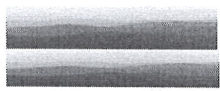




**CARICOM GENERAL
INSURANCE COMPANY, INC**

ANNUAL REPORT 2023



NIGEL HINDS FINANCIAL SERVICES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Caricom General Insurance Company Inc.

Opinion

We have audited the financial statements of **Caricom General Insurance Company Inc.**, which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Caricom General Insurance Company Inc.**, as at December 31, 2023, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the Companies Act 1991, amended in 1995.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditor's 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 auditor's 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.
- 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 auditor's 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 auditor's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

.....*N. Hinds*.....
Clifton Nigel Hinds, (CPA)

Date:*Oct 30, 2024*.....



STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31, 2023

	NOTES	2023 \$	2022 \$
ASSETS			
Non-current assets			
Property, plant and equipment	10	893,799,183	399,476,734
Intangible Assets		1,198,890	1,198,890
Residential Mortgage	11	-	18,950,289
Deferred taxation	9 (c)	20,375,538	31,921,815
		<u>915,373,611</u>	<u>451,547,729</u>
Investments			
Shares & Bond - Associated Company	13 (a)	173,009,713	173,009,713
Statutory Funds	15	246,659,200	119,896,632
		<u>419,668,913</u>	<u>292,906,345</u>
Current assets			
Accounts receivable and prepayments	16	113,051,512	107,771,743
Taxation	12	15,250,991	-
Tax Refundable		167,901	167,901
Cash at banks, Non-Bank and in hand	17	340,380,579	371,545,149
		<u>468,850,983</u>	<u>479,484,792</u>
Total Assets		<u>1,803,893,507</u>	<u>1,223,938,867</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	1 (b) & 18	1,000,000,000	686,956,982
Retained earnings	19	40,632,854	40,335,753
Revaluation Reserve	21	55,800,000	33,800,000
		<u>1,096,432,854</u>	<u>761,092,735</u>
Non Current liabilities			
Insurance Service Contracts	20 (a)	313,683,514	245,410,288
Reinsurance Reinstatement Reserve	20 (b)	316,915,621	120,435,919
Current liabilities			
Taxation	12	-	35,505,244
Accounts payable	22	76,861,518	61,494,681
		<u>707,460,653</u>	<u>462,846,132</u>
Total Equity and Liabilities		<u>1,803,893,507</u>	<u>1,223,938,867</u>

The financial statements were approved by the Board of Directors on October 22, 2024.



 Director



 Company Secretary

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	NOTES	2023 \$	2022 \$
Revenue from PAA contracts	5	814,774,805	443,779,835
Incurred claims and other insurance service expenses	5	(289,394,252)	(73,481,185)
Net expenses from reinsurance contracts held	5	(112,724,263)	(29,173,704)
Insurance Service Results		<u>412,656,290</u>	<u>341,124,947</u>
Net Investment Income	6	7,156,495	7,346,944
Net Insurance Service & Investment Results		<u>419,812,785</u>	<u>348,471,891</u>
Other income	7	8,507,580	72,820,810
Real Estate Sale Expense		-	(902,800)
Commission and sales expenses	8	(26,682,748)	(10,804,040)
Management expenses	9 (a)	(370,570,690)	(320,869,574)
Deferred Taxation for the year	9 (b)	(11,546,277)	(34,474,538)
NET PROFIT/(LOSS) BEFORE TAXATION		<u>19,520,649</u>	<u>54,241,748</u>
Taxation	12	(19,223,548)	(39,900,088)
NET PROFIT/(LOSS) AFTER TAXATION		<u><u>297,101</u></u>	<u><u>14,341,660</u></u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>G\$</u> <u>2023</u>	<u>G\$</u> <u>2022</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Cash receipts from policy holders & customers	943,435,141	521,714,838
Net credit card transactions	-	1,555,956
Reinsurance premiums paid	(105,841,745)	(27,084,116)
Claims paid	(131,937,895)	(53,599,980)
Cash paid to suppliers & employees	<u>(385,791,763)</u>	<u>(231,534,858)</u>
Cash generated from operations	319,863,738	211,051,840
Other income	6,278,421	1,536,612
Interest & financial expenses	(1,229,942)	(653,375)
Taxes paid	<u>(69,979,784)</u>	<u>(11,155,989)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>254,932,433</u>	<u>200,779,088</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
Receipts from sale of property	-	9,954,216
Commission & related expenses for sale of property	-	(1,902,800)
Acquisition of property, plant & equipment	(224,923,872)	(50,073,000)
Acquisition / disposal - Real Estate Held in Trust	-	(28,200,000)
Bank interest received (net of withholding tax)	<u>3,546,417</u>	<u>2,748,533</u>
Net cash provided by/(used in) investing activities	<u>(221,377,455)</u>	<u>(67,473,051)</u>
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>		
Refinanced mortgage	19,000,000	-
Capital injection	<u>43,043,018</u>	<u>-</u>
Net cash used in financing activities	<u>62,043,018</u>	<u>-</u>
Net increase / decrease in cash and cash equivalents:		
Statutory	126,762,568	(27,652,538)
Non-statutory	<u>(31,164,570)</u>	<u>160,958,575</u>
Total	<u>95,597,997</u>	<u>133,306,037</u>
Cash and cash equivalent at beginning of period (non-statutory)		
Statutory	119,896,632	147,549,170
Non-statutory	<u>371,545,150</u>	<u>210,586,574</u>
Total	<u>491,441,782</u>	<u>358,135,744</u>
Cash and cash equivalent at end of period		
Statutory	246,659,200	119,896,632
Non-statutory	<u>340,380,580</u>	<u>371,545,150</u>
Total	<u>587,039,780</u>	<u>491,441,782</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

Statement of Changes in Equity for Year 2023	Share Capital \$	Retained Earnings \$	Revaluation Reserves \$	Total \$
Balance at January 1st 2023	686,956,982	40,335,753	33,800,000	761,092,735
Increase In Reserve			22,000,000	22,000,000
Increase in Share Capital	313,043,018	-		313,043,018
Surplus for the year after Taxation		297,101		297,101
Balance at December 31st 2023	1,000,000,000	40,632,854	55,800,000	1,096,432,854

Statement of Changes in Equity for Year 2022	Share Capital \$	Retained Earnings \$	Revaluation Reserves \$	Total \$
Balance at January 1st 2022	556,485,092	25,994,093	36,000,000	618,479,185
Increase In Reserve			(2,200,000)	(2,200,000)
Transfer of Deposit on Shares to Share Premium	(6,485,092)			(6,485,092)
Share Premium	136,956,982	-		136,956,982
Surplus for the year after Taxation		14,341,660		14,341,660
Transfer from reserves	-	-	-	-
Balance at December 31st 2022	686,956,982	40,335,753	33,800,000	761,092,735

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1 INCORPORATION AND ACTIVITIES

- (a) Caricom General Insurance Company, Inc. was incorporated in Guyana on 19th August, 1997 and commenced business on July 1st 2001. Its name was changed to Caricom General Insurance Company, Inc. by a special resolution dated 4th December, 2006 that was registered with the Office of the Registrar of Companies on 18th December, 2006.
- (b) The number of share capital authorized comprised Class A shares, Common shares of 343,478,491 and Class B shares, common shares of 343,478,491. The total number of issued and fully paid share capital was 686,956,982. However, the Articles of Incorporation was amended in September 2023, to combine Class A & Class B shares into one class and there was an additional capital injection of \$313,043,018 as at 31st December, 2023 by the parent company as a result of an increase in the authorised share capital to 1,000,000,000 and a change in the par value of shares from GY\$1.374 to GY\$1.00 in November, 2023. The parent Company SAFECO Inc., is the sole shareholder.
- (c) The objective of the company is to carry on all classes of general insurance business.
- (d) Caricom General Insurance Company, Inc. was a composite company until December 18th 2006, after which it ceased to write long term insurance.
- (e) The company changed its financial year from July 1st, 2005 to June 30th, 2006; to January 1st to December 31st with effect from January 1st 2007. Audited Financial Statements for the period 1st July 2006 to 31st December 2006 were certified on 20th September 2007 by L.A. Atherly & Co., Chartered Accountants. In December 2018, the company appointed Nigel Hinds Financial Services as its external auditor.

2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**Effective for the current period***New Standards*

- IFRS 10 Consolidated Financial Statements
This became effective for annual periods that began on and after 1st January 2013.
- IFRS 11 Joint Arrangements
This became effective for annual periods that began on and after 1st January 2013.
- IFRS 12 Disclosure of Interest in Other Entities
This became effective for annual periods that began on and after 1st January 2013.
- IFRS 13 Fair Value Measurement
This became effective for annual periods that began on and after 1st January 2013.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - cont'd

Effective for the current period

Amendments and Improvements to standards

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Government Loans
This amendment became effective for annual periods that began on and after 1st January 2013.
- IFRS 1 First-time Adoption of International Financial Reporting Standards - (Annual Improvements 2009-2011 Cycle) - Repeat Application, Borrowing Costs
This amendment became effective for annual periods that began on and after 1st January 2013.
- IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
This amendment became effective for annual periods that began on and after 1st January 2013.
- IFRS 10 Consolidated Financial Statements - Joint Arrangements, Consolidated Financial Statements and Disclosure of Interests in Other Entities: Transition Guidance
This amendment became effective for annual periods that began on and after 1st January 2013.
- IFRS 11 Joint Arrangements - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
This amendment became effective for annual periods that began on and after 1st January 2013.
- IFRS 12 Disclosure of Interest in Other Entities - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
This amendment became effective for annual periods that began on and after 1st January 2013.
- IAS 1 Presentation of Financial Statements - Presentation of Other Comprehensive Income (2011)
This amendment became effective for annual periods that began on and after 1st July 2012.
- IAS 16 Property Plant & Equipment - Classification of Servicing Equipment (Annual improvements 2009-2011 cycle)
This amendment became effective for annual periods that began on and after 1st January 2013.
- IAS 19 Employee Benefits - Several Amendments
This amendment became effective for annual periods that began on and after 1st January 2013.
- IAS 27 Separate Financial Statements (2011)
This amendment became effective for annual periods that began on and after 1st January 2013.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - cont'd

Effective for the current period

Amendments and Improvements to standards - cont'd

- IAS 28 Investments in Associates and Joint Ventures (2011)
This amendment became effective for annual periods that began on and after 1st January 2013.
- IAS 32 Financial Instruments: Presentations - Tax effect of equity distributions
(Annual improvements 2009-2011 cycle)
This amendment became effective for annual periods that began on and after 1st January 2013.
- IAS 34 Interim Financial Reporting - Interim Reporting of Segment Assets
(Annual improvements 2009-2011 cycle)
This amendment became effective for annual periods that began on and after 1st January 2013.

New Interpretation

- IFRIC 20 Stripping costs in the Production Phase of a Surface Mine.
This amendment became effective for annual periods that began on and after 1st January 2013.

Available for early adoption for the current period

New Standards

- IFRS 9 Financial Instruments: Classification and Measurement
This became effective for annual periods beginning on and after 1st January 2015.

Amendments to Standards

- IFRS 7 Financial Instruments: Disclosures - Mandatory Effective Date and Transition Disclosures
Amendment to IFRS 7 relating to transition to IFRS 9 (or otherwise when IFRS 9 is first applied)
This amendment became effective for annual periods beginning on and after 1st January 2015.
- IFRS 9 Financial Instruments - New requirements on Accounting for Financial Liabilities
This amendment became effective for annual periods beginning on and after 1st January 2015.
- IFRS 10 Consolidated Financial Statements - Investment Entities
This amendment became effective for annual periods that began on and after 1st January 2014.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - cont'd

Available for early adoption for the current period

Amendments to standards - cont'd

IFRS 12 Disclosure of Interest in Other Entities - Investment Entities

This amendment became effective for annual periods that began on and after 1st January 2014.

IAS 1 Presentation of Financial Statements - Comparative Information
(Annual improvements 2009-2011 cycle)

This amendment became effective for annual periods that began on and after 1st July 2013.

IAS 27 Separate Financial Statements - Amended by Investment Entities

This amendment became effective for annual periods that began on and after 1st January 2014.

IAS 32 Financial Instruments: Presentations - Offsetting Financial Assets and Financial Liabilities

This amendment became effective for annual periods that began on and after 1st January 2014.

IFRS 17 Insurance Contracts: IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. Caricom General Insurance Company Inc. uses the Premium Allocation Approach (PAA) method for General Insurance companies. This is applicable to short term contracts lasting for not more than 12 months. Any contracts over 12 months will have to be discounted as advised by their actuary.

This amendment became effective for annual periods that began on and after 1st January 2023.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and the accounting policies conform with International Financial Reporting Standards.

(b) Currency

All amounts in this report are expressed in Guyana dollars except when otherwise stated.

(c) Revenue recognition

(i) Insurance Premium

Premiums are recognised as revenues as it is earned. Premiums are recognised gross of commission payable.

Liability for remaining coverage that relate to future accounting periods are included in the policyholders reserves as per the various classes of insurances.

(ii) Investment income

Investment income is recognised as it is earned from the various investments made by the company.

(iii) Other income

Other income is recognised as it is received with the exception of bank interest income which is recognised on an accrual basis using the effective interest yield method which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the instrument. Other income also include fees charged for routine transactions, management fees earned and gains and losses arising from foreign exchange transactions.

(d) Foreign currencies

Transactions in foreign currencies are converted to Guyana dollars at the average rate of exchange in the month during which they occur. At the date of the statement of financial position all assets and liabilities denominated in foreign currencies are converted to Guyana Dollars at the average exchange rate ruling on that date. Gains and losses from these transactions are included in the statement of comprehensive income under the sub header "other income".

(e) Reinsurance

Caricom General Insurance Company, Inc. has all necessary reinsurance in place for risks that the company underwrites. Relevant amounts are reimbursed to the company for claims paid, in accordance with the terms of the reinsurance agreements.

Reinsurance premiums paid are disclosed separately in the statement of comprehensive income, and claims are disclosed net of reinsurance recoveries.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

(f) Liability for incurred claims

Claims are made against the company in respect of the various classes of insurance policies. Incurred claims are recognized when reported to the company, whether or not settled at the reporting date.

Incurred Claims are shown in the statement of comprehensive income net of reinsurance recoveries. The liability for incurred claims reported and unpaid at the reporting date is disclosed net of any amount recoverable from reinsurers.

(g) Commission and allowances

This represents expenses incurred in the acquisition of insurance business contracted through sales representatives, brokers and alliances. Various rates are used in the computation of commission and allowances paid.

(h) Operating expenses

Caricom General Insurance Company, Inc. utilizes facilities of the holding company Safeco Inc. Relevant costs are charged to the company on a predetermined and agreed basis to reflect the economic value of services.

(i) Fixed assets and depreciation

Land and buildings held for use for administrative purposes are stated in the statement of financial position at their acquired amounts appraised by professional valuers.

Office Equipment, furniture and fixtures are stated at cost less accumulated depreciation.

Fixed assets are depreciated so as to write off the cost or valuation of assets other than land over their estimated useful life as follows:

	<u>Rate</u>	<u>Method</u>
Motor vehicles	20%	Reducing balance
Computers	50%	Reducing balance
Office furniture	15%	Reducing balance
Office equipment	20%	Reducing balance

No depreciation is provided on land and buildings. The estimated useful lives of the building and appreciating property values are such that any depreciation would be immaterial.

(j) Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

(k) Taxation

Income tax expense represents the sum of the tax payable.

Current tax

The tax currently payable is based on taxable profits for the year. Taxable profits differ from profits as reported in the statement of comprehensive income because it excludes income or expenses that are payable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for the current tax is calculated using tax rates that have been enacted in Guyana at the reporting date.

The current rate of corporation tax charged was 40%.

Deferred Tax

Deferred tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computations of taxable profits, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against current liabilities, and when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets liabilities on a net basis.

Deferred tax assets were provided for in the reporting period based on Taxation Losses which are available for offset against profits in future accounting periods. Management considered that circumstances giving rise to previous years losses are not likely to recur and that there is every indication that the company will continue to generate taxable profits against which losses can be offset. Deferred tax asset was dealt with direct to equity.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

(m) Financial investments

Investments are recognised in the financial statements to comply with International Accounting standard No. 39 - Financial Instruments - Recognition and Measurement. Income on variable return securities is dealt with on a cash basis, while income on fixed return securities is recognized as it is earned.

The Company classifies its investment portfolio into the following categories: "held to maturity investments", "loans and receivables" and "available for sale" financial assets. Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities are acquired. The classification is reviewed annually.

(i) Held to maturity

Investments "held to maturity" are carried at amortized cost. Any gain or loss on these investments are recognized in the statement of comprehensive income when the assets are de-recognized or impaired.

(ii) Loans and receivables

These comprise residential mortgages on properties and loans and are stated at amortized cost.

(iii) Available for sale

Investments are initially recognized at cost and adjusted to fair value at a subsequent period.

(n) Financial Instruments.

Financial assets and liabilities are recognized on the statement of financial position when the company becomes a party to the contractual provisions of the instruments.

(i) Trade Receivables

Trade receivables are recognized at amortized cost. Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of comprehensive income when there is objective evidence that they are not collectible.

(ii) Trade Payables

Trade Payables are recognized at amortized cost.

(iii) Derecognition

Financial assets are derecognized when the right to receive cash flows from the asset has expired.

Financial assets are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

(o) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash on deposits, current accounts

(p) Reserve for liability for remaining coverage

Reserves for liability for remaining coverage are provided at an established pro-rated premium rate bases.

(q) Insurance service contracts

The company issues contracts that transfer insurance risk or financial risk or both. Accident and liability insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities and damaged covered include both contractual and non-contractual events. Property insurance Contracts mainly compensate the Company's customers' for damages suffered to their properties or for the value of property lost.

(r) Liability adequacy test

The company upon notification of the occurrence of an insured event sets up a reserve based on best estimate. At regular intervals the amounts provided for all unpaid claims are reviewed to take into account material changes, advised by the clients and/or broker. At all times therefore, balances reflected as payable on individual claims represent the assessed liability of the Company, having taken all the information relevant to the individual claims into consideration. Liabilities for all claims are kept until they are discharged or cancelled, or have expired.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimated and associated assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements.

(i) ***Held to maturity financial assets***

The directors reviews the Company's "held to maturity" assets based on its capital maintenance and liquidity requirements and have confirmed the company's positive intention and ability to hold these assets to maturity.

(ii) ***Useful lives of property, plant and equipment***

Management reviews the estimated useful lives of properties, plant and equipment at the end of each year to determine whether the useful lives of these assets would remain the same.

Further, management estimates that the useful life and the appreciating property values are such that depreciation on immovable property would be immaterial.

(iii) ***Other financial assets***

In determining the fair value of the investments in the absence of an active market, the Directors estimates the likelihood of impairment by using discounted cash flows.

(iv) ***Trade and other receivables***

On a regular basis, management reviews trade and other receivable to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining provisions to be made for bad and doubtful debts.

(v) ***Claims payable***

Claims payable comprised claims notified but not settled. This provision is arrived at after taking into account all known facts up to the reporting date. Management believes that the liability carried at the reporting date is adequate.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5 Premiums

	Gross	Liability for Remaining Coverage	Net Revenue from PAA Contracts	Reinsurance Reinstatement	Reinsurance Premiums	Incurred Claims	Net Premiums
	\$	\$	\$	\$	\$	\$	\$
Class I Accident and liability	655,674,517	(83,876,809)	571,797,708	(30,501,884)	(62,960,731)	(1,658,050)	476,677,043
Class II Auto	196,547,339	(18,635,389)	177,911,950	(50,202,785)	(11,354,281)	(80,436,825)	35,918,059
Class IV Fire	21,115,374	(2,466,281)	18,649,093	(96,455,723)	(26,819,898)	(6,000,000)	(110,626,528)
Class 3 Marine	48,734,146	(2,318,092)	46,416,054	(19,319,310)	(11,589,354)	(4,819,675)	10,687,715
	<u>922,071,376</u>	<u>(107,296,571)</u>	<u>814,774,805</u>	<u>(196,479,702)</u>	<u>(112,724,263)</u>	<u>(92,914,550)</u>	<u>412,656,290</u>

FOR THE YEAR ENDED DECEMBER 31, 2022

5 Premiums

<u>Restated</u>	Gross	Liability for Remaining Coverage	Net Revenue from PAA Contracts	Reinsurance Reinstatement	Reinsurance Premiums	Incurred Claims	Net Premiums
	\$	\$	\$		\$		\$
Class I Accident and liability	393,533,933	(114,658,021)	278,875,912	-	(11,597,691)	(9,743,940)	257,534,281
Class II Auto	147,127,531	(11,226,688)	135,900,843	-	(2,484,992)	(53,317,255)	80,098,596
Class IV Fire	18,790,297	(4,388,817)	14,401,480	-	(13,311,420)	-	1,090,060
Class 3 Marine	17,895,603	(3,294,003)	14,601,600	-	(1,779,600)	(10,419,990)	2,402,010
	<u>577,347,364</u>	<u>(133,567,529)</u>	<u>443,779,835</u>	<u>-</u>	<u>(29,173,704)</u>	<u>(73,481,185)</u>	<u>341,124,947</u>

Restatement:

The gross premium for Class IV Fire was misclassified to Class 3 Marine in 2022 Audited Financial Statements. The comparison was restated to reflect the correct value for each class.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

		2023	2022
		\$	\$
6	Net Investment income		
	Investment Income from Bond	5,175,292	5,175,292
	Interest - Mature CDs	1,149,748	267,147
	Interest Income - Latoya Italia Beckles	831,455	1,904,505
		<u>7,156,495</u>	<u>7,346,944</u>
7	Other income		
	Bank interest (net of withholding tax)	2,201,233	2,529,938
	Fronting fees	-	18,506,388
	IBNR Adjustment A/C	-	11,900
	Reinsurance Refunds	-	1,946,250
	Sundries	340,139	197,403
	Income from Bad Debt previously written off	5,966,208	1,000,000
		<u>6,306,347</u>	<u>21,661,941</u>
		<u>8,507,580</u>	<u>24,191,879</u>
	Claims recoverable	-	48,628,931
		<u>8,507,580</u>	<u>72,820,810</u>
8	Commission and sales expenses		
	Commission	20,218,414	7,910,573
	Travel	2,178,468	1,275,494
	Meals and entertainment	1,700,106	596,215
	VAT - Brokers	2,585,760	1,021,758
		<u>26,682,748</u>	<u>10,804,040</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

9 (a) Management expenses	2023	2022	
	\$	\$	
Employment cost			
Salaries, wages and NIS	168,824,313	114,300,015	
Staff welfare	60,774,890	58,399,067	
Total Employment cost	<u>229,599,203</u>	<u>172,699,082</u>	
Financial expenses	1,228,416	714,566	
Operating expenses			
Repairs and maintenance	4,920,913	986,521	
Stationery and office expenses	12,935,143	10,114,600	
Security	7,277,043	5,700,501	
Telephone	9,373,389	7,449,917	
Electricity	2,504,287	2,767,292	
Advertising	12,447,218	13,739,538	
General and water rates	64,716	121,944	
Fuel and lubricants	1,797,550	2,369,250	
Licenses and permits	1,074,353	1,526,349	
Professional and management fees	30,021,500	29,522,409	
Legal fees	6,912,767	2,814,450	
Auditors' remuneration	3,625,000	1,830,000	
Depreciation	24,001,423	13,877,238	
Directors fees - note (a)	2,400,000	2,000,000	
Rent	8,210,000	7,486,500	
Loss on currency exchange	242,755	16,287	
Subscriptions	9,355,399	959,150	
Insurance	1,475,600	489,000	
Bad debts	523,715	43,667,480	
Vat expenses	-	17,500	
Other Operating & Management expenses	580,300	-	
Total Operating expenses	<u>139,743,071</u>	<u>147,455,927</u>	
Total Management expenses	<u>370,570,690</u>	<u>320,869,574</u>	
9 (b) Deferred Taxation for the year	<u>11,546,277</u>	<u>34,474,538</u>	
9 (c) Deferred Taxation Asset			
Opening Balance	31,921,815	66,396,354	
Less: Deferred Taxation for the year	(11,546,277)	(34,474,538)	
Closing Balance	<u>20,375,538</u>	<u>31,921,815</u>	
Note (a) - Directors remuneration	Fees	Fees	
Savitri Sugrim*	General Manager/Executive Director	400,000	550,000
Kareem Jabar	Non-Executive Director	400,000	550,000
Bibi Shadick	Non-Executive Director	-	150,000
Christina Safeek	Executive Director (Acting)	200,000	400,000
Kaimlall Chattergoon	Non-Executive Director	400,000	350,000
Kelly Ann Hercules	Non-Executive Director	600,000	-
Shamdeo Persaud	Non-Executive Director	400,000	-
	<u>2,400,000</u>	<u>2,000,000</u>	

*The first listed director received a salary in her capacities as full time employee of the company

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10 Property, plant and equipment

	Land & building \$	* Work In Progress \$	Motor vehicles \$	Office equipment \$	Office furniture \$	Fixtures & Fittings \$	Total \$
Cost/Valuation							
At 1 January, 2023	281,300,000	50,000,000	5,000,000	42,917,702	55,403,546	5,850,000	440,471,248
Additions	475,750,000	150,000,000	13,600,000	26,133,173	24,218,895	6,621,804	696,323,872
Revaluation Surplus	22,000,000	-	-	-	-	-	22,000,000
(Disposal/Transfer)	-	(200,000,000)	-	-	-	-	(200,000,000)
At 31 December, 2023	779,050,000	-	18,600,000	69,050,875	79,622,441	12,471,804	958,795,120
Depreciation							
At 1 January, 2023	-	-	1,000,000	22,874,234	16,242,781	877,500	40,994,515
Charges for the year	-	-	3,520,000	9,235,328	9,506,949	1,739,146	24,001,423
At 31 December, 2023	-	-	4,520,000	32,109,562	25,749,730	2,616,646	64,995,938
Net book value							
At 31 December, 2023	779,050,000	-	14,080,000	36,941,313	53,872,711	9,855,159	893,799,183

*Work-In-Progress of \$200,000,000 was transferred to completed building located at Republic Gardens.

	Land & building \$	* Work In Progress \$	Motor vehicles \$	Office equipment \$	Office furniture \$	Fixtures & Fittings \$	Total \$
Cost/Valuation							
At 1 January, 2022	231,300,000	-	-	19,839,702	9,985,546	-	261,125,248
Additions	50,000,000	50,000,000	5,000,000	23,078,000	45,418,000	5,850,000	179,346,000
At 31 December, 2022	281,300,000	50,000,000	5,000,000	42,917,702	55,403,546	5,850,000	440,471,248
Depreciation							
At 1 January, 2022	-	-	-	17,938,106	9,179,171	-	27,117,277
Charges for the year	-	-	1,000,000	4,936,127	7,063,611	877,500	13,877,238
At 31 December, 2022	-	-	1,000,000	22,874,234	16,242,781	877,500	40,994,515
Net book value							
At 31 December, 2022	281,300,000	50,000,000	4,000,000	20,043,468	39,160,765	4,972,501	399,476,734

*** Note:**

Work-In-Progress of \$50,000,000 represents phase one construction cost for Caricom General Insurance Company Inc.'s new office building located at Republic Gardens.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2023	2022
\$	\$

11 Residential Mortgage

The residential mortgage was refinanced by Ms. Latoya Beckles in 2023 at another institution hence, the mortgage no longer exists with Caricom General Insurance Company Inc.

Sublot 42 - Latoya Beckles

-	<u><u>18,950,289</u></u>
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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12 (a)	Taxation	2023	2022
		\$	\$
	Balance at beginning	<u>35,505,244</u>	<u>6,761,145</u>
	Charges for the year		
	Corporation tax	11,546,278	34,474,539
	Property Tax	7,677,271	5,425,548
	Total charges for the year	<u><u>19,223,548</u></u>	<u><u>39,900,088</u></u>
	Taxes Paid during the year		
	Corporation tax	30,079,695	2,888,892
	Property tax	5,425,548	3,872,253
	Advance Corporation Tax	34,474,540	4,394,844
		<u><u>69,979,784</u></u>	<u><u>11,155,989</u></u>
	Balance carried forward	<u><u>(15,250,991)</u></u>	<u><u>35,505,244</u></u>
12 (b)	Reconciliation of Taxable Profit		
	Net Profit before taxation per financial statements	19,520,649	54,241,748
	ADD:		
	Items not allowable as tax deductions		
	Deferred Taxation	11,546,278	34,474,539
	Depreciation	24,001,423	13,877,238
		<u><u>55,068,350</u></u>	<u><u>102,593,525</u></u>
	LESS:		
	Items deductible for tax purposes		
	Interest Taxed at source	(2,201,233)	(2,529,938)
	Wear and tear allowances	(24,001,423)	(13,877,238)
		<u><u>28,865,694</u></u>	<u><u>86,186,350</u></u>
13	Investments		
(a)	Investment in Related Party		
	Shares & Bond - Caricom General Property Holdings	173,009,713	173,009,713
	Total Investments	<u><u>173,009,713</u></u>	<u><u>173,009,713</u></u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

14 Fair value of financial instruments

The following table details the carrying costs of financial assets and liabilities and their fair values

	2023	
	Carrying Value \$	Fair Value \$
<u>Financial assets</u>		
Investments		
Shares & Bonds in CGPH	173,009,713	173,009,713
Statutory funds	246,659,200	246,659,200
Accounts receivable and prepayments	113,051,512	113,051,512
Taxation	15,250,991	15,250,991
Cash at banks and in hand	340,380,579	340,380,579
	<u>888,351,995</u>	<u>888,351,995</u>
<u>Financial liabilities</u>		
Accounts payable	76,861,518	76,861,518
	<u>76,861,518</u>	<u>76,861,518</u>
	2022	
	Carrying Value \$	Fair Value \$
<u>Financial assets</u>		
Investments		
Shares & Bonds in CGPH	173,009,713	173,009,713
Statutory funds	119,896,632	119,896,632
Accounts receivable and prepayments	107,771,743	107,771,743
Cash at banks and in hand	371,545,149	371,545,149
	<u>772,223,237</u>	<u>772,223,237</u>
<u>Financial liabilities</u>		
Taxation	35,505,244	35,505,244
Accounts payable	61,494,681	61,494,681
	<u>96,999,925</u>	<u>96,999,925</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

14 Fair value of financial instruments - cont'd

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

"Available for sale"

The carrying value of these investments were determined using the level 2 fair value measurement.

"Loans and receivables"

These investments are carried net of any provisions for impairment. The fair value is based on the expected realisation of outstanding balances. Mortgages are secured against the borrowers' properties.

"Financial instruments where the carrying amounts are equal to fair value"

The carrying amounts of certain financial instruments is assumed to approximate their fair values due to their short-term nature. These are cash resources such as cash on deposit, cash at bank, cash in hand.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 2 based on the degree to which the fair value is observable.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	\$	\$
15 Statutory Requirement		
General Insurance		
Class I Accident and liability	218,032,251	160,771,787
Class II Auto	76,250,874	59,602,495
Class III Marine and aviation	6,832,849	14,934,747
Class IV Fire	12,567,540	10,101,259
Excess/(insufficient funds)	<u>(67,024,314)</u>	<u>(125,513,655)</u>
	<u>246,659,200</u>	<u>119,896,632</u>

The breakdown of statutory funds held directly to the order of the Insurance Regulators as specified in the New Insurance Act of 2016 is as follows:

Statutory Funds Breakdown in Trust Company Guyana Ltd for Caricom General Insurance Company Inc.

Certificate of Deposit (Demerara Bank Limited)	31,439,760	14,773,830
Trust Company (Guyana) Ltd	225,152	60,734,802
Republic Bank Guyana Limited Certificate of Deposit	14,796,000	-
Bank of Baroda Certificates of Deposit	140,309,654	-
GBTI Certificate of Deposit	14,896,613	-
Citizens Bank Fixed Deposit	14,910,636	-
GBTI Fixed Deposit	-	14,796,000
Hand-In-Hand Trust Certificate of Deposit	14,961,715	14,796,000
New Building Society Certificate of Deposit	<u>15,119,670</u>	<u>14,796,000</u>
	<u>246,659,200</u>	<u>119,896,632</u>

16 Accounts receivables and prepayments

Trade accounts receivable	<u>111,355,662</u>	<u>107,177,913</u>
	111,355,662	107,177,913
Less: Provision for Bad Debts	<u>(201,150)</u>	<u>(201,150)</u>
	111,154,512	106,976,763
Rent Deposit	1,020,000	120,000
Prepaid Rental	877,000	615,000
E-Networks - Prepaid Internet	<u>-</u>	<u>59,980</u>
	<u>113,051,512</u>	<u>107,771,743</u>

Trade accounts receivables are premiums due from policy holders and insurance brokers

17 Cash at Banks, Non-Bank and in Hand

New Building Society	61,321,618	59,198,655
Republic Bank Ltd.	134,770,885	146,426,005
Citizens Bank Ltd.	60,986,853	13,795,077
Bank of Baroda	<u>54,968,625</u>	<u>56,216,021</u>
Cash at Banks	312,047,981	275,635,757
Cash at Non-Bank - National Co-op. Credit Union Ltd.	18,409,502	92,138,411
Cash in hand	<u>9,923,096</u>	<u>3,770,981</u>
	<u>340,380,579</u>	<u>371,545,149</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

		2023	2022
		\$	\$
18	Class A Shares - 1,000,000,000 shares @ \$1.00 each	1,000,000,000	343,478,491
	Class B Shares	-	343,478,491
	Authorised, Issued and fully paid shares	1,000,000,000	686,956,982
19	Retained earnings		
	Balance at Jan 1st	40,335,754	25,994,093
	Surplus/ Deficit after Tax	297,101	14,341,660
	Balance at end December 31st	40,632,855	40,335,754
20 (a)	Insurance Service Contracts		
	Liability for remaining coverage, Claims Reserve, Catastrophe Reserve & Reinsurance Premium Reserve		
	Balance at January 1st	245,410,288	140,602,385
	Increase in reserves/	68,273,226	104,807,903
	Balance at December 31st	313,683,514	245,410,288

The balance at December 31, 2023 is G\$313,683,514 and represents liability for remaining coverage, claims reserve, catastrophe reserve (IBNR) & Reinsurance Premium Reserve.

Class of Business	IBNR	Claim Reserve	Liability for remaining coverage	Reins. Prem. Reserve
Accident & Liability	150,600	-	215,071,047	2,810,604
Auto	1,172,600	6,513,720	68,112,719	451,835
Marine & Aviation	-	-	6,272,655	560,194
Fire	-	-	10,109,994	2,457,546
Total	1,323,200	6,513,720	299,566,415	6,280,179

	2023	2022
20 (b) Reinsurance Reinstatement Reserve	316,915,621	120,435,919
21 Revaluation Reserves	55,800,000	33,800,000

Immovable Properties as at December 31, 2023 were revalued by Mr. Vickram Budhram, Valuation Officer of the State Valuation Department to current market value at September 2023 as follows:

Property	Value at December 31st 2023	Value at December 31st 2022
Demerara (Land & Building)	231,300,000	231,300,000
Land - 1722 & 1723 Plantation, Peter's Hall	72,000,000	-
	303,300,000	231,300,000

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

22	Accounts payable	2023	2022
		\$	\$
	Creditors and Accruals	63,097,155	52,629,819
	GRA - Withholding tax	9,664,363	2,567,961
	GRA- PAYE	-	1,884,032
	National Insurance Scheme	-	1,112,869
	Auditors remuneration	2,000,000	1,200,000
	Republic Bank Limited - Credit Card	2,100,000	2,100,000
		<u>76,861,518</u>	<u>61,494,681</u>

23 **Pending litigations**

There were several pending litigations in relation to claims and accounts receivable, the outcome of which could not be determined at the date of the financial statements. Adequate provisions are reflected in the financial statements.

24 **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

The Caricom General Insurance Company, Inc. is a subsidiary of a diversified group of companies which is wholly owned by the holding company Safeco Inc.

Transactions with related company	2023	2022
	\$	\$
Shares and Bond - Caricom General Property Holdings Inc.	173,009,713	173,009,713
	<u>173,009,713</u>	<u>173,009,713</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

25 Analysis of financial assets and liabilities by measurement basis

	Held to maturity	Loans and receivables	Financial assets and liabilities at amortised cost	2023 Total
	\$	\$	\$	\$
Assets				
Investments	-	173,009,713	-	173,009,713
Statutory funds	-	-	246,659,200	246,659,200
Accounts receivable and prepayments	-	-	113,051,512	113,051,512
Taxation	-	-	15,250,991	15,250,991
Cash at banks and in hand	-	-	340,380,579	340,380,579
	-	173,009,713	715,342,282	888,351,995
Liabilities				
Accounts payable	-	-	76,861,518	76,861,518
	-	-	76,861,518	76,861,518
	Held to maturity	Loans and receivables	Financial assets and liabilities at amortised cost	2022 Total
	\$	\$	\$	\$
Assets				
Investments	-	173,009,713	-	173,009,713
Statutory funds	-	-	119,896,632	119,896,632
Accounts receivable and prepayments	-	-	107,771,743	107,771,743
Cash at banks and in hand	-	-	371,545,149	371,545,149
	-	173,009,713	599,213,524	772,223,237
Liabilities				
Taxation	-	-	35,505,244	35,505,244
Accounts payable	-	-	61,494,681	61,494,681
	-	-	96,999,925	96,999,925

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

26 Financial risk management

Financial risk management objectives

Financial risks relating to the operations of the Company are monitored and managed by management of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (price risk, interest rate risk and currency risk), liquidity risk and credit risk.

The Company seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk.

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. The Company does not trade in equity investments and therefore is not exposed to price risks.

(ii) Interest rate sensitivity analysis

The table below analyses the sensitivity of interest rates exposure for cash and cash equivalents at the end of the reporting period and only includes balances reflected in the financial statements. A 50 basis point increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

A positive amount indicates an increase in surplus where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in the interest rate, there would be an equal and opposite impact on surplus and the amount would be negative.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Company's surplus would have been as illustrated on the following table:

	Increase/ (decrease) in basis points	Impact on surplus for year	
		2023	2022
<u>Cash and cash equivalents</u>		\$	\$
Local currency	+/-50	148,550	7,170,830

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on surplus or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

26 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Foreign currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises from bank balances denominated in United States dollars. The company monitors this risk closely since policies are written in Guyana Dollars and reinsurance agreements are written in United States dollars. The stabilization of the exchange rate over the past 5 years resulted in no major adjustments to the liabilities of the company.

The amounts of assets denominated in currencies other than Guyana dollars are as shown:-

	2023	
	US\$	G\$ equivalent
Assets	nil	nil

(v) Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 3% increase or decrease in the Guyana Dollar against the United States dollar. Although a rate is not formally adopted and used as a measure, 3% gives a prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets that are held in foreign currencies per the preceding table. A positive number below indicates an increase in reserves if the currency were to strengthen 3% against the Guyana dollar. If the currency were to weaken 3% against the Guyana dollar, there would be an equal and opposite impact on the reserves and the amount would be negative.

	2023	
	US Dollar Impact	G\$ Equivalent
Profit/(loss)	nil	nil

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

26 Financial risk management - cont'd**(a) Market risk - cont'd****(iii) Interest rate risk**

The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools and implements strategies to hedge against any adverse effects.

The Company's exposures to interest rate risk on financial assets and financial liabilities are listed below:

	Average interest %	Within one year \$	2023 One to five years \$	Over five years \$	Non interest bearing \$	Total \$
Assets						
Investments			173,009,713		-	173,009,713
Statutory funds	2.00	-		246,659,200	-	246,659,200
Accounts receivable and prepayments		113,051,512	-	-	-	113,051,512
Taxation		15,250,991				15,250,991
Cash at banks and in hand	1.00	340,380,579	-	-	-	340,380,579
		468,683,082	173,009,713	246,659,200	-	888,351,995
Liabilities						
Accounts payable		76,861,518	-	-	-	76,861,518
		76,861,518	-	-	-	76,861,518
Interest sensitivity gap		391,821,564	173,009,713	246,659,200		
2022						
	Average interest %	Within one year \$	One to five years \$	Over five years \$	Non interest bearing \$	Total \$
Assets						
Residential Mortgage Investments				18,950,289		18,950,289
Statutory funds	2.00	-	173,009,713		-	173,009,713
Accounts receivable and prepayments		107,771,743	-	-	-	107,771,743
Cash at banks and in hand	1.00	367,774,168	-	-	3,770,981	371,545,149
		475,545,911	173,009,713	138,846,921	3,770,981	791,173,526
Liabilities						
Taxation		35,505,244	-	-	-	35,505,244
Accounts payable		61,494,681	-	-	-	61,494,681
		96,999,925	-	-	-	96,999,925
Interest sensitivity gap		378,545,986	173,009,713	138,846,921		

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

26 Financial risk management - cont'd**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments to policyholders. The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table details the Company's assets, liabilities and liquidity:

	2023					
	On Demand	1 to 3	3 to 12	1 to 5	Over	Total
	\$	\$	\$	\$	\$	\$
Assets						
Investments	-	-	-	173,009,713	-	173,009,713
Statutory Funds	-	-	-	-	246,659,200	246,659,200
Accounts receivable and prepayments	113,051,512	-	-	-	-	113,051,512
Taxation	15,250,991	-	-	-	-	15,250,991
Cash at banks and in hand	340,380,579	-	-	-	-	340,380,579
Total Assets	468,683,082	-	-	173,009,713	246,659,200	888,351,995
Liabilities						
Accounts payable	76,861,518	-	-	-	-	76,861,518
Total Liabilities	76,861,518	-	-	-	-	76,861,518
Net assets	391,821,564	-	-	173,009,713	246,659,200	811,490,477

	2022					
	On Demand	1 to 3	3 to 12	1 to 5	Over	Total
	\$	\$	\$	\$	\$	\$
Assets						
Residential Mortgage	-	-	-	-	18,950,289	18,950,289
Investments	-	-	-	173,009,713	-	173,009,713
Statutory Funds	-	-	-	-	119,896,632	119,896,632
Accounts receivable and prepayments	107,771,743	-	-	-	-	107,771,743
Cash at banks and in hand	371,545,149	-	-	-	-	371,545,149
Total Assets	479,316,891	-	-	173,009,713	138,846,921	772,223,237
Liabilities						
Taxation	35,505,244	-	-	-	-	35,505,244
Accounts payable	61,494,681	-	-	-	-	61,494,681
Total Liabilities	96,999,925	-	-	-	-	96,999,925
Net assets	382,316,967	-	-	173,009,713	138,846,921	675,223,312

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

26 Financial risk management - cont'd**(c) Credit risk**

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the company.

The Company faces credit risk in respect of its receivables, investments and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company are the balances reflected in the financial statements.

The table below shows the company's maximum exposure to credit risk:

	2023	2022
	Maximum exposure	Maximum exposure
	\$	\$
Residential Mortgage	-	18,950,289
Investments (i)	173,009,713	173,009,713
Statutory funds (i)	246,659,200	119,896,632
Accounts receivable and prepayments (ii)	113,051,512	107,771,743
Cash at banks and in hand (iii)	340,380,579	371,545,149
Total credit risk exposure	873,101,003	791,173,526
The above balances are classified as follows:		
Current	760,049,491	683,401,783
Past due but not impaired	113,051,512	107,771,743
	873,101,003	791,173,526

- (i) Statutory funds represent deposits with a Commercial Bank held to the order of the Insurance Regulator. The bank is considered creditworthy, as such the likelihood of default is assessed as very low by the Company.
- (ii) Accounts receivable and prepayments comprise outstanding premiums due but not received at the date of the statement of financial position and amounts owing by other organisations.
- (iii) Cash at banks, non-bank and in hand include balances held mainly with commercial banks and one Non- bank. These banks and non-bank have been assessed by the Company as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Aging of trade and other receivables which were past due but not impaired.

	2023	2022
	\$	\$
Past due current - 29 days	34,822,052	15,470,124
Past due 30 — 59 days	25,345,672	(1,572,386)
Past due 60 — 89 days	9,203,019	2,848,100
Past due 90 — 179 days	9,248,013	21,366,416
Past due over — 180 days but less than 1 year	32,535,756	68,864,510
	111,154,512	106,976,763

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

27 Insurance risk

The principal risk that the company faces under its insurance contracts are that the actual claims are greater than the estimates, actual claims are not adequately mitigated by reinsurance, and the total claims from the portfolio of contracts exceed the estimate used in pricing those contracts. These risks and mitigating factors are discussed below.

Risk Management objectives and policies

The company mitigates its risk by engaging in excess of loss reinsurance treaties. Reinsurance coverage for perils and other risk excluded from the excess of loss treaty are facultatively reinsured on a yearly renewable basis, where deemed necessary. The Company also engages in redlining where it reserves the right to offer no coverage in specific geographical areas. The Company declines, rates up, applies excesses, accept small participation or a combination of more than one of these procedures as part of its overall prudent underwriting principles.

Terms and conditions of insurance contracts

All insurance contracts issued by the company include conditions aimed at protecting its solvency. Some of these include stating assumed risks clearly aimed at removing any ambiguity, inclusion of excess clauses, reserving the right to terminate the policy with notice, and clearly stating the maximum limit of liability. The Company promises to settle claims as soon as possible, all considerations given to proper investigations to establish that the insured event and losses have occurred.

Sensitivity Analysis

The company's Profitability is sensitive to the flow of monies (1) inward from the policyholders; and (2) outflow to policyholders. If policyholders are unable to pay their premiums, the inflow of cash will be constrained. If claims are above anticipated averages, there will be strain on the Company's finances and it would have to seek alternative financing solutions. Its cash flow would therefore be affected negatively.

Concentration of insurance risks

Insurance Risks are spread in a number of geographical areas. However, the majority of the Company's risk are situated in Demerara outside of Georgetown and the remaining risks spread across the other counties.

Claims development

Claims are provided for and kept as liabilities until they are settled or have expired. At the time of the loss, a provision is made on best estimates. There is some amount of uncertainty surrounding the timing of payments and exact amount to be paid for most claims. There are occasions where the provision is in excess of the incurred loss. This is adjusted at the time of the claim settlement or at the point of revision of provisions, whichever is earlier. Similarly, there are times when the provision is insufficient to cover the losses estimated. These too are adjusted at the earlier of claims payment or overall claims revision.

28 The New Insurance Act of 2016

The new Insurance Act came into effect in 2018 and all insurance companies must comply with this new Act

29 Actuarial valuation

The company has conducted an annual actuarial evaluation since 2010 with the most recent being for 2021.

30 Industry Assessment

On February 20, 2023, the company met its statutory obligation by paying its annual industry assessment fee of \$996,853 for 2023.

31 The Audited Annual Supervisory Filing Requirement form an integral part of the Notes of this Financial Statement.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

32 Solvency requirement

	2023	2022
	\$	\$
Assets	1,803,893,507	1,223,938,867
Liability	707,460,653	462,846,132
Surplus	<u>1,096,432,854</u>	<u>761,092,735</u>
Required capital (25% of net general insurance premium)	<u>103,164,072</u>	<u>85,281,237</u>
Solvency margin	<u>993,268,781</u>	<u>675,811,497</u>

33 Statutory fund requirement

The Company has established and maintained a statutory fund regarding as per the New Insurance Act of 2016 that came into effect in 2018 in the following classes of insurance business as listed below:

		2023						
		Other Insurance Liabilities						
	Policyholders Reserve	Liability for remaining coverage	IBNR	Reinsurance Premium Reserve	Liability for incurred claims	Outstanding premiums	Statutory fund requirement	
		\$	\$	\$	\$	\$	\$	
General Insurance								
Class I	Accident and liability	215,071,047	150,600	2,810,604	-	(96,686,287)	121,345,964	
Class II	Auto	68,112,719	1,172,600	451,835	6,513,720	(2,530,955)	73,719,919	
Class III	Marine and aviation	6,272,655	-	560,194	-	(11,692,370)	(4,859,521)	
Class IV	Fire	10,109,994	-	2,457,546	-	(244,900)	12,322,640	
Total		<u>299,566,415</u>	<u>1,323,200</u>	<u>6,280,179</u>	<u>6,513,720</u>	<u>(111,154,512)</u>	<u>202,529,002</u>	

		2022						
		Other Insurance Liabilities						
	Policyholders Reserve	Liability for remaining coverage	IBNR	Reinsurance Premium Reserve	Liability for incurred claims	Outstanding premiums	Statutory fund requirement	
		\$	\$	\$	\$	\$	\$	
General Insurance								
Class I	Accident and liability	131,194,238	150,600	2,810,604	26,616,345	(98,383,532)	62,388,255	
Class II	Auto	49,477,330	1,172,600	451,835	8,500,730	(4,731,676)	54,870,820	
Class III	Marine and aviation	3,954,563	-	560,194	10,419,990	(3,552,005)	11,382,742	
Class IV	Fire	7,643,713	-	2,457,546	-	(309,550)	9,791,709	
Total		<u>192,269,844</u>	<u>1,323,200</u>	<u>6,280,179</u>	<u>45,537,065</u>	<u>(106,976,763)</u>	<u>138,433,525</u>	

34 Trust deed filing

Caricom General Insurance Company Inc.'s Trustee Certificate of Statutory Fund Value totaling \$246,659,200 (as per note 37), was signed as at December 31, 2023 in accordance with the New Insurance Act of 2016.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

35 Summary of portfolio as at December 31st, 2023 and reinsurers' liability

Class	No. of Policies	Total Liability	Caricom General Insurance Co. Inc. Retention	Liability for remaining coverage	Caricom Insurance's Share of loss for Reserved claims (IBNR included)
		\$	\$	\$	\$
Class I					
Accident & liability	3,133	55,659,658,561	108,325,000	215,071,047	150,600
Class II					
Auto	7,701	7,126,995,499	21,665,000	68,112,719	7,686,320
Class III					
Marine & Aviation	28	4,228,459,997	21,665,000	6,272,655	-
Class IV					
Fire	154	7,639,690,456	541,625,000	10,109,994	-
Total	11,016	74,654,804,513	693,280,000	299,566,415	7,836,920

Summary of portfolio as at December 31st, 2022 and reinsurers' liability

Class	No. of Policies	Total Liability	Caricom General Insurance Co. Inc. Retention	Liability for remaining coverage	Caricom Insurance's Share of loss for Reserved claims (IBNR included)
		\$	\$	\$	\$
Class I					
Accident & liability	1,839	33,251,122,739	43,250,000	131,194,238	150,600
Class II					
Auto	6,741	5,423,503,000	5,406,250	49,477,330	7,686,320
Class III					
Marine & Aviation	24	1,364,647,751	10,812,500	3,954,563	-
Class IV					
Fire	145	6,484,381,948	21,625,000	7,643,713	-
Total	8,749	46,523,655,438	81,093,750	192,269,844	7,836,920

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2023

36 **Assets held in trust**

The company has an account held at Trust Company Guyana Ltd in the name of Bank of Guyana which is used for the Statutory Fund.

	<u>2023</u>	%	<u>2022</u>	%
	\$		\$	
Statutory fund, cash deposits and certificate of deposits	246,659,200	100%	119,896,632	100%
Total assets held in trust	246,659,200	100%	119,896,632	100%

37 **Reinsurers**

(a) Our company's reinsurance broker for the year 2023 was AmWINS Global Risks Limited.

Reinsurers' ratings are as follows:

<u>Name of Reinsurers 2023</u>	<u>AM Best Rating</u>	<u>Standards & Poor Rating</u>
Allianz Global Corporate & Specialty SE on Behalf of Dual Corporate Risks Ltd - "Tamesis"	A+	A
Lloyds Syndicate 2987 (BRT)	A	A+
Navigator's Insurance Company	A+	A
AXA XL Reinsurance Limited	A+	AA-
Ocean Re	A-	A-
Redbridge Insurance Ltd	B++	BBB
Global BRG Reinsurance Division (Best Meridian International Insurance Company)	A-	A-

(b) Our company's reinsurance broker for the year 2022 was AmWINS Global Risks Limited.

Reinsurers' ratings are as follows:

<u>Name of Reinsurers 2022</u>	<u>AM Best Rating</u>	<u>Standards & Poor Rating</u>
Allianz Global Corporate & Specialty SE on Behalf of Dual Corporate Risks Ltd - "Tamesis"	A+	A
Lloyds Syndicate 2987 (BRT)	A	A+
Navigator's Insurance Company	A+	A