185</u> |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

e. Market risk (continued)

(a) Interest rates (continued)

Interest rate sensitivity:

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

| | 2020 | | 2019 | |
|--|---------------------------------------|-------------------|---------------------------------------|-------------------|
| | Effect of profit 100bp Increase | 100bp Decrease | Effect on profit 100bp Increase | 100bp Decrease |
| | Variable rate instrument | (179,273) | 179,273 | (149,501) |

(b) 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\$ | EUR | TT\$ |
| <i>Net position of foreign currency at March 31, 2020:</i> | | | |
| Cash and investments | 6,994,490 | 209,961 | 48,939,376 |
| <i>Net position of foreign currency at March 31, 2019:</i> | | | |
| Cash and investments | 5,421,801 | 49,409 | 37,001,262 |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

e. Market risk (continued)

(b) Foreign currency (continued)

Exchange rates of one United States dollar to the Trinidad and Tobago dollar at year end was as follows:

| | <u>2020</u> | <u>2019</u> |
|----------------------------|-------------|-------------|
| | \$ | \$ |
| United States dollar (USD) | <u>6.72</u> | <u>6.66</u> |
| EURO | <u>7.25</u> | <u>7.77</u> |

Currency risk sensitivity analysis

A 5% (2019: 5%) weakening of the Trinidad dollar against the United States and the EURO dollar would have resulted in an additional credit (charge) to profit or loss by the amounts shown as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Effects on profit (TT\$) | <u>2,426,260</u> | <u>1,840,426</u> |

This analysis assumes that all other variable, in particular interest rates remain constant. The analysis is performed on the same basis for 2019.

f. Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 10 % (2019:10%) increase or decrease in the bid price at the reporting date would cause an increase or an equal decrease respectively in equity of \$ 6,364,233 (2019: \$4,906,425).

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

21. Insurance and Risk Management (continued)

g. Capital management

The Company's objectives when managing capital are:

- (i) To comply with capital requirements set by the regulators of the insurance industry within which the Company operates;

The Company's objectives when managing capital are:

- (ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

The Company's main regulator is the Central Bank of Trinidad and Tobago (CBTT) which monitors the capital requirements for the Company.

Regulators are primarily interested in protecting the rights of the policyholders and monitor the Company closely to ensure that it is satisfactorily managing affairs for the benefit of the policyholders. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

In implementing current capital requirements, the CBTT requires the Company to maintain a minimum capital requirement of \$36,020,00.

22. 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.

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

22. Related Party Transactions

(b) Related party transactions

A number of transactions have been entered into with related parties in the normal course of business.

| | 2020 | 2019 |
|--------------------------|-----------|-----------|
| | \$ | \$ |
| Income and expenses | | |
| Management fees | 1,012,500 | 253,125 |
| Directors' fees | 264,000 | 72,000 |
| Accommodation expense | - | 642,984 |
| Advertising expense | 101,250 | 101,250 |
| Insurance premium income | 149,307 | (98,443) |
| | 1,527,057 | 970,916 |

(c) Transactions with key management personnel

The key management personnel compensation is as follows:

| | 2020 | 2019 |
|-------------------------------------|-----------|-----------|
| | \$ | \$ |
| <i>Short-term employee benefits</i> | | |
| Emoluments | 3,946,756 | 4,141,259 |

23. Operating Leases

At March 31, 2019, non-cancellable operating lease rentals are payable as follows:

| | 2020 | 2019 |
|----------------------------|------|-----------|
| | | \$ |
| Less than one year | - | 2,578,371 |
| Between one and five years | - | 6,505,130 |
| | - | 9,083,501 |

During the year, the company adopted IFRS 16, Leases which recognizes operating leases as right-of-use assets. The effects of the adoption of IFRS 16 are reflected in note 3 and note 5.

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TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

24. Dividend Paid

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

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Fourth quarter dividend 2017 | - | 1,441,176 |
| Final dividend for 2017 | - | 745,209 |
| First quarter dividend | - | 1,190,740 |
| Second quarter dividend | - | 1,257,825 |
| Third quarter dividend | - | 1,394,884 |
| Final quarter dividend | 1,819,474 | - |
| First quarter dividend | 2,092,452 | - |
| Second quarter dividend | 901,981 | - |
| Third quarter dividend | <u>2,627,148</u> | - |
| | <u>7,441,055</u> | <u>6,029,834</u> |

Dividends declared and paid per share:

| | Cents per share | |
|------------------------------|-----------------|-------------|
| | <u>2020</u> | <u>2019</u> |
| | \$ | \$ |
| Fourth quarter dividend 2017 | - | 0.124 |
| Final dividend for 2017 | - | 0.064 |
| First quarter dividend | - | 0.102 |
| Second quarter dividend | - | 0.108 |
| Third quarter dividend | - | 0.120 |
| Fourth quarter dividend | - | - |
| Final quarter dividend | 0.160 | - |
| First quarter dividend | 0.180 | - |
| Second quarter dividend | 0.080 | - |
| Third quarter dividend | <u>0.023</u> | <u>-</u> |

TRINRE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

As at March 31, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

25. Impact of COVID 19 Pandemic

The World Health Organization, in March 2020, the final month of TRINRE's financial year, declared the novel coronavirus, COVID-19, a global pandemic. COVID-19 has, to date, simultaneously resulted in the loss of over one million lives, as people succumb to the virus' unusual combination of symptoms, and the onset of a global recession which is expected to be the worst recession in the last 150 years. As a first step, TRINRE promptly instituted measures to safeguard and protect our stakeholders from the virus by not only providing information on COVID-19 to our employees, business partners and clients but by also equipping all personnel with supplies to prevent contagion, establishing protocols for accessing our premises and arranging for regular cleaning and sanitizing of workstations and common areas.

In addition, the company pivoted to digital/online solutions for securing business and servicing our clients/brokers whose movement were restricted by the Public Health Regulations. Flexi-work plans and work from home strategies were also implemented to minimize the number of employees at TRINRE's premises whilst ensuring continuity of business operations. In addition, the Crisis Management Team has been continuously assessing TRINRE's exposure to the emerging risks triggered by the pandemic and has been implementing a variety of strategies and initiatives to minimise TRINRE's exposure and ensure that TRINRE continues to be resilient enough to operate as a successful going concern throughout the next financial year and beyond.

TRINRE INSURANCE COMPANY LIMITED

FINANCIALS EXPRESSED IN GUYANESE DOLLARS

TRINRE'S Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows expressed in Guyanese dollars appears below. The purpose of this publication is to provide Guyanese readers of the Annual Report, with a quick and convenient overview of the Company's financial performance. The exchange rates used for this purpose are as follows:

- TT\$6.75 to US\$1.00
- USD\$1.00 to GYD \$215.00

Statement of Financial Position

March 31st, 2020

| | 2020 GYD\$ | 2019 GYD\$ |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Property, plant and equipment | 174,606,756 | 149,513,389 |
| Right-of-use Assets | 446,427,879 | - |
| Intangible assets | 294,150,705 | 331,846,066 |
| Investment property | 310,555,556 | 382,222,222 |
| Investment securities | 3,154,037,801 | 2,480,851,237 |
| Reinsurance assets | 2,057,733,705 | 2,139,925,100 |
| Accounts receivable and prepayments | 920,046,856 | 955,515,359 |
| Due from related parties | 214,915,624 | 108,819,049 |
| Deferred tax asset | 30,540,173 | 5,833,826 |
| Cash and cash equivalents | 611,455,434 | 377,259,258 |
| Total assets | 8,214,470,490 | 6,931,785,505 |
| EQUITY & LIABILITIES | | |
| EQUITY | | |
| Stated capital | 716,666,667 | 716,666,667 |
| Statutory reserve | 916,058,861 | 888,497,279 |
| Retained earnings | 779,723,612 | 624,103,816 |
| | 2,412,449,140 | 2,229,267,761 |
| LIABILITIES | | |
| Insurance liabilities | 3,932,552,386 | 3,307,363,952 |
| Borrowings | - | 232,702,272 |
| Accounts payable | 1,321,512,311 | 1,058,546,225 |
| Lease liabilities | 459,814,894 | - |
| Taxation payable | 88,141,759 | 103,905,296 |
| | 5,802,021,350 | 4,702,517,744 |
| Total equity and liabilities | 8,214,470,490 | 6,931,785,505 |

TRINRE INSURANCE COMPANY LIMITED

Statement of Comprehensive Income

Year Ended March 31st, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

| | 2020 | 2019 |
|--|-----------------|-----------------|
| | GYD\$ | GYD\$ |
| Insurance Activities | | |
| Gross premium | 6,190,995,552 | 6,701,561,467 |
| Premium ceded to reinsurers | (3,816,945,804) | (5,200,756,260) |
| Net premiums | 2,374,049,748 | 1,500,805,207 |
| Change in unearned premium reserve | 46,363,428 | (45,331,556) |
| Earned premiums | 2,420,413,176 | 1,455,473,651 |
| Reinsurance commission income | 678,343,856 | 1,002,902,378 |
| Net Underwriting revenue | 3,098,757,033 | 2,458,376,029 |
| | | |
| Net benefits and claims | (1,007,628,670) | (618,036,547) |
| Policy acquisition expenses | (456,942,020) | (501,208,828) |
| Underwriting expenses | (1,464,570,690) | (1,119,245,376) |
| | | |
| Net result from underwriting activities | 1,634,186,343 | 1,339,130,653 |
| | | |
| Investing activities | | |
| Investment income | 101,411,837 | 89,758,901 |
| Net realised gains and losses | 15,899,202 | 230,794,919 |
| Fair value gains and losses | (157,726,911) | (30,879,606) |
| Other income | 25,884,248 | 19,187,078 |
| Net income from investing activities | (14,531,624) | 308,861,292 |
| | | |
| Net income from all activities | 1,619,654,719 | 1,647,991,945 |
| Operating expenses | (1,155,717,389) | (1,197,541,432) |
| Finance charges | (588,113) | (15,218,879) |
| Profit before taxation | 463,349,217 | 435,231,635 |
| Taxation | (43,156,456) | (106,485,232) |
| Net profit for the year being total comprehensive income attributable to equity holders | 420,192,761 | 328,746,403 |

SUPPLEMENTAL INFORMATION IN GYD

Statement of Changes in Equity

Year Ended March 31st, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

| | Stated Capital | Statutory Reserve | Retained Earnings | Total |
|--|-------------------|----------------------|----------------------|---------------|
| | GYD\$ | GYD\$ | GYD\$ | GYD\$ |
| Balance at December 31, 2017 | 716,666,667 | 816,659,121 | 559,256,981 | 2,092,582,769 |
| Net profit being total comprehensive income for the period/ year | - | - | 328,746,403 | 328,746,403 |
| Transfer to statutory reserve | - | 71,838,157 | (71,838,157) | - |
| Dividends paid | - | - | (192,061,411) | (192,061,411) |
| Balance at March 31, 2019 | 716,666,667 | 888,497,279 | 624,103,816 | 2,229,267,761 |
| Net profit being total comprehensive income for the period/ year | - | - | 420,192,761 | 420,192,761 |
| Transfer to statutory reserve | - | 27,561,583 | (27,561,583) | - |
| Dividends paid | - | - | (237,011,381) | (237,011,381) |
| Balance at March 31, 2020 | 716,666,667 | 916,058,861 | 779,723,612 | 2,412,449,140 |

SUPPLEMENTAL INFORMATION IN GYD

TRINRE INSURANCE COMPANY LIMITED

Statement of Cash Flows

Year Ended March 31st, 2020

(with comparatives for the fifteen month period ended March 31, 2019)

| | 2020 | 2019 |
|---|----------------------|----------------------|
| | GYD\$ | GYD\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 441,692,751 | 328,746,403 |
| Adjustments for: | | |
| Depreciation – Owned Assets | 70,458,271 | 90,013,939 |
| Depreciation – Right of Use Assets | 89,852,481 | - |
| Loss on disposal of property, plant and equipment | 158,622 | 4,893,368 |
| Adjustment to property, plant and equipment | - | 311,447 |
| Adjustment to intangible assets | - | 8,312,537 |
| Loss on disposal of subsidiary | - | 8,755,947 |
| Change in investment valuation | 86,060,232 | 30,879,606 |
| Change in property valuation | 71,666,667 | - |
| Change in insurance liabilities | 625,188,435 | 122,810,325 |
| Change in reinsurance assets | 82,191,410 | (112,493,064) |
| Lease interest expense | 30,861,610 | - |
| Taxation | 21,656,456 | 106,485,232 |
| Investment and other income | (101,390,974) | (107,436,392) |
| | 1,418,395,961 | 481,279,347 |
| Changes in accounts receivable | 37,037,442 | (321,339,127) |
| Changes in due from related parties | (106,096,576) | (70,444,607) |
| Changes in accounts payable | 262,966,099 | 441,291,800 |
| Change in operating investments | (759,246,780) | (116,159,340) |
| Interest paid | (30,861,594) | - |
| Corporation taxes paid | (83,626,400) | (23,241,914) |
| Net cash from operating activities | 738,568,153 | 391,386,159 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 99,822,047 | 103,923,419 |
| Acquisition of property, plant and equipment | (58,014,904) | (16,367,424) |
| Additions to investment in subsidiary | - | (7,628,519) |
| Proceeds from disposal of investment in subsidiary | - | 7,169,979 |
| Purchase of intangible assets | - | (270,741) |
| Net cash provided in investing activities | 41,807,143 | 86,826,715 |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Dividends paid | (237,011,381) | (192,061,411) |
| Payment of lease liability, net | (76,465,467) | - |
| Repayment from borrowings | (232,702,272) | (69,383,430) |
| Net cash used in financing activities | (546,179,120) | (261,444,841) |
| Net increase in cash and cash equivalents | 234,196,176 | 216,768,033 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/ PERIOD | 377,259,258 | 160,491,225 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD | 611,455,434 | 377,259,258 |





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