



Sagicor

GENERAL

SAGICOR GENERAL INSURANCE INC.

ANNUAL REPORT 2015



OUR VISION

“To be the insurer of choice, leading through innovation, excellence in customer service and financial strength, while meeting our stakeholders’ expectations and uplifting the communities in which we operate.”



MEET THE **REAL** PEOPLE BEHIND OUR SUCCESS. OUR CLIENTS.

Throughout this report we have highlighted some of our clients who have trusted us to provide protection for their precious assets. We will never betray that trust.

For over 130 years, and across the Caribbean, Sagicor General has been committed to serving our people and that obligation will continue.

DARREN SAMMY

ST. LUCIA

Darren Sammy is a successful West Indies cricketer and has the distinction of being the only cricket captain to have led a cricket team to win the International Cricket Council's Twenty/20 World Cup twice – 2012 and 2016.

Sammy, 32, is also the first St. Lucian to play international cricket, starting his international career in 2004.

He is very strategic and selective as a West Indies captain and the same applied when it was time for him to choose an insurance provider. He made the wise decision to make Sagicor his insurance provider over the past seven years.

He preferred to deal directly with Ms. Gillian Polius, Branch Administrator for Sagicor General's St. Lucia operation. Darren also chose Sagicor as the brand for life insurance policies for both himself and his wife.

As a successful international cricketer, the demand for Sammy's services takes him all over the world and he has the confidence that Sagicor will take care of him and his family even when he is not at home in St. Lucia.

Sammy recalled a time he was off island when his mother's car, which is also insured with Sagicor General Insurance, was involved in an accident. He spoke highly of the excellent claims service he received; keeping him informed at each stage. He was so pleased with the Sagicor service experience that he insured another vehicle shortly after his mother's accident.

Darren feels very welcomed by Sagicor General and even attends office events. He smiles at this thought, stating "I feel like part of the Sagicor family and very appreciated."

— Darren Sammy





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CORPORATE OVERVIEW

We have been in existence for more than 130 years offering a comprehensive range of general insurance solutions to individuals and companies. In July 2003, a Special Resolution was passed by the shareholders authorizing an amendment to the Articles of Incorporation to change the name of the company from Barbados Fire and Commercial Insurance Company Limited to Sagicor General Insurance Inc.

The shareholding of the Company is as follows:

Sagicor Life Inc	53%
Goddard Enterprises.....	45%
Others.....	2%

We write all classes of non-life insurance business and operate through a network of branches and agencies located in Barbados, Trinidad and Tobago, Antigua, St Lucia and Dominica with the portfolio split as follows:

Trinidad and Tobago	59%
Barbados	35%
Eastern Caribbean	6%

We will continue to underwrite prudently, analyze and quantify our risks carefully, while controlling our risk exposures in such a manner as to ensure that our clients are always fully protected.

THE GODDARD BUILDING



Sagicor General Insurance

SAGICOR GENERAL INSURANCE CO. LTD.
SAGICOR GENERAL INSURANCE CO. LTD.
SAGICOR GENERAL INSURANCE CO. LTD.
SAGICOR GENERAL INSURANCE CO. LTD.



VICTOR PERSAUD

Allied Security Limited, Trinidad and Tobago

Allied Security Limited has been in business for over 20 years, and prides itself on offering excellent service.

The Trinidad and Tobago-based security firm has been a Sagicor General Insurance customer for the past two years through agent, De Liberare and Company Limited. The decision to go with Sagicor was based on the company looking for an insurance company that would work with the company as it grows.

Over the last two years Victor Persad, Chief Operating Officer, has built a relationship with the company's representative – Garvin Ali, who is ready to assist whenever the need arises.

Mr. Persad is very satisfied with Sagicor General and had no doubts about renewing the company's fleet insurance with them. The claims experience has been exceptional and this was the key ingredient in renewing the vehicle insurance.

He further explained that when the board asked for his opinion regarding the insurance renewal for the vehicles he advised "You may have [received] cheaper quotes from other insurance companies with no significant difference to that of Sagicor General. From our experience, Sagicor General Service including their speedy claims delivery are far beyond our expectations."

Mr. Persad recalled a recent accident when two of their vehicles were involved. Both claims were submitted the same day the accident occurred, the response was immediate and both claims were settled in a timely and satisfactory manner. Other executives in the company also expressed having the same experience and they too are quite pleased with the service.

Agent Mona Brown and Claims Officer Garvin Ali go out of their way to assist. Mr. Persad said he could call Garvin 24-hours-a-day, seven-days-a -week and receive a quick response.

I am a very satisfied customer, and will recommend Sagicor General Insurance to friends and family.

— *Victor Persaud*





CHAIRMAN & CEO REPORT

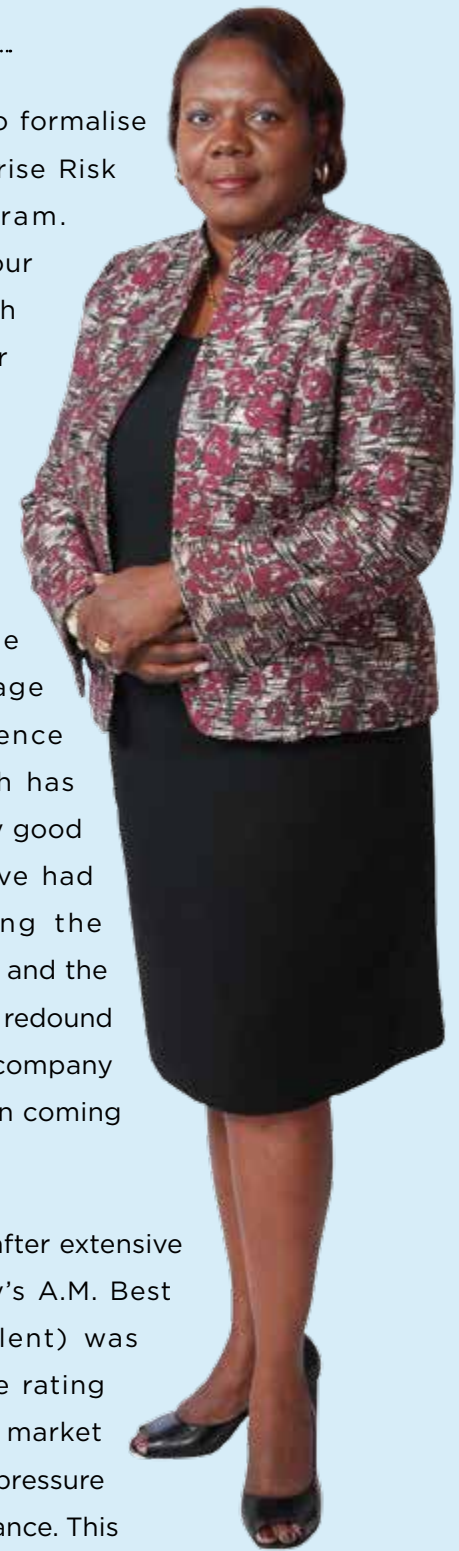
The Board of Directors of Sagicor General Insurance Inc. is pleased to submit to shareholders the Company's Annual Report for 2015, which incorporates the audited Financial Statements for the year ending December 31, 2015 and a review of the company's performance. 2015 was a very challenging year for Sagicor General in many respects, with the company recording its poorest performance in recent years. Overall the company recorded net income before taxation of \$0.9 million.

The performance was impacted by several factors including declining market rates, increased loss ratios and reduced investment income, the effects of which were compounded by one-off expense items. Despite this performance a special dividend of \$6.7 million was declared during the year in addition to a dividend of \$2.6 million based on 2014 earnings. To satisfy capital requirements in the EC territories a share dividend of \$0.7 million was also declared, which had the effect of increasing the company's share capital to \$3.7 million from \$3.0 million.

In our report to shareholders last year we discussed new strategies, initiatives and services we would be implementing during 2015. We spoke of the imminent implementation of our new insurance platform GIMS, our intention to significantly enhance the experience of our customers in general

and detailed plans to formalise an extensive Enterprise Risk Management Program. We also mentioned our intention to launch an innovative motor product which would allow the company to introduce advanced mobile telematics technologies (DrivePal) while continuing to manage risk with the prudence and vigilance, which has resulted in historically good loss ratios. We have had success in achieving the aforementioned goals and the platform prepared will redound to the benefit of the company and its shareholders in coming years.

During the year, and after extensive review, the company's A.M. Best rating of A- (Excellent) was re-affirmed, with the rating agency warning that market conditions would put pressure on operating performance. This has proved prophetic.



DR. M. PATRICIA DOWNES - GRANT
Chairman

Operating Environment

The Caribbean and Latin American regions as a whole recorded their 5th consecutive year of decline in real GDP growth during 2015. Key contributing factors impeding economic recovery include falling global commodity prices and prolonged regional structural deficiencies which have weakened businesses, undermined consumer confidence and dampened private demand and consumption. Inflation declined generally as a result of lower oil and in some cases commodity prices while unemployment rates varied across the region.

In Trinidad and Tobago, our largest operating environment, the economy experienced a 2.1% decline in 2015 which marks the country's second year in recession. The Central Bank of Trinidad and Tobago's quarterly GDP index showed a reduction in real output of 3.0% at December 2015 following consecutive contractions of 1.3% in the first quarter and 2.1% in the second and third quarters. Low energy prices led to a contraction in the energy sector, while real output in the non-energy sector weakened due to reduced overall economic activity. Inflation at December 2015 was 1.5%, reduced from 7.5% in January 2015 while the unemployment rate at the end of the third quarter was 3.4%, a slight increase of 0.1% compared to the same period in 2014. This increase resulted from a reduction in the labour force mainly in the areas of services, construction and manufacturing. Latest estimates for fiscal year 2014/2015 indicated an overall deficit of TT\$7.0 billion, a significant increase compared to the TT\$4.4 billion recorded in the previous period. This was

attributed mainly to lower energy revenues. Shorter term economic recovery in Trinidad and Tobago would help to reduce the ultra-competitive market behaviour.

The economy in Barbados, our second largest operating environment, continued to experience lacklustre economic growth. Real GDP was estimated to have expanded by 0.5% (year-on-year) following 0.2% growth in 2014. According to the Central Bank of Barbados the marginal uptick was attributable to relatively buoyant activity in the tourism sector where there was a 13.0% increase in airlift from major source markets. Tourism was the only sector to record measurable growth. Construction activity is estimated to have decreased by 3.0% due largely to unexpected delays in the start of major infrastructural projects. The retail, business and other services sectors saw limited spillovers because there was no impetus from the foreign exchange sectors, other than tourism. The unemployment rate was still high at an average of 11.8% in 2015 – a minor change from the 12.3% in the previous year. Meanwhile deflation continued to be a source of concern as consumer prices fell by 2.5% (year-on-year) in December 2015, lower than the previous month's decline of 2.8%.

Statistics from the Eastern Caribbean Central Bank (ECCB) indicate that there was estimated growth of 4.1% in the OECS at the end of 2015 mainly due to output growth in a number of sectors including tourism, transport, storage and communications, construction and agriculture; with a reduction in output in the manufacturing sector. In the countries in which we operate, increased economic

activity was recorded in Antigua and Barbuda and St. Lucia with a contraction observed in Dominica. Inflation declined on average in the fourth quarter of 2015 by - 0.6% as compared to - 0.2% for the same period in 2014. This was partially due to lower prices for transport, energy and food.

2015 OPERATING RESULTS

Revenue

For the year ended December 31, 2015 Sagicor General achieved gross written premium (GWP) of \$125.4 million, a decline of \$2.3 million or 1.8% below 2014. Intense pressure on rates in all territories as companies try to grow portfolios in challenging markets, has continued to hamper our ability to maintain premium levels and led to an erosion in GWP especially in the Trinidad and Tobago market. The twin-island republic remains the main contributor to our top line with 59.0% of gross premium or \$73.6 million being written, followed by Barbados with 35.0% or \$43.9 million. Antigua, St Lucia and Dominica make up the remaining 6.0%. Underwriting income fell by 16.7% from \$30.4 million in 2014 to \$25.3 million during the year under review. Although declining rates and gross premium were a contributing factor, the main cause of this slippage was a deterioration in overall loss ratio from 41.6% to 52.5% and the resultant effect on profit commission income.

Claims

Loss ratios across all classes and territories for 2015 was 52.5% which was 11 points higher than 2014. In particular, our Trinidad portfolio moved from a prior year loss ratio of 45.4% to 62.2% during 2015 due in large measure to increased

fire activity, negative movement in the motor loss ratio and one significant liability claim. In addition, the company was affected by losses in the Eastern Caribbean due to the passage of Tropical Storm Erica.

G&A Expenses

Sagicor General's expense ratio increased during the year as a result of a reduction in gross written premium along with significant increases in two line items: professional fees and computer expenses. The company conducted a due diligence exercise during 2015 in respect of an acquisition opportunity, incurring professional fees of approximately \$0.9 million. Further, during the year the implementation of our new insurance platform GIMS, escalated our computing operating costs by approximately \$0.69 million.

Investments

Investment income for 2015 declined by \$1.8 million or 35.4% below income for 2014. 2014 income included one-off gains of \$1.3 million realized on the sale of equity instruments. No such gains were made in the current year under consideration. 2014 income also included dividend income of \$0.5 million from Globe Finance Inc. in which the company owns a 20% shareholding. No dividend was received in the current year. The company's investment philosophy continues to be conservative with the portfolio comprising mainly government and corporate bonds, cash and short-term investments and limited equity participation. The income stream from investments continues to provide earnings diversification for the company.

Balance Sheet

The company's balance sheet remains strong with total assets reaching \$232.1 million at December 31, 2015 up from \$224.6 million at the end of 2014. Retained earnings were reduced by \$10.7 million during the year to reflect a special dividend that was declared and paid. Total equity now stands at \$68.5 million.

Looking forward

Global growth is expected to improve but remain modest in 2016. In the latest IMF projections, world output is projected to grow by 3.5% in 2016 from 3.1% in 2015. The rebounding US economy is anticipated to support the service-based Caribbean economies while the effects of depressed oil prices and global growth uncertainties will continue to weigh on the Trinidad and Tobago economy causing a projected contraction in GDP of about 2.0%. These are important economic considerations for Sagicor General as insurance industry growth positively correlates with economic growth and influences management's strategic plans.

Management expects the company to fully migrate to GIMS, our new insurance platform, during 2016. This will be a significant step forward in the creation of competitive advantage for Sagicor General. As reported in our last annual report, GIMS will allow us to integrate and streamline key functions such as underwriting, claims management,

reinsurance and document management as well as facilitate early financial reporting and data analytics while providing broker, agent and advisor portal access to records.

Our plans include intense focus on expense reduction and management. As margins are squeezed and competition becomes more intense, it is important that the company operates as efficiently as possible in all geographies and across the enterprise.

We intend to continue to seek innovative solutions for risk transfer decision-making, by developing products and services to reflect the demands of a modern and changing environment. In this regard, the delivery of high class service to our clients will remain our central and dominant focus.



DAVID ALLEYNE
President and CEO





KIMBERLEY LAVINE

St. Michael, Barbados

When Kimberly Lavine, 26, was considering companies for her home and car insurance she was interested in an insurance company which offered financial strength and the ability to settle claims in a timely fashion.

As a busy accountant who is also studying for the ACCA designation, time is a precious commodity to Lavine.

Recently, she found herself with major car troubles – her car wouldn't start. Rather than let it become an inconvenience she quickly called the Barbados-based Sagicor On Scene (SOS) Emergency Roadside Service for assistance.

Kimberley was so impressed with the service she received, that she wrote a letter to Sagicor to document her satisfaction.

She, however, did not let it stop there. Since her interaction with Sagicor General, she has been recommending the company to friends, family and co-workers.

Now they too can feel the same peace of mind Kimberly does.



— Kimberley Lavine





BUSINESS HIGHLIGHTS

TERRITORIAL REVIEW

TRINIDAD AND TOBAGO BRANCH

The Trinidad and Tobago general insurance market deepened its extreme aggressiveness during 2015 as a consequence of a continuing soft reinsurance market. This proved to be challenging for Sagicor General as the branch tried to maintain adequate pricing points while seeking not to compromise underwriting standards.

The company achieved GWP of \$73.6 M, a decline of \$1.5 million or 2.0% below 2014. This is the first year that this branch has not recorded overall growth although there were increases in the Marine and Liability books of 9.9% and 6.0% respectively. Average rates have fallen by 4.7% on the property book and increased pressure on the Motor book has also led to a reduction in rates in that class of business.

Despite the reduction in income, the branch remained profitable and continued to engage in its normal activities such as the implementation of the new insurance software. This software has improved our delivery time with documents and quotations and we look forward to all the other features that will soon be implemented which will create further efficiencies, further enhancing our other services such as accounting and claims, to our customers.

As part of our initiative to uplift the communities in which we operate, the branch continued to support the National Association

of Athletics Administration of Trinidad and Tobago for the twelfth consecutive year as one of the two main sponsors of their annual track and field event. We look forward to continuing this sponsorship in 2016 where the qualifying athletes will participate in the upcoming Olympics in Rio, Brazil.

The Trinidad and Tobago branch wishes to thank all of its customers and partners for their continued support and we look forward to continuing serving you.

EASTERN CARIBBEAN

(Antigua, St. Lucia, Dominica)

Eastern Caribbean - The general insurance industry throughout the Eastern Caribbean territories proved to be very challenging in 2015. Technical underwriting has generally been replaced by price cutting with consequent general up-lift in loss ratios. Our branches and agencies sought to find a reasonable balance between economic rates and the protection of portfolios. As a result Sagicor General's overall GWP declined \$0.1 million or 1.4% during the year. Accident and Marine have shown increases over 2014 of 12.0% and 6.8% respectively with the other classes recording decreases. As part of our corporate responsibilities, we continue to assist with sponsorship of the Somerset Cricket Club in Dominica.

BARBADOS

The Barbados portfolio declined in 2015 by 1.5% to \$43.9 million with all classes

showing reductions over the previous year. Motor and Property were down by 1.4% and 1.0% respectively with these classes being affected by a drop in average rates of 5.0% from prior year levels. Compounding the effect of significant rating declines was stagnant economic growth which fuelled intense competitive activity. The overall loss ratio improved from 2014 to an excellent 33.2%, resulting in underwriting income of \$12.3 million, which is the highest among the company's portfolios. The benefit of this good underwriting performance was eroded by continuing high expense levels in the territory.

During the year the Barbados branch moved to strengthen organisational infrastructure and develop capabilities which will enable the unit to operate more efficiently and productively in coming years. As part of the continuing imperative to upgrade our service to the public, customer service metrics were rolled out to brokers and agents. These published standards will allow us to demonstrate to the market our commitment to deliver industry leading levels of customer experience.

Our determination to engage the Barbadian public and provide innovative risk solutions led us to develop and launch the country's first telematic device DrivePal. This diagnostic tool first made available in June, rewards drivers for demonstrating good driving habits. It has already made an impact and as we further engage the market, it will revolutionise the way Sagicor General prices, while allowing the company to more accurately assess and manage risk.

In January 2015 the company went live with the first phase of an insurance platform, GIMS,

that will again positively change the manner in which Sagicor General interfaces with our clients. We have migrated one class of business on to our new system and are moving swiftly onto phase two, which will see the company interfacing in an advanced and sophisticated way with all stakeholders and the insuring public.

As always, Sagicor General's Barbados operations during 2015 maintained a sharp focus on providing support for the community. We assisted many organisations and associations in varied fields of endeavour, ranging from athletics to cricket, from education to culture. We provided encouragement and supported initiatives leading to the adoption of healthy lifestyles and facilitated proposals for helping the needy.

MARKET INNOVATION

DrivePal

In keeping with our mission statement and commitment to launch new products each year, Sagicor General once again has set the standard in innovation, by becoming the first company in the Eastern Caribbean to launch its own Usage Based Insurance (UBI) product called DrivePal.

UBI captures the client's driving patterns forming the basis for premium rating thus enhancing our customers control over their premiums like never before.

To further augment this innovative product, Sagicor General Insurance will be introducing a derivative product specifically geared towards both private as well as commercial fleets. This UBI product will give companies greater control over their insurance expenditure allowing

significant cost savings when compared to the traditional rating models, which would increase rates for perceived high risk features such as driver age, driver experience, vehicle type or loss history.

The market response to UBI during 2015 was exceptional. Sagicor General Insurance intends to be the industry's standard bearer of innovation and creativity throughout 2016 and beyond as we listen and effect the needs of our current and prospective customers.

INFORMATION TECHNOLOGY

On January 12, 2015, the company went live in all territories with its motor portfolio on GIMS. This was a major achievement given that this was the first time a system had gone live in multiple countries at the same time.

As is expected with most system replacements, Sagicor General experienced its fair share of issues which surfaced during the first half of the year and these contributed to some customer service delivery challenges, particularly in Trinidad. This improved during the latter half of 2015 as users became more familiar with the system.

With this implementation we have already realised some process improvements. We are pleased to advise that customers are now receiving their endorsements immediately rather than in days. There are over 200 document templates embedded in GIMS and these will be rolled out over time. It should also be noted that the 2016 reinsurance treaties were automatically attached to all policies and outstanding claims for the first time in the company's history.

While a significant portion of the project team's resources were diverted to the resolution of issues reported in production, work still continued on the other lines of business. The intended go live will be Q4 of 2016, resulting in a full cut-over from Genius to GIMS rather than the incremental approach which was used for the motor portfolio. Full cut-over will allow the company to operate on one system, thus minimizing the overall disruption of service.

Management of the company remains confident that GIMS will continue to improve our operational efficiency and this will lead to improved service delivery metrics.

BUSINESS HIGHLIGHTS

CUSTOMER EXPERIENCE REPORT

A year of change

2015 witnessed the emergence of the early start of a new ethos in the Sagicor General culture, one where customer focus became the major business imperative.

With the support of the CEO, the main customer excellence champion, the Sagicor General Customer experience vision was launched. As such, our customer experience intent statement reveals that:

- We will be known for our superior customer experience. Our team members will be knowledgeable, reliable and responsive. We will resolve all customer queries promptly. We will deliver our customer experience with empathy, patience and innovation which will make our customers feel valued. We will do all in our power to secure our customers' trust and loyalty.

The Voice of the Sagicor General Customer

As an organisation grappling with intense market competition and low levels of customer loyalty, it was absolutely necessary to ascertain the source of our customer dissatisfaction. The ideal place to gain that feedback was found in no other place than the voice of our customers. The voice of the customer proved to be one of the major undertakings by the VP Customer Experience for the year 2015. A great deal of time was spent analysing and listening to customer feedback, their angst, concerns and of course their compliments.

Industry reviews in Trinidad: Critical feedback

In the Trinidad market, we extensively canvassed the views and opinions of our main brokers and



Tracey Knight-Lloyd
Vice President Customer Experience

agents, with a view, not only to engage and build deeper relationships, but to ensure that we could provide the level of customer service which is necessary to compete in that market. These discussions, yielded information about current industry behaviour and practices and illuminated for us many areas in which we were performing creditably as well as those where we were not.

Customer Survey Research:

Knowing your customer

Over in Barbados the analysis of the voice of the customer continued to be prominent in the work of the customer experience department. Significant customer feedback was gleaned from a 2014 survey, which highlighted the disparity between the Sagicor General performance in Barbados and the rest of the local industry. With the identification of the "pain points", this information was then used to focus on key areas which needed improvement.



Customer Service Excellence:

Reward and recognition

Engaging employees to strive towards a new model of customer service excellence could never be achieved without some recognition and reward for those desired behaviours. As such, a customer experience wall of fame was instituted to highlight those who provided that “wow experience” we at Sagicor General are aiming for. Team members who received oral or written commendations from our customers are highlighted in a quarterly newsletter as well as a photo display.

Customer Complaints

Customer complaints should always be regarded as learning and developmental opportunities for any business. As such, we started to pay a lot more attention to customer complaints, relative to both the handling of customers who made these complaints and subsequent internal investigations. These were also followed up with the appropriate methods of recovery. In 2016, an official complaints management policy will be launched.

Customer Experience Metrics:

Quantifying the Customer Experience

One of the priority areas which needed to be addressed with a certain degree of urgency

related to the transaction times within the organisation. Consequently, key customer experience metrics needed to be implemented to ensure that standards were being consistently met and good customer service levels were being delivered. This process started in 2015 and will continue throughout 2016.

In 2016, it is our intention to ensure that metrics relative to turnaround times and responsiveness throughout all of the business units within the organisation are defined and followed. The metrics will be shared with all employees and incorporated within department goals and appraisals.

Customer Satisfaction Improves: Sagicor General continues to satisfy our customers

In 2015, both Barbados and Trinidad recorded improved customer feedback scores. In Barbados, the Net Promoter Score improved by at least 20 percentage points. This is a marked improvement; however, the company continues to implement initiatives and programmes to improve on this result. Over in Trinidad, our customer survey revealed that we are still providing a good level of customer service.

Customer Experience 2016

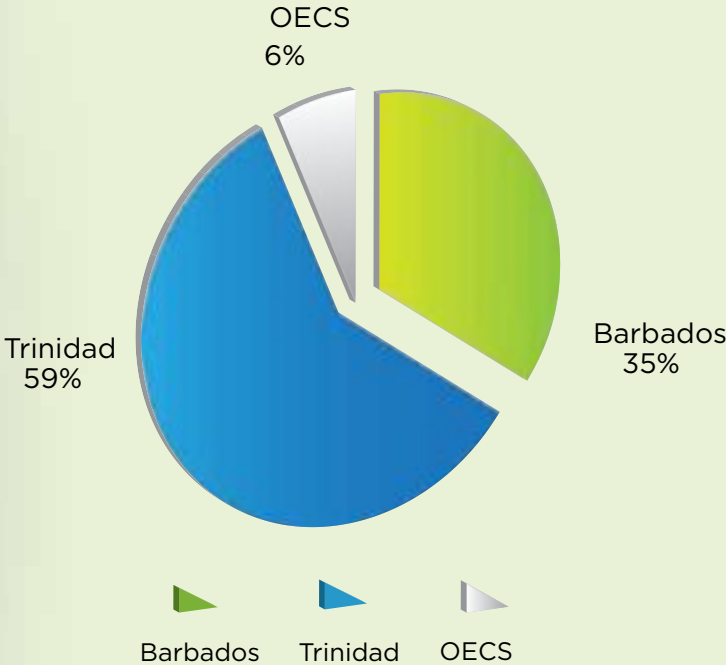
In 2016, customer experience will continue to be a driving force for change within the Sagicor General environment. It is expected that a number of initiatives such as the continued implementation of metrics, customer experience re-orientation workshops and Customer Experience Guidebook will all contribute to an improved level of customer satisfaction and retention within the organisation.



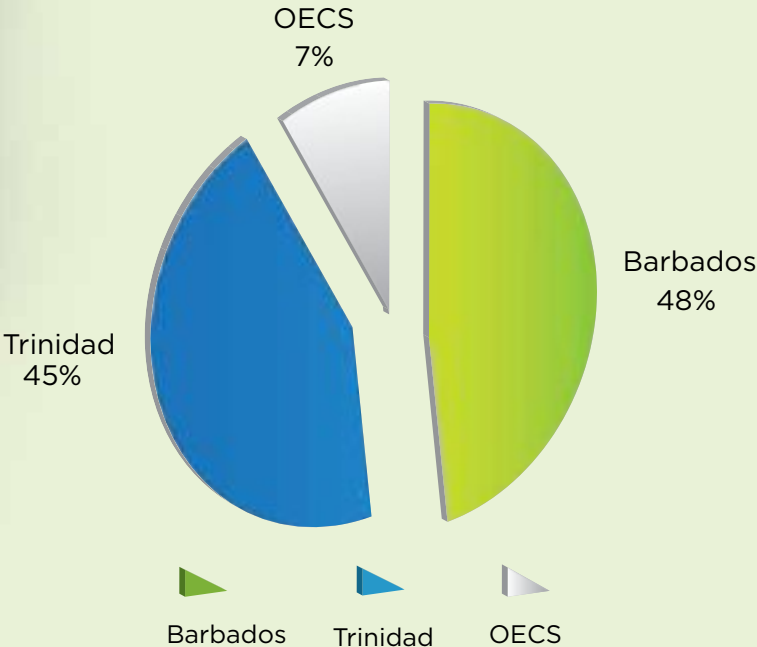
FINANCIAL HIGHLIGHTS

BARBADOS, TRINIDAD & TOBAGO AND EC TERRITORIES (ANTIGUA, ST. LUCIA, DOMINICA)

PREMIUM REVENUE BY TERRITORY



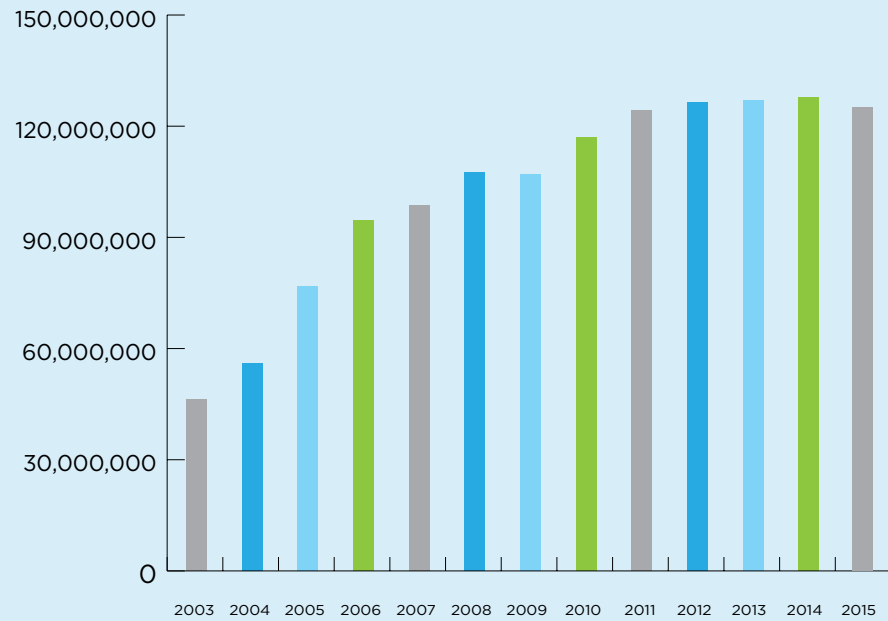
UNDERWRITING INCOME BY TERRITORY



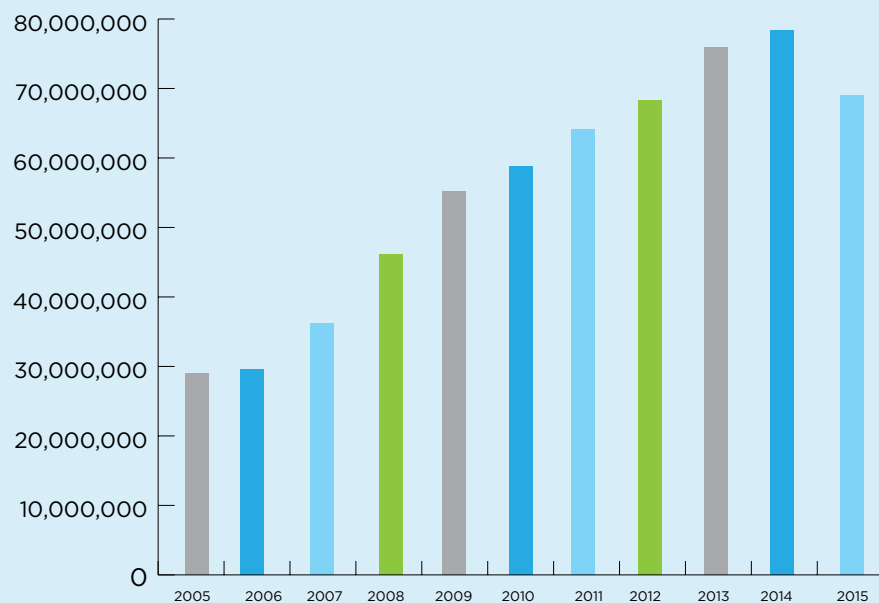
FINANCIAL HIGHLIGHTS

BARBADOS, TRINIDAD & TOBAGO AND EC TERRITORIES (ANTIGUA, ST. LUCIA, DOMINICA)

GROSS WRITTEN PREMIUM



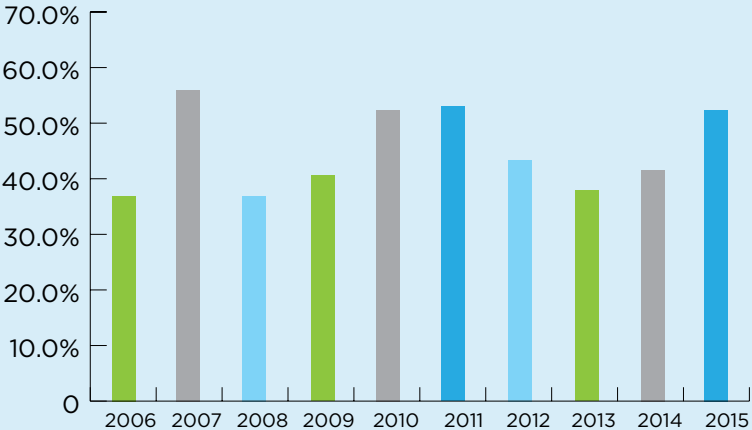
TOTAL EQUITY



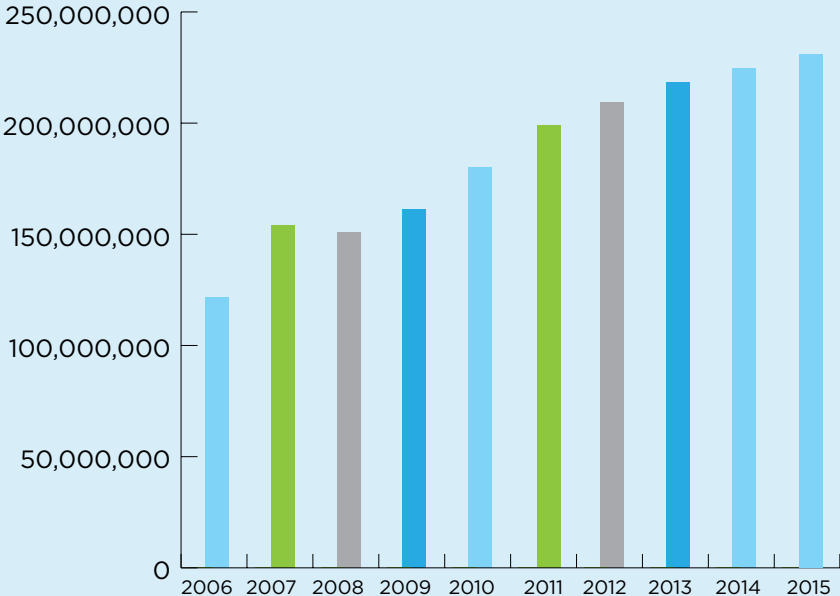
FINANCIAL HIGHLIGHTS

BARBADOS, TRINIDAD & TOBAGO AND EC TERRITORIES (ANTIGUA, ST. LUCIA, DOMINICA)

LOSS RATIO



TOTAL ASSETS





MARIA-ANN WATKINS

Ten years ago when Maria-Ann Watkins needed an insurance provider for her vehicle, she chose Sagicor General.

Watkins is a busy Antiguan entrepreneur, and since insuring her vehicle with Sagicor General, she has also done same with her home. She continues to be a faithful and satisfied Sagicor General customer.

When asked what she liked best about Sagicor General, Watkins quickly pointed out that the service is excellent and that she especially likes the service she receives from Sagicor Representatives, Vanessa and Simone.

“Vanessa and Simone stay in touch and they both ensure my policies never lapse. They remind me when my premiums are up for renewal”.

As a satisfied Sagicor General Insurance customer, Watkins is happy to recommend Sagicor to her friends and family and has done so whenever the opportunity arises.

— Martia-Ann Watkins





CORPORATE SOCIAL RESPONSIBILITY

Sagicor General has helped generations of people and organizations with continuous community involvement. In the process, we have leveraged the company's brand equity in the territories in which we operate.

During 2015 Sagicor General Insurance fulfilled its Corporate Social Responsibility by sponsorship in the areas of education, healthy life styles, culture and sports.



Athletes compete at the National Amateur Athletic Association of Trinidad and Tobago National Championships

Sports - National Athletics Association of Trinidad & Tobago

2015 marked eleven years of the sponsorship of National Amateur Athletic Association of Trinidad and Tobago National Championships. These championships are used by athletes to prepare for World Championships, the Common Wealth Games and the 2016 Olympics which are scheduled for Rio Brazil in August. Over the years the meet has been the training ground for internationally recognised sprint specialists Richard Thompson, Kelly-Ann

Batiste and Keston Bledman, Quarter Milers Renny Quow, Javelin thrower Keshorn Walcott.



Dr. Brian Charles

Education - 77th Annual BAMP and UWI Conference - Barbados

The 77th Annual Barbados Association of the Medical Practitioners and UWI conference for doctors was held at the Lloyd Erskine Sandiford Centre. The featured speaker was Dr. Brian Charles, a consultant to the UK-based Medical Protection Society and a Director of Sandy Crest Medical Centre. Before an audience of Doctors, Lawyers and Insurance professionals, Dr. Charles addressed the topic of 'the Future of Medical Economics'. He examined areas such as malpractice insurance, the rising cost of medical claims in relation to patient's disposable income and patient's expectation of their doctors. Attendees heard about the availability of medical and professional liability insurance policies. More than 120 Doctors attended the two day event which was part of an educational programme to help advance the academic and clinical fortitude of medical practitioners.



Sagicor General staff march against domestic violence

Community - March Against Domestic Violence - St. Lucia

Sagicor General staff members Gillian Polius, Jason Edwin and Furnella Isidore took part in a March against domestic violence in St. Lucia. This action followed a number of violent acts against women. Students of the St. Joseph Convent were part of a 500 person contingent that walked from Serenity Park, San Souci through Castries and ended up at Derek Walcott Square, Castries. The walk brought great attention to the cause and the participants received great support from people along the route.



Captain of the West Indies 50 Overs international cricket team Jason Holder

Sports - Jason Holder Sponsorship - Barbados

Jason Holder, a 24-year-old all-round cricketer, who is the youngest test and one day captain

of an international cricket team, is a product of the Sagicor High Performance Centre. He is the first beneficiary of a development programme backed jointly by Sagicor Life and Sagicor General.

The one year partnership will allow him to mature as an effective leader who has been nurtured by the Sagicor Group in areas such as media training and financial planning. The signing of Jason was overseen by Mr. Edward Clarke, Chief Operating Officer of Sagicor Life and Mr. David Alleyne, President and Chief Executive Officer of Sagicor General.



Storm damage in Somerset, Dominica

Community - Sagicor General Somerset assists after the Storm - Dominica

In Dominica the Somerset Cricket Club with the assistance of Sagicor General provided tremendous support to residents who experienced damage to their homes from Tropical Storm Ericka. Members of the club provided cartoons of water to victims living in Salisbury, Coulibistrie and Colihaut. Residents receiving these gifts thanked the members of the club and Sagicor General for their kind assistance.



Globeathon Awareness Walk & 5km Run

Healthy lifestyles - Globeathon Awareness Walk & 5km Run - Fund raiser - Barbados

The Globeathon Awareness Walk & 5km Run is organised annually by the Barbados Cancer Society. The purpose of the event was to educate the public and raise funds for “below the belt” cancers in women. Over fifty-five thousand dollars was raised with just over 2,000 participants. It started at the Bay Street Esplanade and travelled around Bridgetown. Before the event began special guest, 98 year-old cancer survivor, Rosalie Bailey was acknowledged for her brave fight against the disease and she was congratulated by Minister of Health John Boyce, sponsors and organisers.



Sir Everton Weekes bust restored

Culture - Replacement of the Sir Everton Weekes Bust - Barbados

The bust of Sir Everton Weekes was restored to its position of prominence at Cave Hill to sit with the other members of the iconic 3W's of cricket, Sir Clyde Walcott and Sir Frank Worrell. The monument had been vandalised but was restored by Frances Rose and Art Edwards. The

bust was unveiled by Donville Inniss, Member of Parliament for the area and Minister of Industry, International Business, Commerce and Small Business Development, along with Mr. Deighton Smith, Vice President of the Barbados Cricket Association.



Rising Stars Athletic Club

Sports - Rising Stars Track Club - Barbados

During 2015 the Rising Stars Athletic Club celebrated 10 years. With a strong history of producing world-class hurdlers such as 2009 World Champion Ryan Brathwaite, Commonwealth Games youth record holder Kierre Beckles and Commonwealth gold medalist Rivaldo Leacock, the club is on a mission to produce more top athletes to compete at national, regional and international track and field competitions. Sagicor General presented them with a range of athletic equipment including the most modern form-finders around, engineered to allow them to return to an upright position after being knocked over by athletes. This donation should assist them in improving their performance over time and doing well at various athletic competitions.



Artistes raise a toast

Culture - Rhythm and Spice Concert Barbados

The Rhythm and Spice Concert was held at Hilton Barbados and showcased the talents of artistes including Spice and Company, Alison Hinds, Biggie Irie, Imani and the Mosaic Steel Orchestra. It was a musical explosion which was delivered to hundreds of patrons who enjoyed each note that was played.



Culture - Laff-it-Off - Barbados

The company assisted with the sponsorship of popular theatre in the celebration of thirty consecutive years of the Laff-it-Off. The show, with its cast, portrayed realities of life in Barbados such as the cost of living, unemployment and the economic climate, at the Ann Johnson Auditorium at of the St. Gabriel's School to an audience of approximately nine thousand patrons over a sixteen week period. The company is was happy to be able to contribute to theatre, the creative industry which can only result in benefits to the wider community.



Sports - Family Golf Tournament - Barbados

The fourth annual family Golf Tournament took place at the Barbados Golf Club early in 2015. Several of Barbados top players teamed up with their family members. Barbados' Captain James Johnson and his father Ralph were gross winners in the parent and child category. Other family members competing included the Director of Public Prosecutions, Charles Leacock and his son Donald, top junior Mavi Vergos and her father Zissimos. Seventy two players participated in the day's proceedings which was filled



Sports - Cricket - Barbados and Dominica

The company once again sponsored all three of the Barbados Cricket Association's (BCA) limited-overs competitions, namely the Sagicor General Cup, Shield and Twenty/20. The University of the West Indies won both the Super-Cup and the Twenty/20 competitions while Isolation Cavaliers won the Sagicor General Shield. In Dominica the company continued to sponsor Sagicor General Somerset. The team participated in the Fort Young Intermediate Cricket League playing 6 matches, winning 3, losing 1 and two were called off due to rain. The club, with the assistance of Sagicor General, provided tremendous support by supplying cartoons of water to victims living in Salisbury, Coulibistrie and Colihaut who experienced losses as a result of the passage of Tropical Storm Ericka.





NARINE BOODRAM:

Owner of Cartech

I am the owner of rental car company, Cartech and I have been a Sagicor General Insurance business customer for the past 12 years. I chose Sagicor General because all of my friends moved over from a competitor and I moved with them. Since then, I have stayed with the company because the service has been excellent.

I recall one of my rental cars had an accident; the vehicle was wrecked but the claim was quickly settled. At Sagicor General Insurance, the service is efficient and claim settlements are quick. Once you make a call, you get the answers, if not people call you back; there is never a need to call a million times for the same thing over and over.

I like the customer service at Sagicor General Insurance because it is excellent!

— *Narine Boodram*



HUMAN CAPITAL

The Human Resources Department for 2015 adopted a holistic approach to improving employee morale in this difficult economic climate. The department sought to develop employees in all areas of their life by helping to increase a greater work-life balance. Fun and educational activities were included in the everyday work stream to revitalize and reinvigorate each staff member.

Wellness

In 2015 the Department continued to support its members in the pursuit of their health and fitness goals with the launch of the 'Commit to be Fit and Healthy Challenge 2015'. This challenge allowed employees to be divided into teams of their choosing to motivate each other to live healthier lifestyles. Monthly health updates were provided as well as challenges to support these goals. This competition commenced in May and ended in November and sought to encourage participants to go beyond quick fixes and adopt healthier lifestyles for the long run. During this time, teams gained points for eating healthy meals, exercising, launching a challenge to the other teams and sharing health and fitness information. These initiatives were well received with members organising hikes, joining in national walks and fun runs. Participants were featured in a special monthly challenge update which was circulated to all teams. This newsletter informed teams on the new contests for the following months and shared information on ways to incorporate healthy living into their everyday routine. In total forty-seven employees signed up with Team 'No More Junk in De Trunk' being declared the winners. This team consistently

won monthly challenges and were closely followed by Team 'Out Ah Shapers'.

TRAINING - Barbados

In the latter half of 2015 the Human Resources Department hosted various workshops. This was due to the roll out of the GIMS System to all employees during the first and second quarter. In May, the department hosted representatives from Eckler Ltd. and Sagicor Life Inc. to a discussion with employees on the Defined Contribution Pension Plan. This Plan was introduced in the latter part of 2013 and all new employees who joined the Company after this period are eligible to join. The workshop was designed to ensure that all staff on this Plan are aware of the various investment options available for selection as well as the components of a Defined Contribution Pension Plan. This workshop was well received by attendees.

In keeping with the strategic targets and departmental goals, performance evaluation training was conducted with those individuals who appraise employees. Based on a review of the previous year's forms, it was recognized that a shortfall existed between the level of feedback and discussion which was taking place between the employee and appraiser.

The Human Resources Department held four sessions to ensure in-depth feedback and discussions were conducted. Sessions focused on the role of the appraiser, goal setting, giving constructive feedback, reading between the lines in comments and the discussion meeting. Participants promised to keep these important

tools in mind when appraisal time came.

The Department again hosted Supervisory training in collaboration with the National Productivity Council. This targeted our middle management team to reinforce the tools and techniques needed to guide and direct their staff. These sessions were customised to Sagicor General to keep current with changing trends in the market. For some, it was seen as a refresher and reminder of what was needed to improve productivity in the Company and for the new supervisors who were promoted during the first half of 2015 it was a chance to gain the necessary skills needed to nurture and improve productivity levels.

The Department continues to support its members through external training programmes hosted by various providers such as Barbados Institute of Management & Productivity, Ashthom Inc, Caribbean Actuarial Association among others. This is in addition to supporting our employees currently registered with the Insurance Institute of Barbados and other international professional bodies.

For this year, Sagicor General Insurance was represented by five graduates from The Insurance Institute of Barbados at its Annual Awards ceremony. We have a number of employees who have commenced studies in the BDI programme and should graduate within the next year. We continue to support these staff members.

TRAINING - Trinidad

For 2015, most of the training initiatives were focused on Compliance. Employees attended a range of programmes such as Anti-Money Laundering Workshops and Foreign Account Tax Compliance Act (FATCA) Training. These sessions were geared to ensuring that employees were equipped with the necessary

skills to meet the requirements in these areas, whilst conducting their duties. Additionally, we continued to build the technical capacity of our management and staff, by facilitating their attendance at a Property Underwriting programme. The managers and assistant managers were provided with trained in Performance Planning and Monitoring.

We continued to support persons in attaining various General Insurance designations. For 2015, four persons attained various designations such as Chartered, Property & Casualty Underwriter (CPCU), Associate in Claims (AIC) and Associate in General Insurance. We salute them as they progress towards completing their studies.

TRAINING - EC Territories

Training in the E C territories also focused primarily on Compliance which included Anti Money Laundering Workshops conducted by internal staff and the relevant regulatory bodies. It was designed to ensure that employees were well aware of the expectations and requirements in processing transactions with clients. Technical product training for staff and agents was also conducted to equip them to offer a higher level of service to clients.

Support was given to staff in attaining various designations in general insurance. Internal product knowledge training from the local institutes continued for Advisors and this has proven to be very useful.

STAFF ACTIVITIES

The Human Resources Department recognises the need for employees to adopt a greater work-life balance as happier employees are motivated to increase productivity in the organisation. During June, employees were

treated to Skin Care & Makeup Consultations with representatives from L'oreal Paris and Maybelline New York. Staff had the opportunity to discuss their skin care needs, sample products and participate in makeup demonstrations. Staff voiced their pleasure at being pampered for the day. In July, the Department hosted a Female Health Care Discussion. Ladies were free to discuss their feminine problems and received tips on how to better care for their bodies. A similar session on Men's Health will be held in 2016.

STAFF ACTIVITIES - Trinidad

The Sagicor Sports and Social Club hosted its Annual Sports Day activities in June 2015 and the employees played a large part in ensuring that it was a success. Staff were mobilised and ensured that Sagicor General employees provided a great showing on the day.

In an effort to promote health and wellness, the Sagicor Wellness Committee, provided activities such as Dancerise, Yopalates and Zumba to employees throughout the year. Additionally, 2015, was the first year that Sagicor entered the HARDCORE event. This is a Caribbean obstacle course adventure challenge designed to test not only physical fitness but determination, courage and strength of character. HARDOCRE events are the ultimate test of all round human endurance.

In an effort to provide a holistic approach to wellness, the employees participated in our Annual Health Screening, where they were offered various screenings such as blood pressure testing, cholesterol testing, and nutrition screening amount many others.

2015 was closed off by our Annual Christmas party where staff was able to relax and destress and party the night away.



ACADEMIC PERFORMANCE

BARBADOS

BARBADOS



MS. KATRINA HARRIS

Barbados Diploma of Insurance (BDI)

MS. SHAVON FRANKLYN

Barbados Diploma in Insurance (BDI), Recipient of the Eddie Gamlen Prize for being the top student in the Programme, Valedictorian of the Programme

BARBADOS



MS. ALICIA CUMBERBATCH

Certificate in Proficiency (COP)

MS. JOANNE HOPE

Chartered Insurance Professional (CIP)

MS. SHEENA SEALE

Certificate of Proficiency (COP), Recipient of the Carl Moore Prize for being the top student in Property 1

ACADEMIC PERFORMANCE

BARBADOS



MR. ADRIAN COLLYMORE
Associate in Risk Management (ARM)

MS. LEANN HERBERT
Barbados Diploma of Insurance (BDI)

TRINIDAD & TOBAGO



MR. TERRY DE COTEAU
Chartered Property Causality
Underwriter (CPCU)

MS. JILLIAN MORRIS
Associate in General Insurance (AINS)

MS. CHRISTA DE FREITAS
Associate in Claims (AIC) & Associate in
Claims Management (AICM)

OUTSTANDING PERFORMANCE

BARBADOS



MR. XAVIER WOODROFFE
Employee of the Year

MR. ANDRE BARROW
Pioneer of the Year

MS. ROSLYN HINTZEN
Contributor of the Year

TRINIDAD & TOBAGO



MS. LETISHA BRATHWAITE
Contributor of the Year
Group Contributor of the Year -
Sagicor Financial Group

TRINIDAD & TOBAGO



MS. WENDY CADIZ-CLARKE
Employee of the Year

OUTSTANDING PERFORMANCE - ADVISOR SUPPORT

BARBADOS



MR. CHARLES PACKER

.....

LONG STANDING AWARDS

BARBADOS

5 YEARS



DONELLE BELGRAVE-YOUNG | STACIA CATWELL | KERRY-ANN WILSON | CHERYNE CORBIN

10 YEARS



LORI BROOKS | MELISSA CLARKE | ALVIN BARKER

15 YEARS



ROGER SPENCER

CARLYN CRICHLOW

25 YEARS



JUAN BYNOE

CHERYL VAUGHN

30 YEARS



YVONNE GRIFFITH

JUNE ODLE-GRANT

OUR PEOPLE

ST. LUCIA

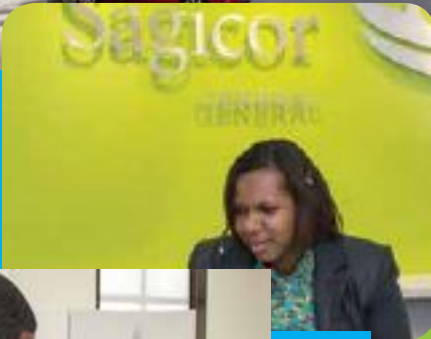


ANTIGUA



OUR PEOPLE

BARBADOS







CHRISTOPHER JACKMAN

St. Michael, Barbados

Christopher Jackman, an 83-year-old retired Marine Engineer, spent his working life in places such as Thailand, Australia and many cities across Europe.

His career took him far and wide and he could possibly have settled and made a home anywhere in the world. However, when the time came to settle, he chose Barbados.

Recognising the importance of protecting his investment in his house and his car, Mr. Jackman decided to place his trust in Sagicor General Insurance.

Today, 44 years later, Mr. Jackman is still a faithful and satisfied Sagicor General customer.

— Christopher Jackman



BOARD OF DIRECTORS



Dr. Downes-Grant, joined Sagicor Life Inc in 1991 where she held several senior positions, including Group Chief Operating Officer; and Treasurer and Executive Vice President (Finance and Investments) before being appointed as Chief Executive Officer and President on January 1, 2006. She holds an MBA in Finance, an MA in Economics, and a Doctorate in Business Administration (Finance). Prior to joining Sagicor, Dr. Downes-Grant was a Senior Manager in the Management, Consulting and Insolvency Division of Coopers & Lybrand (now PricewaterhouseCoopers).

Dr. Downes-Grant has more than 20 years of work experience in the insurance, banking and asset management industry. She is a former Chairman of the Barbados Stock Exchange and Barbados Central Securities Depository and a Director of several companies within the Sagicor Group and the private sector of Barbados. In 2014, Dr. Downes-Grant was honored for her services to the financial services industry and was awarded a Commander of the British Empire (CBE). Dr. Downes-Grant recently was conferred an Honorary Doctor of Laws Degree by the University of the West Indies.



Ravi Rambarran joined Sagicor in 2006, and he is President and Chief Executive Officer of Sagicor International. His work experience includes Pensions Actuary of Life of Jamaica (LOJ), Appointed Actuary of Global Life Bahamas and Global Life Cayman, Chief Financial Investment Officer of LOJ, Managing Director of NCB Capital Markets and West Indian Trust Company, part-time Lecturer in Actuarial Science at the University of the West Indies and running his own actuarial practice. Prior to joining LOJ, Mr. Rambarran was a Consulting Actuary with Aon Group and the HSBC Group in the United Kingdom. Mr. Rambarran has a BSc (Hons) in Actuarial Science from City University, London, and an MSc in Finance from the University of London. Mr. Rambarran was awarded an Open Mathematics Scholarship by the Government of Trinidad and Tobago, and is also a Fellow of the Institute of Actuaries.



DAVID ALLEYNE,
ACII, ARe, MBA

David Alleyne joined Sagicor General Insurance Inc. on September 1, 2013 as President & CEO, bringing substantial experience as an insurance professional having spent the last 35 years in the business. He is a past Executive Director of a leading Caribbean company and has also worked in the United Kingdom RSA Insurance Group.

Mr. Alleyne is the current Director and past President of The Insurance Association of the Caribbean (IAC). He is an Associate of the Chartered Insurance Institute (ACII), a Chartered Insurer and an Associate in Reinsurance (ARe). He also holds a Master of Business Administration (MBA) designation from Durham University.



J. EDWARD CLARKE,
FCCA, CIA

Edward Clarke was appointed to the position of Chief Operating Officer for Sagicor Life Inc in September, 2010. Prior to this, he held the position of Group Internal Auditor. Mr. Clarke is a Fellow of the Association of Chartered Certified Accountants and is a Certified Internal Auditor with more than 25 years' experience in the field of auditing and finance.

Mr. Clarke began his accounting career at Pannell Fitzpatrick & Company Chartered Accountants (now Ernst & Young). He later joined Texaco and served as a senior member of its finance team in Barbados, Nigeria and the USA. Before joining Sagicor, Mr. Clarke was the Chief Finance Officer of Goddard Enterprises Limited.

Mr. Clarke is Vice President of the Barbados Chamber of Commerce, a member of the UWI Campus Council and the National Non-Communicable Disease Commission; in this capacity, he advocates private enterprise to adopt Wellness programmes in their respective organisations with a view of encouraging healthier lifestyles not only among employees but also the wider public, thereby reducing the cost of healthcare in Barbados as it relates to NCDs.

In furthering this commitment, Sagicor Life Inc has been a strong supporter of the Chronic Disease Research Centre and the Healthy Caribbean Coalition.

Additionally, Mr. Clarke is a Director of the following companies: Globe Finance Inc, Barbados Farms Ltd., Sagicor Funds Inc., and the Insurance Association of the Caribbean Inc.

BOARD OF DIRECTORS



C. NATASHA SMALL
BSc (Hons), FCaCA

Mrs. Small was appointed to the position of Chief Financial Officer of Goddard Enterprises Limited effective January 1, 2008 after having acted in the post from April 1st, 2007. Previously she served as Group Financial Officer from April 1, 2006. Mrs. Small joined the Group on September 4, 2000 as Financial Controller of Hipac Limited. She held this position for five and a half years before being promoted to Head Office. Her activities involve planning and coordinating the Group's financial and investment activities as well as developing and coordinating the financial strategy of the Group; ensuring that adequate financial resources are available to accomplish the Group's business objectives; managing the corporate finance and accounting functions, managing cash flow investments and credit lines to maximise the productivity of the Group's financial resources.

Mrs. Small was educated at Queen's College and the Barbados Community College where she obtained an Associate Degree in Accounting and Law. She also attended the University of the West Indies, Cave Hill Campus where she obtained a Bachelor of Science degree with First Class Honours in Accounting and was valedictorian for the 1998 graduating class. Whilst there, she was awarded the Goddard Enterprises Limited and the KPMG Scholarships for academic performance. She is a fellow of the Association of Chartered Certified Accountants (FCCA), having qualified in September 2000. Prior to joining Goddard Enterprises Limited Group, Mrs. Small worked with Ernst & Young.



WILLIAM PUTNAM,
B.Sc, MBA

Mr. Putnam is currently the Executive Vice President of Macmillan Holdings Inc., a fuel distributor base on Miami, Florida, responsible for strategic, financial and operational issues.

Previously, Mr. Putnam worked for Goddard Enterprises Ltd. in several capacities including Star Discount, Bridgetown Cruise Terminals, Inc and Courtesy Garage Ltd. Later he spent seven years in Brazil first as President of Suzuki's automotive operations and then as Managing Director of an industrial export company.

Mr. Putnam earned a Bachelor of Science - Finance from Miami University and a MBA from Florida International University.



ANTHONY ALI,
B.Sc (Hons)

Mr. Anthony Ali spent most of his working life in Canada and where he worked in the areas of Operations, Sales, Marketing, Customer Allegiance and Strategic Planning for a number of fortune 500 companies in Canada and the United States in a variety of industries including manufacturing, distribution and technology. Before joining Goddard Enterprises Ltd in 2013 as Managing Director, he worked with SM Jaleel in Trinidad – the largest soft drink manufacturer in the English speaking Caribbean - where he served as General Manager from 2010 – 2013 and where he was responsible for growing the business as well as the company’s market share over two years in all categories of their business.

Upon graduating from the University of Toronto in 1988 with a B.Sc. Honours Degree in Chemistry, Mr. Ali worked Was a Research Chemist at National Silicates – a manufacturer of sodium silicates and silicates derivatives - and subsequently as their Business Development Manager. He also completed a post graduate degree in Executive Marketing from the University of Western Ontario

in 1992 and has completed several leadership and management programmes.

In 1993, he was selected from 6,000 employees from Abitibi-Price Inc. – manufacturers and sellers of newsprint and groundwood specialties products – to participate in a fellowship at McKinsey & Co. for two years where he worked on a number of projects – both financial and operational – for a variety of clients.

He later joined Thermo Fisher Scientific – the world’s largest provider of scientific equipment - in 2005 as Global Director of Operations and Customer Allegiance where he remained for three years; and then moved to Enerworks Inc. – a North American manufacturer of Solar Thermal systems - where he served as Vice President of Sales, Marketing and Customer Allegiance.

Mr. Ali has served on several Boards in the Energy field, is the co-author of several publications and has four patents pending. He has an interest in all types of sporting activities.

SENIOR EXECUTIVE MANAGEMENT

DAVID ALLEYNE,
ACII, ARe, MBA



CHIEF EXECUTIVE OFFICER

David Alleyne joined Sagicor General Insurance Inc. on September 1, 2013 as President & CEO, bringing substantial experience as an insurance professional having spent the last 35 years in the business. He is a past Executive Director of a leading Caribbean company and has also worked in the United Kingdom RSA Insurance Group.

Mr. Alleyne is the current Director and past President of The Insurance Association of the Caribbean (IAC). He is an Associate of the Chartered Insurance Institute (ACII), a Chartered Insurer and an Associate in Reinsurance (ARe). He also holds a Master of Business Administration (MBA) designation from Durham University.

CHRISTOPHER MAPP,
BSc, FCCA



CHIEF FINANCIAL OFFICER

Chris joined Sagicor General Insurance Inc. in November 2006 with 11 years of experience in financial management which he gained in the Assurance and Business Advisory Services at PricewaterhouseCoopers.

He is currently the Chief Financial Officer and has in a very short time, made a significant contribution to the company's success. Chris is responsible for managing the accounting, finance and investment functions and is therefore responsible for ensuring that all of the financial resources needed by the company to achieve its strategic goals and objectives are available.

Mr. Mapp is a fellow of the Chartered Association of Certified Accountants.

SENIOR EXECUTIVE MANAGEMENT

CHERYL JORDAN,
CIP



VICE PRESIDENT - REINSURANCE

Cheryl Jordan joined the company in 1981 and has accumulated a wealth of knowledge which has allowed her to significantly contribute to the deliberations of the Sagicor General's executive team. She has untiringly served over 34 years in the insurance industry in Barbados.

Her responsibilities include planning, coordination and general management of all activities within the Reinsurance Department to ensure that the company's exposures are adequately protected through reinsurance.

Cheryl is a Chartered Insurance Professional (CIP) having successfully completed her examinations in her field of endeavour.

CLAUDETTE ARTHUR,
BSc, CGA, FCA-ICAB



VICE PRESIDENT - FINANCE

Claudette has been with the company for 26 years having started with one of the predecessor companies, Barbados Commercial Insurance Company Ltd.

She holds a Bsc. in Accounting, is a Certified General Accountant (CGA) and a Fellow of the Institute of Chartered Accountants of Barbados (ICAB).

Ms. Arthur is responsible for the Accounting function as well as reporting to the Financial Services Commissions in the various territories in which the company operates.

SENIOR EXECUTIVE MANAGEMENT

DIANE EDWARDS,
BA, Msc



VICE PRESIDENT - HUMAN RESOURCES

Diane has been involved in the discipline of Human Resources for the past 21 years. Her experience spans the retail and off-shore sectors as well as the financial sector with special emphasis on the general insurance area.

Her duties include the planning and administering of policies relating to all aspects of the company's human resources activities. Diane is responsible for the recruitment and selection process, advising management of employee relations issues, coordinating training programmes and administering the compensation and benefits programmes.

Diane has a Masters in Human Resource Management from the University of Surrey, England.

DYAN LOUTAN-ALI,
MBA , ACII



VICE PRESIDENT - TRINIDAD & TOBAGO

Dyan Loutan-Ali joined the Insurance industry in 1988 when she joined NEM (West Indies) Limited.

She later joined GTM Insurance Company Limited in 2000. She was subsequently promoted to the post of General Manager responsible for the day-to-day operations of the organization, a position which she held until she joined Sagicor General in October 2009. Mrs. Loutan-Ali qualified with a Masters in Business Administration from Heriot Watt University in 2006 and she is also an Associate of the Chartered Insurance Institute of London UK (ACII).

Mrs. Loutan-Ali has attended several professional courses in Trinidad & Tobago, United States and the United Kingdom.

SENIOR EXECUTIVE MANAGEMENT

MARK BLAKELEY,
BSc, MBA



VICE PRESIDENT MARKETING AND BUSINESS DEVELOPMENT

Mark holds an MBA in Marketing from the University of Tampa, Florida as well as a BSc majoring in Finance with minors in Economics and Fine Arts from the same university. He has worked in the insurance industry in Jamaica for over 12 years with responsibility for areas such as Operations, IT & Marketing in 2 of the major general insurance companies in that island. Mark has also served on the Integrated Virtual Insurance System (IVIS) sub-committee for the Jamaica Association of General Insurance Companies (JAGIC).

TRACEY KNIGHT LLOYD,
B.A., MSc



VICE PRESIDENT CUSTOMER EXPERIENCE

Tracey Knight-Lloyd is the Vice President of Customer Experience. A former journalist, Ms. Knight-Lloyd has over ten years experience in the life insurance industry and over fifteen years of marketing experience.

Ms Knight-Lloyd's mandate is primarily to ensure that consistently high levels of customer service are delivered to all of Sagicor General's clients, including direct customers, brokers and advisors. In addition to service delivery, this role is also primarily concerned with monitoring customer feedback, evaluation of such and ensuring all customer needs are met.

She is currently responsible for customer experience across the Sagicor General operations in Barbados, Trinidad and Tobago, St. Vincent, Dominica, Antigua and St. Lucia.

Ms. Knight-Lloyd is a member of the Rotary Club of Barbados and has a special interest in increasing autism awareness.

GENERAL MANAGEMENT



ROGER SPENCER,
BSc, MSc, MCIM

ASSISTANT VICE PRESIDENT - MARKETING

Roger Spencer has 16 years experience in the Insurance industry. Fourteen of these years were with Sagicor General.

Mr. Spencer holds a Bachelor's Degree in Economics and Management (Upper Second Class Honours) from The University of the West Indies, the Certificate of Proficiency in Insurance at the Insurance Institute of Barbados as well as MSc Tourism Marketing from The University of Surrey (England). He is also a member of the Chartered Institute of Marketing in London.

His duties include Strategic Planning and Market Analysis to ensure that the Sagicor General brand is enhanced. Mr. Spencer is responsible for all Advertising, Public Relations, and Marketing of the company.



JEANE FORDE,
CIP

ASSISTANT VICE PRESIDENT - CLAIMS*

Jeane Forde is an Associate of the Insurance Institute of Canada (AIIC) since October 1991. He joined the company as an Underwriter and was further promoted to the roles of Underwriting Supervisor, Branch Manager, Branch/Agency Manager, Claims Manager and is currently the Assistant Vice President Claims.

Mr. Forde performs the role of effectively managing the operation of the company's claims operations in Barbados and the Eastern Caribbean territories while developing and executing the company's policies to provide the best possible claims service.

**Jean retired on December 31, 2015.*

GENERAL MANAGEMENT



ASSISTANT VICE PRESIDENT - FINANCIAL ADVISOR UNIT AND E.C. OPERATIONS

Michael has 30 years experience in the general insurance industry, 21 of these years have been with Sagicor General. He presently has full responsibilities for the Advisor Unit and E.C. territories.

He was a member of the Board of Directors for first the Insurance Institute of Barbados and the now General Insurance Association of Barbados where he served as President. Michael is a member of the Lions Club of Barbados Central.

Michael has attended several professional courses in Management and Leadership programmes with, BIMAP, Swiss Insurance Training Centre, UWI Cave Hill School of Business, The Association of the Chartered Insurance Institute and Crestcom International LLC.



ASSISTANT VICE PRESIDENT - UNDERWRITING*

In 1980 Mrs. St. Hill joined the Underwriting department of Barbados Fire & General now Sagicor General. She pursued her studies at the Insurance Institute of Barbados for Certification Courses in various classes of business, at BIMAP for Supervisory Management as well as the Chartered Insurance Institute of London for a specialised training Certificate in International Insurance and Reinsurance Management Skills.

Her duties encompass the overall direct responsibility for the Underwriting Department which comprises of twenty-seven employees.

**Cheryl left the company on December 31, 2015.*

GENERAL MANAGEMENT



CARLYN CRICHLOW,
BSc, CPI

ASSISTANT VICE PRESIDENT - RESEARCH & DEVELOPMENT

Carlyn Crichlow holds an MSc in Mathematics & Economics and has completed the CPI programme. Mrs. Crichlow started working in the insurance industry in the year 2000 as a Statistical Analyst and presently holds the post of AVP Research & Development. Her job functions are to prepare company statistics, provide insurance market, economic and other relevant information through careful research and analysis of data. Her role allows the company to maintain efficient and effective policies and procedures based on relevant market research.



DEXTER MCKNIGHT,
ACII

ASSISTANT VICE PRESIDENT - UNDERWRITING - TRINIDAD & TOBAGO

Dexter McKnight joined the insurance industry in 1984 (via a scholarship) and became a qualified Associate of the Chartered Insurance Institute of London in 1989.

Over the years he has held several positions within the industry and is presently the Assistant Vice President - Underwriting of Sagicor General Insurance Inc., Trinidad Branch. He is responsible for underwriting a high quality of renewal and new business for the Branch.

Dexter has been a part time lecturer for many years in all aspects of General Insurance. He has conducted several in-house programmes as well as assisted the Academy of Insurance by lecturing in various programs.

GENERAL MANAGEMENT

ELIZABETH STOUTE-BRATHWAITE,
FCCA



ASSISTANT VICE PRESIDENT - FINANCE

Mrs. Elizabeth Stoute-Brathwaite joined the Sagicor General Insurance Company in 2006 as Accountant and was promoted to the position of Assistant Vice President of Finance in 2008.

Mrs. Stoute-Brathwaite is a Fellow of the Chartered Association of Certified Accountants and is well known for her meticulous approach to Finance matters.

Her role includes the day to day supervision of all accounting duties of Sagicor General's Accounts department as well as the preparation of monthly financials.

DEBORAH ROMEO
FCCA, CA



ASSISTANT VICE PRESIDENT - FINANCE TRINIDAD & TOBAGO

SGI Trinidad's AVP Finance - Deborah L. Romeo is a published author and started her career as most young finance professionals do, in the audit and small business accounting arenas, at renowned Ernst and Young.

A Fellow of the Association of Chartered Certified Accountants, as well as a member of the Institute of Chartered Accountants of T&T, Deborah is an ambassador for ACCA Caribbean - specifically Trinidad and Tobago's Media Spokesperson.

She brings to Sagicor a wealth of knowledge and experience, having specialized in the field of Insurance Accounting while employed with a few of the country's leading insurers.

GENERAL MANAGEMENT

FELIX GOMEZ,
ACII, FLMI, ACS, ARA,
DIPMIA, CHARTERED
INSURER



ASSISTANT VICE PRESIDENT - CLAIMS

Felix Gomez professional career spans over thirty years during which time he held management positions in underwriting, marketing and claims at major insurance companies and brokerage houses. He has had extensive training both locally and overseas in all areas of general insurance. He holds the following designations, Associate of the Chartered Insurance Institute (ACII), Fellow Life Management Institute (FLMI), Associate in Customer Service (ACS), Associate in Reinsurance (ARA) and Diploma in Motor Insurance Claims Adjusting and Investigation. Felix presently sits on Council of Trustees of the Trinidad and Tobago Insurance Institute having previously held the position of first Vice President before retiring by rotation in 2000. He also serves on several sub committees of the Association of Trinidad & Tobago Insurance Companies.







HENRY CHARLES

BARBADOS

Henry Charles is an 82-year-old Trinidadian who retired and relocated to Barbados from Canada with his Barbadian wife.

Ten years ago, he needed insurance for his truck and Sagicor General Insurance was recommended. After a few chats with a Sagicor Financial advisor, he became a customer.

Mr. Charles' truck was damaged in an accident a few months ago, with damage occurring to the bumper and grill. Both parts needed to be replaced.

The claim was a complicated mess due to the difficulty in sourcing the parts for his American-made truck here in Barbados. Although he made many trips to the car dealership parts department, his efforts were futile.

Through the intervention of Sagicor General's new Assistant Vice President of Claims, John Chandler, this evolving bad experience quickly turned into a good one as the matter was quickly resolved.

Today, Mr. Charles will be the first to say that Sagicor General offers great service and he is definitely a satisfied customer.

—Henry Charles



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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Sagicor General Insurance Inc.**

We have audited the accompanying financial statements of **Sagicor General Insurance Inc.** which comprise the statement of financial position as at December 31, 2015 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor General Insurance Inc. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

This report is made solely to the company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment of rule of law to the contrary, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

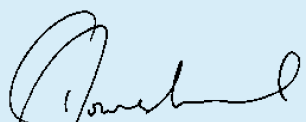
April 28, 2016
Bridgetown, Barbados

SAGICOR GENERAL INSURANCE INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2015

Amounts expressed in Barbados \$ 000

	Notes	<u>2015</u>	<u>2014</u>
ASSETS			
Property, plant and equipment	5	18,299	17,567
Investment in associated company	6	4,184	4,184
Financial investments	7	74,046	72,647
Reinsurance assets	8	75,054	67,781
Income tax assets	9	3,475	1,851
Premiums receivable and deferred acquisition costs	10	33,099	30,849
Miscellaneous assets and receivables	11	674	616
Deposits with Sagicor Group companies	28	385	375
Cash and cash equivalents		<u>22,845</u>	<u>28,758</u>
Total assets		<u>232,061</u>	<u>224,628</u>
LIABILITIES			
Policyholders' liabilities	12	120,947	113,539
Provisions	13	275	295
Income tax liabilities	14	234	250
Due to reinsurers, deferrals and premium tax payable	15	35,283	27,970
Amounts payable to Sagicor Group companies	28	2,621	2,555
Accounts payable and accrued liabilities		<u>4,220</u>	<u>2,062</u>
Total liabilities		<u>163,580</u>	<u>146,671</u>
EQUITY			
Share capital	16	3,705	3,000
Reserves	17	28,424	27,870
Retained earnings		<u>36,352</u>	<u>47,087</u>
Total equity		<u>68,481</u>	<u>77,957</u>
Total equity and liabilities		<u>232,061</u>	<u>224,628</u>

These financial statements have been approved for issue by the Board of Directors on April 14, 2016.


 _____ Director


 _____ Director

SAGICOR GENERAL INSURANCE INC.
STATEMENT OF INCOME
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

	Notes	<u>2015</u>	<u>2014</u>
REVENUE			
Premium revenue	18	125,404	127,518
Reinsurance expense	18	(88,635)	(89,455)
Net premium revenue		<u>36,769</u>	<u>38,063</u>
Investment income	19	3,360	5,448
Share of operating (loss) income of associated company	6	-	(250)
Fees and other revenue	20	<u>24,694</u>	<u>25,260</u>
Total revenue		<u>64,823</u>	<u>68,521</u>
CLAIMS INCURRED			
Claims incurred	21	43,721	40,155
Claims reinsured	21	<u>(24,413)</u>	<u>(24,332)</u>
Net claims incurred		<u>19,308</u>	<u>15,823</u>
EXPENSES			
Administrative expenses		26,622	24,990
Commissions and related compensation	10	15,525	15,819
Net premium taxes		754	842
Depreciation		<u>1,718</u>	<u>1,612</u>
Total expenses		<u>44,619</u>	<u>43,263</u>
INCOME BEFORE TAXES		896	9,435
Income taxes	24	<u>(854)</u>	<u>(3,005)</u>
NET INCOME FOR THE YEAR		<u>42</u>	<u>6,430</u>

SAGICOR GENERAL INSURANCE INC.
STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

	Notes	<u>2015</u>	<u>2014</u>
NET INCOME FOR THE YEAR		42	6,430
OTHER COMPREHENSIVE INCOME			
Items net of tax that may be reclassified subsequently to income:	26		
Available for sale financial assets			
Unrealised gains arising on revaluation		105	37
Gains transferred to income		-	(1,307)
		<u>105</u>	<u>(1,270)</u>
Items net of tax that will not be reclassified subsequently to income:	26		
Unrealised loss arising on revaluation of property		-	(603)
(Losses) Gains on defined benefit plans		(328)	2,223
		<u>(328)</u>	<u>1,620</u>
Other comprehensive (loss) income for the year		<u>(223)</u>	<u>350</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		<u>(181)</u>	<u>6,780</u>

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

**SAGICOR GENERAL INSURANCE INC.
STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2015**

Amounts expressed in Barbados \$ 000

	Year ended December 31, 2015			
	Share capital Note 16	Reserves Note 17	Retained earnings	Total
Balance, beginning of year	3,000	27,870	47,087	77,957
Total comprehensive income (loss)	-	105	(286)	(181)
Common shares issued (note 16)	705	-	(705)	-
Transfer to catastrophe reserve	-	449	(449)	-
Dividends declared (Note 25)	-	-	(9,295)	(9,295)
Balance, end of year	3,705	28,424	36,352	68,481

	Year ended December 31, 2014			
	Share capital Note 16	Reserves Note 17	Retained earnings	Total
Balance, beginning of year	3,000	28,562	43,573	75,135
Total comprehensive (loss) income	-	(1,873)	8,653	6,780
Transfer to catastrophe reserve	-	1,181	(1,181)	-
Dividends paid (Note 25)	-	-	(3,958)	(3,958)
Balance, end of year	3,000	27,870	47,087	77,957

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

SAGICOR GENERAL INSURANCE INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

	Notes	<u>2015</u>	<u>2014</u>
Cash flows from operating activities			
Income before taxes		896	9,435
Adjustments for non-cash items, interest and dividends	27	(4,461)	(3,432)
Interest and dividends received		2,842	3,326
Interest and dividends received from Sagicor Group companies		440	800
Income taxes paid		(2,494)	(3,241)
Changes in operating assets	27	(3,524)	8,629
Changes in operating liabilities	27	12,188	1,048
Net cash from operating activities		<u>5,887</u>	<u>16,565</u>
Cash flows from investing activities			
Property, plant and equipment	27	(2,388)	(3,651)
Net cash used in investing activities		<u>(2,388)</u>	<u>(3,651)</u>
Cash flows from financing activities			
Dividends paid to shareholders		(9,412)	(2,446)
Net cash used in financing activities		<u>(9,412)</u>	<u>(2,446)</u>
Net (decrease) increase in cash and cash equivalents		<u>(5,913)</u>	<u>10,468</u>
Cash and cash equivalents, beginning of year		28,758	18,290
Cash and cash equivalents, end of year	27	<u>22,845</u>	<u>28,758</u>

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

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The company is incorporated in Barbados and carries on general insurance business in Barbados and certain other Caribbean Islands. The company's parent company is Sagicor Life Inc. which is incorporated in Barbados. Its ultimate parent company is Sagicor Financial Corporation which is incorporated in Barbados as a public limited liability holding company.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention except as modified by the revaluation of land and buildings and available for sale investments.

All amounts in these financial statements are shown in thousands of Barbados dollars, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Amendments to IFRS

A number of new standards or amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015 and have not been applied in preparing these financial statements. There are no new standards, amendments to standards and interpretations effective for this financial year that have a significant effect on the financial statements.

(b) Future accounting developments

Certain new standards and amendments to existing standards have been issued but are not effective for the periods covered by these financial statements. The changes in standards and interpretations which may have a significant effect on future presentation, measurement or disclosure of the company's financial statements are summarised in the following table.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

IFRS (Effective date)	Subject/ Comments
<p>IFRS 9 – Financial Instruments (January 1, 2018)</p>	<p><u>Classification and measurement of financial instruments</u></p> <p>IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.</p> <p>For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.</p> <p>IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.</p> <p>The IASB is currently discussing an optional deferral of IFRS 9 until January 2021 for certain companies issuing insurance contracts. The company is yet to assess IFRS 9’s full impact.</p>
<p>IFRS 15 – Revenue from contracts with customers (January 1, 2017)</p>	<p>IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The company is assessing the impact of IFRS 15.</p>

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

IFRS (Effective date)	Subject/ Comments
IFRS 16 – Leases (Annual periods beginning on or after January 1, 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied.)	<p>This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), Lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.</p> <p>Under IFRS 16, 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.</p>

2.2 Investment in associated company

The investment in associated company, which is not majority-owned or controlled, is included in these financial statements under the equity method of accounting. The investment was initially recorded at cost and includes intangible assets identified on acquisition.

Accounting policies of the associate have been changed where necessary to ensure consistency with the accounting policies adopted by the company.

The company recognises in income its share of the associated company's post acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the company and its associate are eliminated to the extent of the company's interest in the associate. The company recognises in other comprehensive income its share of the associated company's post acquisition other comprehensive income.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each branch of the company are measured using the currency of the primary economic environment in which the branch operates (the functional currency). These financial statements are presented in thousands of Barbados dollars, which is the company's presentational currency.

The results and financial position of all branches that have a functional currency other than the presentational currency are translated into the presentational currency as follows:

- i. Income, other comprehensive income, movements in equity and cash flows are translated at average exchange rates for the year.
- ii. Assets and liabilities are translated at the exchange rates ruling on December 31.
- iii. Resulting exchange differences are recognised in other comprehensive income.

(b) Transactions and balances

Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities and non-monetary assets carried at fair value expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Translation differences arising from fluctuations in exchange rates related to these items are included in the Statement of Income, with the exception of equities classified as 'available for sale' which are reported as part of the fair value gain or loss in other comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment are recorded initially at cost.

Owner-occupied property is re-valued at least every three years to its fair value as determined by independent valuers. Movements in fair value are reported in other comprehensive income. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. On disposal of owner-occupied property, the amount included in the fair value reserve is transferred to retained earnings.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

Depreciation is calculated on the straight-line method to write down the cost or fair value of assets to their residual values over their estimated useful lives. The rates used are as follows:

Asset	Rates
Freehold land	Nil %
Buildings	2 %
Office furnishings	10 %
Equipment	20 %
Motor vehicles	20 %

Land is not depreciated.

The carrying amount of an asset is written down immediately through the depreciation account if the carrying amount is greater than its estimated recoverable amount.

Gains or losses recognised in income on the disposal of property, plant and equipment are determined by comparing the net sale proceeds to the carrying value.

2.5 Financial investments

The company classifies its financial investments into two categories:

- available for sale securities;
- loans and receivables.

Management determines the appropriate classification of these assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost less provision for impairment.

Available for sale financial assets are non-derivative financial instruments intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or changes in interest rates, exchange rates and equity prices. These assets are measured initially at cost and are subsequently re-measured at their fair value based on quoted bid prices or internal valuation techniques. Unrealised gains and losses, net of deferred income taxes, are reported in other comprehensive income. The previously recorded unrealised gain or loss is transferred to investment income either on the disposal of the asset or if the asset is determined to be impaired. Discounts and premiums on available for sale securities are amortised using the effective interest method.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.5 Financial investments (continued)

Purchases and sales of financial investments are recognised on the trade date. Cost of purchases includes transaction costs. Interest income arising on investments is accrued using the effective yield method.

Interest income includes coupons earned on fixed income investment securities, loans and deposits and accrued discount and premium on discounted instruments. Dividends are recorded in revenue when due.

Fair value amounts represent estimates of the consideration that would be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The estimated fair values of financial assets are based on quoted prices of securities as at December 31 where available. In estimating the fair value of non-traded financial assets, the company uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security according to the perceived additional risk of the non-government security.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount.

An impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate. The carrying value of impaired financial assets is reduced by impairment losses.

The recoverable amount for an available for sale equity security is its fair value.

For an available for sale equity security, an impairment loss is recognised in income if there has been a significant or prolonged decline in its fair value below its cost. Determination of what is significant or prolonged requires judgement which includes consideration of the volatility of the fair value, and the financial condition and financial viability of the investee. In this context, management considers a 40% decline in fair value below cost to be significant and a decline that has persisted for more than 12 months to be prolonged. Any subsequent increase in fair value occurring after the recognition of an impairment loss is reported in other comprehensive income.

For an available for sale security other than an equity security, if the company assesses that there is objective evidence that the security is impaired an impairment loss is recognised for the amount by which the instrument's amortised cost exceeds its fair value. If in a subsequent period the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in revenue.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.6 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash balances, call deposits and other liquid balances with original maturities of three months or less from the acquisition date. Cash and cash equivalents do not include balances principally of an investment nature or funds held to meet statutory requirements. Cash equivalents are subject to an insignificant risk of change in value.

2.7 Insurance contracts

(a) Classification

The company issues contracts that transfer insurance risk. Insurance contracts transfer insurance risk and may also transfer financial risk. The company defines insurance risk as an insured event which could cause an insurer to pay significant additional benefits in a scenario that has a discernable effect on the economics of the transaction.

(b) Recognition and measurement

The insurance contracts issued by the company are summarised below.

(i) Property and casualty insurance contracts

Property and casualty insurance contracts are generally one year renewable contracts issued by the company covering insurance risks over property, motor, accident and marine.

Property insurance contracts provide coverage for the risk of property damage or of loss of property. For commercial policyholders insurance may include coverage for loss of earnings arising from the inability to use property which has been damaged or lost.

Casualty insurance contracts provide coverage for the risk of causing physical harm to third parties. Personal accident, employers' liability and public liability are common types of casualty insurance.

Premium revenue is recognised as earned on a pro-rata basis over the term of the respective policy coverage. The provision for unearned premiums represents the portion of premiums written relating to the unexpired terms of coverage.

Claims and loss adjustment expenses are recorded as incurred. Claim reserves represent estimates of future payments of reported and unreported claims and related expenses with respect to insured events that have occurred up to the balance sheet date.

Reserving involves uncertainty and the use of statistical techniques of estimation. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced, having regard to variations in business written and the underlying terms and conditions. The claim reserve is not discounted and is included in policyholders' liabilities.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.7 Insurance contracts (continued)

Liability adequacy tests are performed at the date of the financial statements to ensure the adequacy of insurance contract liabilities using current estimates of the related expected future cash flows. If a test indicates that the carrying value of insurance contract liabilities is inadequate, then the liabilities are adjusted to correct the deficiency. The deficiency is included in the income statement under claims incurred.

The company obtains reinsurance coverage for its property and casualty insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage. Reinsurance claim recoveries are established at the time of recording of the claim liability. Profit sharing commission due to the company is recognised only when there is reasonable certainty of collectibility, at which time it is recorded as commission income.

Commission income and expense are recognised on the same basis as earned premiums ceded to reinsurers and earned premiums respectively. Deferred commission income includes commission on the unexpired portion of reinsurance ceded and deferred acquisition costs include commission on the unexpired portion of premiums written.

Premium tax and premium tax recovered are recognised as premiums are earned and reinsurance premiums are expensed respectively. Premium tax is deferred on the unexpired portion of reinsurance ceded and the unexpired portion of premiums written.

(ii) Reinsurance contracts held

As noted in section (i) above, the company may obtain reinsurance coverage for insurance risks underwritten. The company cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from its exposures. Reinsurance does not relieve the company of its liability.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as reinsurance assets or receivables. Reinsurance assets and receivables are assessed for impairment. If there is evidence that the asset or receivable is impaired, it is recorded in the statement of income. The obligations of the company under reinsurance contracts held are recognised as reinsurance liabilities or payables.

Reinsurance balances are measured consistently with the insurance liabilities to which they relate. Reinsurance is recorded gross in the balance sheet unless a right of offset exists.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.8 Financial liabilities

During the ordinary course of business, the company assumes financial liabilities that expose it to financial risk. The recognition and measurement of the company's financial liabilities are disclosed in the following paragraphs.

(a) Loans Payable

Loans payable are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

(b) Fair Value

Fair value amounts represent the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date.

The estimated fair values of financial liabilities are based on market values of quoted securities as at December 31 where available. In assessing the fair value of non-traded financial liabilities, the company uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows.

2.9 Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.10 Fees and other revenue

Fees and other revenue are recognised on an accrual basis when the related service has been provided.

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2. ACCOUNTING POLICIES (continued)

2.11 Employee pension benefits

The company maintains a defined benefit plan for its employees, the assets of which are held in a fund administered by the parent company, Sagicor Life Inc.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at December 31 less the fair value of plan assets. The defined benefit obligation is computed using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using appropriate interest rates for the maturity dates and location of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings in the period in which they arise. Past service costs are charged to income in the period in which they arise.

2.12 Taxes

(a) Premium taxes

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rates of premium tax are as follows:

Barbados	4% - 4.75%
Eastern Caribbean	3% - 5%

(b) Income taxes

The company is subject to taxes on income in the jurisdictions in which business operations are conducted. Rates of taxation in the principal jurisdictions for income year 2015 are as follows:

Barbados	25% of net income
Trinidad and Tobago	25% of net income
Eastern Caribbean	30% - 40% of net income

(i) Current income taxes

Current tax is the expected tax payable on the taxable income for the year, using the tax rates in effect for the year. Adjustments to tax payable from prior years are also included in current tax.

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2. ACCOUNTING POLICIES (continued)

2.12 Taxes (continued)

(ii) Deferred income taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are computed at tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the asset may be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to do so.

Deferred tax, related to fair value re-measurement of available for sale investments which are recorded in other comprehensive income, is recorded in other comprehensive income and is subsequently recognised in income together with the deferred gain or loss.

2.13 Dividend distributions

Dividend distributions on the company's common shares are recorded in the period during which the dividend declaration has been approved by the directors.

2.14 Statutory reserves

Statutory reserves consist of the surplus account and the catastrophe reserve fund.

In accordance with Section 152 of the Insurance Act 1996-32, the company is required to appropriate towards surplus at least 25% of net income until such time as the surplus of the company equals or exceeds the liability in respect of unearned premiums.

In accordance with Section 155(1)(b) of the Insurance Act 1996-32, the company established a catastrophe reserve fund for the purpose of settling claims in the event of a catastrophe. The company may transfer 25% of the net written premiums from the company's property insurance business annually which is accounted for as an appropriation of retained earnings. The appropriation made in respect of the current year is \$449 (2014 - \$1,181).

2.15 Presentation of current and non-current assets and liabilities

In note 30.2, the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in notes 5, 6, 9, 13 and 14 are non-current unless otherwise stated in those notes.

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the company's reported assets, liabilities, revenues, benefits and expenses. The items which may have the most effect on the company's financial statements are set out below.

3.1 Claims in the course of settlement

Claim liabilities are based on estimates due to the fact that the ultimate disposition of claims incurred prior to the date of the financial statements, whether reported or not, is subject to the outcome of events that may not yet have occurred. Significant delays are experienced in the notification and settlement of certain types of claims, particularly in respect of casualty contracts. Events which may affect the ultimate outcome of claims include inter alia, jury decisions, court interpretations, legislative changes and changes in the medical condition of claimants.

Any estimate of future losses is subject to the inherent uncertainties in predicting the course of future events. The two most critical assumptions made to determine claim liabilities are that the past is a reasonable predictor of the likely level of claims development and that the statistical estimation models used are fair reflections of the likely level of ultimate claims to be incurred. Consequently, the amounts recorded in respect of unpaid losses may change significantly in the short term.

Management engages independent actuaries either to assist in making or to confirm the estimate of claim liabilities. The ultimate liability arising from claims may be mitigated by recovery arising from reinsurance contracts held.

3.2 Impairment of financial assets

An available for sale debt security, a loan or a receivable is considered impaired when management determines that it is probable that all amounts due according to the original contract terms will not be collected. This determination is made after considering the payment history of the borrower, the discounted value of collateral and guarantees, and the financial condition and financial viability of the borrower. The determination of impairment may either be considered by individual asset or by a grouping of assets with similar relevant characteristics.

4. STATUTORY RESTRICTIONS ON ASSETS

The company is registered to conduct insurance business under legislation in place in each relevant jurisdiction. This legislation may prescribe a number of requirements with respect to deposits, investment of funds and solvency for the protection of policyholders.

To satisfy the above requirements, invested assets totalling \$46,265 (2014 - \$49,093) have been deposited with or are held in trust to the order of the insurance regulators.

In some countries where the company operates, there are exchange control or other restrictions on the remittance of funds out of those countries.

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5. PROPERTY, PLANT AND EQUIPMENT

	2015				
	Freehold land and building	Office furnishings	Equipment	Motor vehicles	Total
Net book value, beginning of year	4,000	6,194	5,873	1,500	17,567
Additions at cost	-	96	1,962	535	2,593
Disposals	-	(7)	(211)	(194)	(412)
Depreciation charge	(71)	(814)	(372)	(461)	(1,718)
Depreciation on disposals	-	5	87	177	269
Net book value, end of year	3,929	5,474	7,339	1,557	18,299
Represented by:					
Cost or valuation	4,000	10,189	14,787	2,670	31,646
Accumulated depreciation	(71)	(4,715)	(7,448)	(1,113)	(13,347)
	3,929	5,474	7,339	1,557	18,299
	2014				
	Freehold land and building	Office furnishings	Equipment	Motor vehicles	Total
Net book value, beginning of year	4,674	6,606	3,933	921	16,134
Additions at cost	-	374	2,390	1,042	3,806
Disposals	-	(47)	(110)	(944)	(1,101)
Depreciation in fair values	(603)	-	-	-	(603)
Depreciation charge	(71)	(775)	(343)	(423)	(1,612)
Depreciation on disposals	-	36	3	904	943
Net book value, end of year	4,000	6,194	5,873	1,500	17,567
Represented by:					
Cost or valuation	4,000	10,100	13,036	2,329	29,465
Accumulated depreciation	-	(3,906)	(7,163)	(829)	(11,898)
	4,000	6,194	5,873	1,500	17,567

The land and building of the company situated at Beckwith Place, Bridgetown, were independently valued at December 31, 2014 at \$4,000 by professional real estate valuers. The decline in value of \$603 was transferred to other comprehensive income.

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6. INVESTMENT IN ASSOCIATED COMPANY

The company holds 1,000,000 Class A common shares in Globe Finance Inc., a company incorporated in Barbados, which represents a 20% ownership interest and 25% voting interest. The aggregate balances and results in respect of the associated company for the year are as follows:

	2015	2014
Assets		
Financial investments	137,412	147,646
Cash resources	41,468	12,108
Other assets	36,842	41,090
Total assets	<u>215,722</u>	<u>200,844</u>
Liabilities		
Deposit liabilities	182,315	174,437
Other liabilities	13,962	7,301
Total liabilities	<u>196,277</u>	<u>181,738</u>
Net assets	<u>19,445</u>	<u>19,106</u>
Reconciliation to carrying amounts		
Investment, beginning of year	4,184	4,434
(Loss) income before taxes	-	(250)
Investment, end of year	<u>4,184</u>	<u>4,184</u>
Summarised Statement of Comprehensive Income		
Revenue		
Investment income	12,541	9,909
Fees and other revenue	7,360	7,050
Total revenue	<u>19,901</u>	<u>16,959</u>
Expenses		
Interest expense	7,050	7,706
Other expenses	12,048	10,856
Total expenses	<u>19,098</u>	<u>18,562</u>
Income (loss) before taxes	803	(1,603)
Income taxes	(45)	262
Net income (loss) for the year	<u>758</u>	<u>(1,341)</u>
Other comprehensive (loss) income for the year	(99)	344
Total comprehensive income (loss) for the year	<u>659</u>	<u>(997)</u>
Dividends received	-	500

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7. FINANCIAL INVESTMENTS

	2015		2014	
	Carrying value	Fair value	Carrying value	Fair value
Available for sale securities:				
Debt securities	1,670	1,670	1,670	1,670
Equity securities	1,678	1,678	1,574	1,574
	<u>3,348</u>	<u>3,348</u>	<u>3,244</u>	<u>3,244</u>
Loans and receivables:				
Debt securities	63,110	65,574	63,655	67,591
Mortgage loans	2,055	1,910	2,202	2,054
Deposits	5,533	5,533	3,546	3,546
	<u>70,698</u>	<u>73,017</u>	<u>69,403</u>	<u>73,191</u>
Total financial investments	<u>74,046</u>	<u>76,365</u>	<u>72,647</u>	<u>76,435</u>

Debt securities comprise:

	2015	2014
Government and government-guaranteed debt securities	53,558	54,637
Other securities	11,222	10,688
	<u>64,780</u>	<u>65,325</u>

Debt securities include \$2,500 that contain options to convert to common shares of the issuer.

8. REINSURANCE ASSETS

	2015	2014
Claim recoveries from reinsurers (note 12)	34,373	29,544
Unearned premiums ceded to reinsurers (note 12)	40,681	38,237
	<u>75,054</u>	<u>67,781</u>

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9. INCOME TAX ASSETS

	2015	2014
Income and withholding taxes recoverable	2,390	761
Deferred tax	1,085	1,090
	<u>3,475</u>	<u>1,851</u>
Deferred tax assets not recognised consist of:		
Unutilised tax losses	(2)	155
Accelerated tax depreciation	170	(5)
	<u>168</u>	<u>150</u>

Income and withholding taxes recoverable are expected to be recovered within one year of the financial statements date.

10. PREMIUMS RECEIVABLE AND DEFERRED ACQUISITION COSTS

	2015	2014
Premiums in the course of collection	24,144	21,977
Deferred commission expense	7,897	7,773
Deferred premium tax	1,058	1,099
	<u>33,099</u>	<u>30,849</u>

The movement in deferred balances for the year is as follows:

	2015	2014
Deferred commission expense		
Balance, beginning of year	7,773	7,773
Commission paid	15,649	15,819
Commissions and related compensation expense	(15,525)	(15,819)
	<u>7,897</u>	<u>7,773</u>
Balance, end of year	7,897	7,773
Deferred premium tax		
Balance, beginning of year	1,099	1,099
Premium tax paid	2,243	2,308
Premium tax expense	(2,284)	(2,308)
	<u>1,058</u>	<u>1,099</u>
Balance, end of year	1,058	1,099

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11. MISCELLANEOUS ASSETS AND RECEIVABLES

	2015	2014
Prepaid expenses	332	351
Other accounts receivable	342	265
	<u>674</u>	<u>616</u>

12. POLICYHOLDERS' LIABILITIES

	2015	2014
Claims in the course of settlement	58,310	50,912
Provision for unearned premiums	62,637	62,627
	<u>120,947</u>	<u>113,539</u>

12.1 Claims in the course of settlement

(a) Analysis of claims in the course of settlement

	2015	2014
Property business	5,302	1,582
Motor business	39,837	37,533
Accident and liability business	12,824	11,633
Marine business	347	164
	<u>58,310</u>	<u>50,912</u>

Claims in the course of settlement include \$19,646 (2014 - \$19,281) in provisions for claims incurred but not yet reported.

The associated reinsurance recoveries from claims in the course of settlement are in respect of:

	2015	2014
Property business	4,231	1,135
Motor business	24,185	22,009
Accident and liability business	5,946	6,396
Marine business	11	4
	<u>34,373</u>	<u>29,544</u>

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12. POLICYHOLDERS' LIABILITIES (continued)

12.1 Claims in the course of settlement (continued)

(b) Movement in claims in the course of settlement

The movement in claims in the course of settlement for the year is as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	50,912	47,037
Claims incurred (note 21)	43,721	40,155
Claims paid	<u>(36,323)</u>	<u>(36,280)</u>
Balance, end of year	<u>58,310</u>	<u>50,912</u>

The movement in claims in the course of settlement includes the following amounts which are recoverable from reinsurers:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	29,544	26,068
Ceded in year (note 21)	24,413	24,332
Claim recoveries	<u>(19,584)</u>	<u>(20,856)</u>
Balance, end of year (note 8)	<u>34,373</u>	<u>29,544</u>

The valuation of claims liabilities is sensitive to the underlying assumptions used which are based on historical development patterns for incurred and paid to date claims. A 10% increase in development would result in an increase in gross reserves and reinsurance recoveries of \$1,409 and \$857 (2014 - \$1,292 and \$757) respectively and a \$552 (2014 - \$535) decrease in income from ordinary activities. A 10% decrease in development would result in a decrease in gross reserves and reinsurance recoveries of \$1,436 and \$871 (2014 - \$1,318 and \$774) respectively and a \$565 (2014 - \$544) increase in income from ordinary activities.

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12. POLICYHOLDERS' LIABILITIES (continued)

12.1 Claims in the course of settlement (continued)

The development of claims in the course of settlement provides a measure of the company's ability to estimate the ultimate value of claims incurred. The top half of the tables below illustrate how the estimate of total claims incurred for each year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims incurred to the liability included in the current statement of financial position. The disclosures are by accident year which is the financial period in which the claim is incurred.

	2011	2012	2013	2014	2015	Total
Gross						
Estimate of ultimate claims incurred:						
At the end of financial reporting year	35,912	32,156	30,658	36,178	43,201	178,105
One year later	34,709	31,102	30,689	39,329	-	-
Two years later	34,629	31,376	29,141	-	-	-
Three years later	34,311	31,104	-	-	-	-
Four years later	33,189	-	-	-	-	-
Current estimate of ultimate claims incurred	33,189	31,104	29,141	39,329	43,201	175,964
Cumulative payments to date	(30,295)	(26,497)	(24,607)	(29,354)	(22,361)	(133,114)
Liability recognised in the statement of financial position	2,894	4,607	4,534	9,975	20,840	42,850
Liability in respect of prior years						13,606
Liability for unallocated loss adjustment expenses						1,854
Total liability included in the statement of financial position						58,310
Net favourable/ (unfavourable) development	2,723	1,052	1,517	(3,151)	-	
	2011	2012	2013	2014	2015	Total
Reinsurance						
Estimate of ultimate claims incurred:						
At the end of financial reporting year	19,157	16,460	15,712	19,149	23,991	94,469
One year later	17,950	15,847	16,515	20,673	-	-
Two years later	18,051	16,280	15,514	-	-	-
Three years later	18,055	16,009	-	-	-	-
Four years later	17,493	-	-	-	-	-
Current estimate of ultimate claims incurred	17,493	16,009	15,514	20,673	23,991	93,680
Cumulative payments to date	(15,903)	(13,544)	(13,064)	(15,389)	(12,279)	(70,179)
Asset recognised in the statement of financial position	1,590	2,465	2,450	5,284	11,712	23,501
Liability in respect of prior years						10,872
Total asset included in the statement of financial position						34,373
Net favourable/ (unfavourable) development	1,664	451	198	(1,524)	-	

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12. POLICYHOLDERS' LIABILITIES (continued)

12.2 Provision for unearned premiums

(a) Analysis of provision for unearned premiums

	2015	2014
Property business	29,633	29,863
Motor business	24,160	24,181
Accident and liability business	7,873	7,636
Marine business	971	947
	<u>62,637</u>	<u>62,627</u>

The associated unearned premiums ceded to reinsurers:

Property business	24,926	22,575
Motor business	12,135	12,183
Accident and liability business	3,605	3,477
Marine business	15	2
	<u>40,681</u>	<u>38,237</u>

(b) Movement in provision for unearned premiums

The movement in the provision for unearned premium for the year is as follows:

	2015	2014
Balance, beginning of year	62,627	62,476
Premiums written	125,414	127,669
Premium revenue (note 18)	(125,404)	(127,518)
Balance, end of year	<u>62,637</u>	<u>62,627</u>

The movement in unearned premiums ceded to reinsurers is as follows:

	2015	2014
Balance, beginning of year	38,237	38,098
Reinsurance on premiums written	91,079	89,594
Reinsurance expense (note 18)	(88,635)	(89,455)
Balance, end of year (note 8)	<u>40,681</u>	<u>38,237</u>

13. PROVISIONS

	2015	2014
Pensions plan (note 23)	<u>275</u>	<u>295</u>

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14. INCOME TAX LIABILITIES

	2015	2014
Deferred income tax liabilities	234	250

Analysis of deferred income tax liabilities:

Accelerated tax depreciation	234	250
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Deferred income tax liabilities to be settled after one year	234	250
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15. DUE TO REINSURERS, DEFERRALS AND PREMIUM TAX PAYABLE

	2015	2014
Amounts due to reinsurers	13,645	7,036
Deferred commission income	17,559	16,940
Premium tax payable	3,346	3,303
Deferred premium tax	733	691
	35,283	27,970

The movement in deferred balances for the year is as follows:

	2015	2014
Deferred commission income		
Balance, beginning of year	16,940	15,143
Commission received	21,957	22,862
Commission earned (note 20)	(21,338)	(21,065)
Balance, end of year	17,559	16,940
Deferred premium tax		
Balance, beginning of year	691	691
Premium tax recoveries	1,573	1,466
Premium taxes earned	(1,531)	(1,466)
Balance, end of year	733	691

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16. SHARE CAPITAL

The company is authorised to issue an unlimited number of common shares with no par value. During the year a share dividend of \$705 amounting to 18,000 shares was declared and added to share capital.

	<u>2015</u>	<u>2014</u>
Issued 2,018,000 (2014 - 2,000,000) shares, with no par value	3,705	3,000

17. RESERVES

	<u>2015</u>	<u>2014</u>
Fair value reserve - available for sale investment securities:		
Balance, beginning of year	715	1,985
Total comprehensive income (note 26)	105	(1,270)
Balance, end of year	<u>820</u>	<u>715</u>

Fair value reserve - owner occupied property:

Balance, beginning of year	2,974	3,577
Unrealised loss arising on revaluation (note 5)	-	(603)
Balance, end of year	<u>2,974</u>	<u>2,974</u>

Statutory reserves:

Balance, beginning of year	24,181	23,000
Transfer to catastrophe reserve	449	1,181
Balance, end of year	<u>24,630</u>	<u>24,181</u>
Reserves, end of year	<u>28,424</u>	<u>27,870</u>

18. PREMIUM REVENUE

	Premium revenue		Reinsurance expense	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Property business	62,315	62,236	57,719	57,151
Motor business	45,612	48,022	23,298	24,595
Accident and liability business	15,599	15,371	7,455	7,541
Marine business	1,878	1,889	163	168
	<u>125,404</u>	<u>127,518</u>	<u>88,635</u>	<u>89,455</u>

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19. INVESTMENT INCOME

	2015	2014
Interest income:		
Debt securities	3,312	3,202
Mortgage loans	89	113
Deposits	(12)	321
Other	147	136
Dividend income	34	629
Gains on disposal of financial investments	-	1,307
Amortisation on bonds	(210)	(260)
	<u>3,360</u>	<u>5,448</u>

The company operates across both active and inactive financial markets. The financial investments placed in both types of market support the insurance and operating financial liabilities of the company. Because the type of financial market is incidental and not by choice, the company manages its financial investments by the type of financial instrument (i.e. debt securities, equity securities, mortgage loans etc). Therefore, the income from financial instruments is presented consistently with management practice.

20. FEES AND OTHER REVENUE

	2015	2014
Commission income on insurance ceded to reinsurers (note 15)	21,338	21,065
Fees, other revenue and profit commission	2,764	3,708
Miscellaneous income	592	487
	<u>24,694</u>	<u>25,260</u>

21. CLAIMS INCURRED

	Claims incurred		Claims reinsured	
	2015	2014	2015	2014
Property business	9,015	3,639	7,290	2,663
Motor business	28,446	31,972	15,359	19,546
Accident and liability business	5,835	4,272	1,757	2,135
Marine business	425	272	7	(12)
	<u>43,721</u>	<u>40,155</u>	<u>24,413</u>	<u>24,332</u>

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22. EMPLOYEE COSTS

Included in administrative expenses are the following:

	2015	2014
Administrative staff salaries, directors' fees and other short-term benefits	11,707	10,956
Employer's contributions to social security schemes	784	758
Employer's contribution to group health and life	502	479
Costs - defined benefit pension scheme (note 23)	457	823
	13,450	13,016

23. EMPLOYEE RETIREMENT BENEFITS

The company has a contributory defined benefit pension scheme in place for eligible administrative staff. The plan provides defined benefits based on final salary and number of years active service.

The assets of the pension plan are held under deposit administration contracts with Sagicor Life Inc.

The plan was valued on December 31, 2015.

(a) The amounts recognised in the financial statements are as follows:

	2015	2014
Present value of funded pension obligations	14,393	13,109
Fair value of pension plan assets	(14,118)	(12,814)
Net liability	275	295
Represented by:		
Liability balances (note 13)	275	295

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23. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances:

	2015			2014		
	Retirement obligations	Retirement plan assets	Total	Retirement obligations	Retirement plan assets	Total
Net liability/(asset), beginning of year	13,109	(12,814)	295	13,852	(11,294)	2,558
Current service cost	437	-	437	608	-	608
Interest expense/ (income)	977	(957)	20	1,081	(866)	215
Net expense recognised in income	1,414	(957)	457	1,689	(866)	823
Losses from changes in assumptions	116	-	116	114	-	114
Gains from changes in experience	(297)	-	(297)	(2,707)	-	(2,707)
Return on plan assets	-	509	509	-	370	370
Net (gains)/ losses recognised in other comprehensive income	(181)	509	328	(2,593)	370	(2,223)
Contributions made by the company	-	(849)	(849)	-	(913)	(913)
Contributions made by employees	293	(293)	-	324	(324)	-
Benefits paid	(248)	248	-	(163)	163	-
Other items	6	38	44	-	50	50
Other movements	51	(856)	(805)	161	(1,024)	(863)
Net liability/(asset), end of year	14,393	(14,118)	275	13,109	(12,814)	295

(c) The significant actuarial assumptions used were as follows:

	Barbados	Trinidad
Discount rate	7.8%	4.0%
Expected return on plan assets	7.8%	4.0%
Future salary increases	4.5%	3.0%
Future pension increases	2.0%	0.0%
Portion of employees opting for early retirement	0.0%	0.0%

For the next financial year, the total contributions to be made by the company are estimated at \$846.

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23. EMPLOYEE RETIREMENT BENEFITS (continued)

(d) The sensitivity of the pension retirement benefit obligations to individual changes in actuarial assumptions is as follows:

	Barbados	Trinidad
Base pension obligation	12,105	2,288
	Effect on pension obligations	
Decrease discount rate by 1.0%	2,248	450
Increase discount rate by 1.0%	(1,716)	(330)
Decrease salary growth rate by 0.5%	(634)	(139)
Increase salary growth rate by 0.5%	695	158
Increase average life expectancy by 1 year	1,314	127

24. INCOME TAXES

The income tax expense is comprised of:

	2015	2014
Current tax	865	3,269
Deferred tax	(11)	(264)
	854	3,005

The income tax on the total income subject to taxation differs from the theoretical amount that would arise using the applicable tax rates as set out below:

	2015	2014
Income subject to tax	896	9,435
Tax calculated at a tax rate of 25 %	224	2,359
Different tax rates in other countries	10	32
Income taxed at different rates	(69)	(67)
Under/ (over) provision of current and deferred tax	234	668
Movement in deferred tax asset not recognised	18	7
Transfer to catastrophe reserve deductible for tax	(98)	(261)
Tax allowances	(11)	(24)
Expenses not deductible for tax	488	321
Income not subject to tax	(33)	(112)
Tax losses expiring unutilised	-	-
Other taxes	91	82
	854	3,005

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25. DIVIDENDS PER COMMON SHARE

In 2015, a dividend of 465 cents per share was declared of which 273 cents has been paid thus far. A dividend of 198 cents per share in respect of financial year 2013 was also paid during the year.

26. OTHER COMPREHENSIVE INCOME

	2015			2014		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items that may be reclassified subsequently to income:						
Available for sale assets:						
Gains arising on revaluation	105	-	105	37	-	37
Gains transferred to income	-	-	-	(1,307)	-	(1,307)
	105	-	105	(1,270)	-	(1,270)
Items that will not be reclassified subsequently to income:						
Unrealised loss arising on revaluation of property	-	-	-	(603)	-	(603)
Defined benefit (losses) gains	(328)	-	(328)	2,223	-	2,223
	(328)	-	(328)	1,620	-	1,620
Other comprehensive (loss) income for the year	(223)	-	(223)	350	-	350

27. CASH FLOWS

27.1 Operating activities

	2015	2014
Adjustments for non-cash items, interest and dividends		
(Decrease) increase in provision for unearned premiums, net of reinsurance	(2,434)	12
Interest income	(3,389)	(3,636)
Dividend income	(34)	(629)
Net gains on disposal of financial investments	-	(1,307)
Share of operating loss (income) of associated companies	-	250
Movement in recognised employee retirement benefits	(478)	(40)
Depreciation	1,718	1,612
(Gain) loss on disposal of property, plant and equipment	(62)	(104)
Amortisation on bonds	210	260
Exchange loss	8	150
	(4,461)	(3,432)

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27. CASH FLOWS (continued)

27.1 Operating activities (continued)

	2015	2014
Changes in operating assets		
Debt securities	572	8,112
Equity securities	-	3,748
Mortgage loans	147	150
Deposits	(1,925)	(2,652)
Receivables and other assets	(2,318)	(729)
	<u>(3,524)</u>	<u>8,629</u>
Debt securities		
Purchases	(14,424)	(16,585)
Proceeds on maturities and disposals	15,395	24,697
	<u>971</u>	<u>8,112</u>
Equity securities		
Disposal proceeds	-	3,748
		<u>3,748</u>
Changes in operating liabilities		
Claims in the course of settlement, net of reinsurance	2,569	399
Other liabilities and payables	9,619	649
	<u>12,188</u>	<u>1,048</u>
27.2 Investing activities		
	2015	2014
Property, plant and equipment		
Purchases	(2,469)	(3,806)
Disposal proceeds	81	155
	<u>(2,388)</u>	<u>(3,651)</u>
	2015	2014
Cash resources	11,199	15,018
Term deposits and T Bills with original maturities of less than 90 days	11,646	13,740
	<u>22,845</u>	<u>28,758</u>

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28. RELATED PARTY TRANSACTIONS

28.1 Key management

Key management comprises directors and senior management of the company. Key management includes those persons at or above the level of Vice-President or its equivalent. Compensation of and loans to these individuals were as follows:

	2015	2014
Compensation		
Salaries, directors' fees and other short-term benefits	1,744	1,508
Pension and other retirement benefits	73	137
	<u>1,817</u>	<u>1,645</u>
Mortgage and staff loans		
Balance, beginning of year	664	630
Advances	153	113
Repayments	<u>(73)</u>	<u>(79)</u>
Balance, end of year	<u>744</u>	<u>664</u>

Mortgage loans bear interest at the rate of 4.5%. Other staff loans bear interest at 7.5%.

28.2 Other related party transactions

Balances at year end and transactions for the year with related parties are as follows:

	2015	2014
Premium income	8,903	7,262
Management fees	(152)	(152)
Investment income	697	438
Dividend income	-	500
Rental expense	<u>(95)</u>	<u>(95)</u>

Deposits with related parties amounted to \$2,177 (2014 - \$2,139) and bear interest between 3.0% - 4.5% (2014 - 3.0% - 4.5%). There were no miscellaneous receivables from related parties. Amounts payable to related parties amounted to \$2,621 (2014 - \$2,555) and are interest free with no stated terms of repayment. Premiums receivable amounted to \$1,270 (2014 - \$1,133).

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29. FAIR VALUE OF PROPERTY

Owner-occupied property is carried at fair value as determined by independent valuations using internationally recognised valuation techniques at least every three years. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property may also be considered in determining its fair value.

The fair value hierarchy has been applied to the valuation of the company's property. The different levels of the hierarchy are as follows:

- Level 1 - fair value is determined by quoted un-adjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly;
- Level 3 - fair value is determined from inputs that are not based on observable market data.

The results of applying the fair value hierarchy to the company's property as of December 31, 2015 are as follows:

	Level 1	Level 2	Level 3	Total
Owner-occupied land and buildings	-	-	3,929	3,929

For Level 3 owner occupied property, reasonable changes in fair value would affect other comprehensive income. The following table represents the movement in Level 3 property for the current year.

	Land and buildings
Balance, beginning of year	4,000
Depreciation charge	(71)
Balance, end of year	3,929

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30. FINANCIAL RISK

The company's activities of issuing insurance contracts, investing insurance premium in a variety of financial and other assets and dealing in securities exposes the company to various insurance and financial risks. Financial risks include credit default, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The principal insurance risks are identified in note 31. The overriding objective of the company's risk management framework is to enhance its capital base through competitive earnings growth and to protect capital against inherent business risks. This means that the company accepts certain levels of risk in order to generate returns and manages the levels of risk assumed through enterprise wide risk management policies and procedures. Identified risks are assessed as to their potential financial impact and as to their likelihood of occurrence.

30.1 Credit risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the company. Credit risk is primarily associated with financial investments, premiums in the course of collection, reinsurance contracts held and cash and cash equivalents. Credit risk from financial investments is minimised through holding a diversified portfolio of investments, purchasing securities and advancing staff loans only after careful assessment of the borrower and placing deposits with financial institutions with a strong capital base. Limits may be placed on the amount of risk accepted in relation to one borrower. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

The company has developed an internal credit rating standard. The internal rating is a 10 point scale which allows for distinctions in risk characteristics and is referenced to the rating scales of international credit rating agencies. The scale is set out in the following table.

Category		Sagicor Risk Rating	Classification	S&P	Moody's	Fitch	AM Best
Non-default	Investment grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2	Low risk	A	A	A	a
		3	Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb
		5	Average risk	B	B	B	b
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7	Special mention	C	C	C	C
Default		8	Substandard			DDD	
		9	Doubtful	D	C	DD	D
		10	Loss			D	

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30. FINANCIAL RISK (continued)

30.1 Credit risk (continued)

The company applies this rating scale to three categories of exposures:

- Investment portfolios, comprising debt securities, deposits and cash balances;
- Lending portfolios comprising mortgages; and
- Reinsurance exposures comprising realistic disaster scenarios (see note 31.3).

The 3 default grades are used for lending portfolios while investment portfolios and reinsurance exposures use one default grade: 8.

The maximum exposures of the company to credit risk without taking into account any collateral or any credit enhancements are set out in the following table:

	2015		2014	
	\$	%	\$	%
Debt securities	64,780	41.9	65,325	42.9
Mortgage loans	2,055	1.3	2,202	1.5
Deposits	5,533	3.6	3,546	2.3
Reinsurance assets	34,373	22.2	29,544	19.4
Premiums in the course of collection	24,144	15.6	21,977	14.4
Deposits with Sagicor Group companies	385	0.2	375	0.2
Miscellaneous assets and receivables	674	0.4	616	0.4
Cash resources	22,845	14.8	28,758	18.9
Total exposure	154,789	100.0	152,343	100.0

The company's largest exposures to individual counterparty credit risks as of December 31 are set out below. The individual ratings reflect the rating of the counterparty listed while the amounts include exposures with subsidiaries of the counterparty.

	Sagicor Risk Rating	2015	Sagicor Risk Rating	2014
Debt securities:				
Government of Trinidad and Tobago	2	37,105	2	39,583
Government of Barbados	5	12,223	4	13,101
Sagicor Financial Corporation	5	6,521	4	5,917
Deposits & cash:				
RBTT Bank Limited	1	3,161	1	8,383
CIBC FirstCaribbean	2	3,247	2	6,196
The Bank of Nova Scotia	1	4,972	1	4,731
Claim recoveries				
Munich Reinsurance Company	1	25,979	1	23,760

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30. FINANCIAL RISK (continued)

30.1 Credit risk (continued)

The results of the risk rating of investment portfolios are as follows:

Category		Sagicor Risk Rating	Classification	2015		2014	
				Exposure \$	Exposure %	Exposure \$	Exposure %
Non-default	Investment grade	1	Minimal risk	9,174	9.6	14,070	14.1
		2	Low risk	51,060	53.6	55,779	55.9
		3	Moderate risk	7,116	7.5	3,829	3.8
	Non-investment grade	4	Acceptable risk	6,521	6.9	5,917	5.9
		5	Average risk	20,287	21.3	19,183	19.2
	Watch	6	Higher risk	500	0.5	500	0.5
		7	Special mention	-	-	-	-
Default	8	Substandard	555	0.6	553	0.6	
	9	Doubtful	-	-	-	-	
	10	Loss	-	-	-	-	
TOTALS				95,213	100.0	99,831	100.0

Exposure to credit risk is also managed in part by obtaining collateral for mortgage loans. The collateral is real estate property, and the approved loan limit is 95% of collateral value. The collateral for vehicle loans to staff is the vehicle and the approved loan limit is 95% to 100% of the collateral value. Unsecured staff loans are only granted when the initial amount does not exceed three times the monthly salary of the employee.

All mortgage loans relate to properties in Barbados.

For insurance premiums receivable, the company frequently provides settlement terms to customers and intermediaries which extend up to 11 months.

(a) Past due and impaired financial assets

A financial asset is past due when a counterparty has failed to make payment when contractually due. The company is most exposed to the risk of past due assets with respect to its premiums receivable and its financial investments namely its debt securities and mortgage loans.

Debt securities are assessed for impairment when amounts are past due, when the borrower is experiencing cash flow difficulties, or when the borrower's credit rating has been downgraded. Mortgage loans less than 90 days past due are not assessed for impairment unless other information is available to indicate the contrary.

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30. FINANCIAL RISK (continued)

30.1 Credit risk (continued)

The assessment for impairment includes a review of the collateral. If the past due period is less than the trigger for impairment review, the collateral is not normally reviewed and re-assessed. Accumulated allowances for impairment reflect the company's assessment of total individually impaired assets at the date of the financial statements. The following tables set out the carrying values of financial assets analysed by past due or impairment status.

	Debt securities	Mortgage loans	Premiums in the course of collection
2015			
Neither past due nor impaired	64,780	1,794	-
Past due up to 12 months, but not impaired	-	81	23,639
Past due up to 5 years, but not impaired	-	180	-
Total past due but not impaired	-	261	23,639
Impaired assets	-	-	505
Total carrying value	64,780	2,055	24,144
Accumulated allowances on impaired assets	-	-	505
2014			
Neither past due nor impaired	65,325	1,933	-
Past due up to 12 months, but not impaired	-	89	21,472
Past due up to 5 years, but not impaired	-	180	-
Total past due but not impaired	65,325	2,202	21,472
Impaired assets	-	-	505
Total carrying value	65,325	2,202	21,977
Accumulated allowances on impaired assets	-	-	505

Premiums in the course of collection are considered to be impaired if the balance has been outstanding for more than 365 days. Under the terms of insurance contracts, insurers can usually lapse an insurance policy for non-payment of premium, or if there is a claim, recover any unpaid premiums from the claim proceeds.

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30. FINANCIAL RISK (continued)

30.2 Liquidity risk

Liquidity risk is the exposure that the company may encounter difficulty in meeting obligations associated with financial or insurance liabilities. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns. The company monitors cash inflows and outflows in each operating currency. Through experience and monitoring, the company is able to maintain sufficient liquid resources to meet current obligations.

The company is exposed to daily calls on its available cash resources to pay claims, and for operating expenses and taxes. The company does not maintain cash resources to meet all these needs as experience shows that a minimum level of revenue flows and maturing investments can be predicted with a high level of certainty.

(a) Financial liabilities and commitments

The maturity profiles of the company's financial liabilities and commitments are summarised in the following tables. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, it is assumed that the interest rate then prevailing continues until final maturity.

2015	On demand or within 1 year	1 to 5 years	Total
Financial liabilities:			
Due to re-insurers and premium tax	16,991	-	16,991
Amounts payable to Sagicor Group companies	2,621	-	2,621
Accounts payable and accrued liabilities	4,220	-	4,220
Total financial liabilities	23,832	-	23,832
2014	On demand or within 1 year	1 to 5 years	Total
Financial liabilities:			
Due to re-insurers and premium tax	10,339	-	10,339
Amounts payable to Sagicor Group companies	2,555	-	2,555
Accounts payable and accrued liabilities	2,062	-	2,062
Total financial liabilities	14,956	-	14,956

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30. FINANCIAL RISK (continued)

30.2 Liquidity risk (continued)

(b) Insurance liabilities

The maturity profiles of the company's monetary policyholders' liabilities are summarised in the following tables. Amounts are stated at their carrying values recognised in the financial statements and are analysed by their expected due periods, which have been estimated by actuarial or other statistical methods.

	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
2015				
Policyholders' liabilities	37,030	21,280	-	58,310
2014				
Policyholders' liabilities	33,364	17,548	-	50,912

(c) Financial and insurance assets

The contractual maturity periods of monetary financial assets and the expected maturity periods of monetary insurance assets are summarised in the following table. Amounts are stated at their carrying values recognised in the financial statements.

	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
2015				
Debt securities	10,570	30,092	24,118	64,780
Mortgage loans	289	755	1,011	2,055
Deposits	5,533	-	-	5,533
Reinsurance assets	23,783	10,590	-	34,373
Premiums in the course of collection	24,144	-	-	24,144
Deposits with Sagicor Group companies	385	-	-	385
Miscellaneous assets and receivables	269	405	-	674
Cash resources	22,845	-	-	22,845
Total	87,818	41,842	25,129	154,789

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30. FINANCIAL RISK (continued)

30.2 Liquidity risk (continued)

2014	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Debt securities	11,737	34,234	19,354	65,325
Mortgage loans	282	684	1,236	2,202
Deposits	3,546	-	-	3,546
Reinsurance assets	20,647	8,897	-	29,544
Premiums in the course of collection	21,977	-	-	21,977
Deposits with Sagicor Group companies	375	-	-	375
Miscellaneous assets and receivables	145	448	23	616
Cash resources	28,758	-	-	28,758
Total	87,467	44,263	20,613	152,343

30.3 Interest rate risk

The company is exposed to interest rate risks. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates on invested assets may result in financial loss to the company in fulfilling the contractual returns on insurance and financial liabilities.

The return on investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

For financial liabilities, returns are usually contractual and may only be adjusted on contract renewal or contract re-pricing.

The company is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount.

The company manages its interest rate risk by a number of measures, including where feasible the selection of assets which best match the maturity of liabilities.

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30. FINANCIAL RISK (continued)

30.3 Interest rate risk (continued)

The table below summarises the exposures to interest rate risks of the company's monetary insurance and financial liabilities. It includes liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Insurance liabilities are categorised by their expected maturities.

2015	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Policyholders' liabilities	-	-	-	58,310	58,310
Due to re-insurer and premium tax	-	-	-	16,991	16,991
Payable to Sagicor Group companies	-	-	-	2,621	2,621
Accounts payable and accrued liabilities	-	-	-	4,220	4,220
Total	-	-	-	82,142	82,142

2014					
Policyholders' liabilities	-	-	-	50,912	50,912
Due to re-insurer and premium tax	-	-	-	10,339	10,339
Payable to Sagicor Group companies	-	-	-	2,555	2,555
Accounts payable and accrued liabilities	-	-	-	2,062	2,062
Total	-	-	-	65,868	65,868

The table below summarises the exposures to interest rate and reinvestment risks of the company's monetary insurance and financial assets. It includes assets at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Reinsurance assets are categorised by their expected maturities.

2015	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities	9,155	30,092	24,118	1,415	64,780
Mortgage loans	289	755	1,011	-	2,055
Deposits	5,447	-	-	86	5,533
Reinsurance assets	-	-	-	34,373	34,373
Premiums in the course of collection	-	-	-	24,144	24,144
Deposits with Sagicor Group companies	379	-	-	6	385
Miscellaneous assets and receivables	269	405	-	-	674
Cash resources	2,051	-	-	20,794	22,845
Total	17,590	31,252	25,129	80,818	154,789

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30. FINANCIAL RISK (continued)

30.3 Interest rate risk (continued)

2014	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities	10,559	34,234	19,354	1,178	65,325
Mortgage loans	282	684	1,236	-	2,202
Deposits	3,517	-	-	29	3,546
Reinsurance assets	-	-	-	29,544	29,544
Premiums in the course of collection	-	-	-	21,977	21,977
Deposits with Sagicor Group companies	370	-	-	5	375
Miscellaneous assets and receivables	116	448	23	29	616
Cash resources	3,909	-	-	24,849	28,758
Total	18,753	35,366	20,613	77,611	152,343

The table below summarises the average interest yields on financial assets held during the year.

	2015	2014
Debt securities	4.6%	4.5%
Mortgage loans	4.5%	5.5%
Deposits	0.2%	2.0%

Sensitivity

The company's operations are not exposed to a significant degree of interest rate risk.

30.4 Foreign exchange risk

The company is exposed to foreign exchange risk as a result of fluctuations in exchange rates since its financial assets and liabilities are denominated in a number of different currencies.

In order to manage the risk associated with movements in currency exchange rates, the company seeks to maintain investments and cash in each operating currency, which are sufficient to match liabilities denominated in the same currency. A limited proportion is invested in United States dollar assets which management considers diversifies the range of investments available, and in the long-term are likely to either maintain capital value and/or provide satisfactory returns.

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30. FINANCIAL RISK (continued)

30.4 Foreign exchange risk (continued)

Monetary assets and liabilities by currency are summarised in the following tables.

	Barbados\$ 000 equivalents of balances denominated in:			
	Barbados \$	Trinidad \$	Other currencies	Total
2015				
ASSETS				
Financial investments	13,462	28,812	30,094	72,368
Reinsurance assets	16,346	17,882	145	34,373
Receivables	10,567	12,542	1,709	24,818
Deposits with Sagicor Group companies	385	-	-	385
Cash resources	3,230	14,691	4,924	22,845
Total financial and insurance assets	43,990	73,927	36,872	154,789
LIABILITIES				
Policyholders' liabilities	23,052	35,055	203	58,310
Payable to Sagicor Group companies	2,434	145	42	2,621
Payables	5,129	2,035	14,047	21,211
Total financial and insurance liabilities	30,615	37,235	14,292	82,142
Net position	13,375	36,692	22,580	72,647
2014				
ASSETS				
Financial investments	14,524	29,102	27,447	71,073
Reinsurance assets	14,780	14,240	524	29,544
Receivables	9,257	11,690	1,646	22,593
Deposits with Sagicor Group companies	375	-	-	375
Cash resources	4,637	16,618	7,503	28,758
Total financial and insurance assets	43,573	71,650	37,120	152,343
LIABILITIES				
Policyholders' liabilities	21,821	28,399	692	50,912
Payable to Sagicor Group companies	2,364	153	38	2,555
Payables	3,450	1,731	7,220	12,401
Total financial and insurance liabilities	27,635	30,283	7,950	65,868
Net position	15,938	41,367	29,170	86,475

SAGICOR GENERAL INSURANCE INC.
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30. FINANCIAL RISK (continued)

30.4 Foreign exchange risk (continued)

Sensitivity

The exposure to currency risk results primarily from currency risk relating to the future cash flows of monetary financial instruments. This occurs when a financial instrument is denominated in a currency other than the functional currency of the unit to which it belongs. In this instance, a change in currency exchange rates results in the financial instrument being retranslated at the year-end date and the exchange gain or loss is taken to income.

Financial instruments held by branches are predominantly denominated in the branches' functional currency and as such branches are not exposed to significant exposure from fluctuations in exchange rates.

30.5 Fair value of financial instruments

The fair value of financial instruments is measured according to a fair value hierarchy which reflects the significance of market inputs in the valuation. The hierarchy is described and discussed in sections (i) to (iii) below.

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the company uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

SAGICOR GENERAL INSURANCE INC.
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30. FINANCIAL RISK (continued)

30.5 Fair value of financial instruments (continued)

In assessing the fair value of non-traded financial liabilities, the company uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

(iii) Level 3 – inputs for the instrument that are not based on observable market data.

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

Level 3 available for sale securities comprise primarily corporate equity instruments issued in Barbados.

Level 3 assets designated include mortgage loans. These assets are valued with inputs other than observable market data.

The techniques and methods described in the preceding section (ii) for non traded financial assets and liabilities may also be used in determining the fair value of Level 3 instruments.

(a) Financial instruments carried at fair value

Available for sale securities:	Level 1	Level 2	Level 3	Total
2015				
Debt securities	1,670	-	-	1,670
Equity securities	1,562		116	1,678
	<u>3,232</u>	<u>-</u>	<u>116</u>	<u>3,348</u>

Available for sale securities:	Level 1	Level 2	Level 3	Total
2014				
Debt securities	1,670	-	-	1,670
Equity securities	1,458		116	1,574
	<u>3,128</u>	<u>-</u>	<u>116</u>	<u>3,244</u>

There were no transfers occurring in 2015 or 2014 between levels 1, 2 and 3.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
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30. FINANCIAL RISK (continued)

30.5 Fair value of financial instruments (continued)

b) Financial instruments carried at amortised cost

Loans and receivables:	Level 1	Level 2	Level 3	Total
2015				
Debt securities	-	21,918	43,656	65,574
Mortgage loans	-	-	1,910	1,910
	-	21,918	45,566	67,484

Loans and receivables:	Level 1	Level 2	Level 3	Total
2014				
Debt securities	-	23,210	44,381	67,591
Mortgage loans	-	-	2,054	2,054
	-	23,210	46,435	69,645

The company is exposed to equity price risk arising from changes in the market values of its equity securities. The company mitigates this risk by holding a diversified portfolio and by minimising the use of equity securities to back its insurance and financial liabilities.

Sensitivity

The sensitivity to fair value changes in equity securities arises from those instruments classified as available for sale.

The effect of an across the board 20% change in equity prices of the company's available for sale equity securities as of the financial statement date on total comprehensive income before tax is as follows:

	Carrying value	Effect of a 20% change
Available for sale equity securities:		
Listed on Caribbean stock exchanges and markets	1,678	336

The effect of the fluctuation on available for sale debt securities would not be material to these financial statements.

SAGICOR GENERAL INSURANCE INC.
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31. INSURANCE RISK

Short-term contracts are typically for one year's coverage, with an option to renew under terms that may be amended by the company. In establishing the amount of premium, the company principally assesses the estimated benefits which may be payable under the contract. In determining the premium payable under the contract, the company considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. This is the process of underwriting, which establishes appropriate pricing guidelines, and may include specific tests and enquiries which determine the company's assessment of the risk. The company may also establish deductibles to limit amounts of potential losses incurred.

A proportion of risks assumed are written by third parties under delegated underwriting authorities. The third parties are assessed in advance and are subject to authority limits and reporting procedures. The performance of contracts written by each delegated authority is monitored periodically.

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a property or casualty claim. Settlement of these benefits is expected generally within six months. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are underwriting, claims, availability of reinsurance and claims liability estimation and credit risk in respect of reinsurance counterparties.

31.1 Underwriting risk

Risks are priced to achieve an adequate return on capital on the business as a whole. This return is expressed as a premium target return. Budgeted expenses and reinsurance costs are included in the pricing process. Various pricing methodologies including benchmark exposure rates and historic experience are used and are generally applied by class of insurance. All methods produce a technical price, which is compared against the market to establish a price margin.

Pricing techniques are subject to constant review from independent pricing audits, claims patterns, underwriters' input, market developments and actuarial best practice. There are minimum pricing margins for each class of business.

Annually, the overall risk appetite is reviewed and approved. The risk appetite is defined as the maximum loss the company is willing to incur from a single event or proximate cause. Risks are only underwritten if they fall within the risk appetite. Individual risks are assessed for their contribution to aggregate exposures by nature of risk, by geography, by correlation with other risks, before acceptance. Underwriting a risk may include specific tests and enquiries which determine the company's assessment of the risk. The company may also establish deductibles, exclusions, and coverage limits which will limit the potential losses incurred.

Inaccurate pricing or inappropriate underwriting of insurance contracts, which may arise from poor pricing or lack of underwriting control, can lead to either financial loss or reputational damage to the insurer.

SAGICOR GENERAL INSURANCE INC.
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31. INSURANCE RISK (continued)

31.2 Claims risk

Incurred claims are triggered by an event and may be categorised as:

- Attritional losses, which are expected to be of reasonable frequency and are less than established threshold amounts;
- Large losses, such as major fires and accidents, which are expected to be relatively infrequent, are greater than established threshold amounts;
- Catastrophic losses, which are an aggregation of losses arising from one incident or proximate cause such as hurricanes or earthquakes, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

The company records claims based on submissions made by claimants. In certain instances additional information is obtained from loss adjustors, medical reports and other specialist sources. However, the possibility exists that claim submissions are either fraudulent or are not covered under the terms of the policy. The initial claim recorded may only be an estimate, which has to be refined over time until final settlement occurs. In addition, from the pricing methodology used for risks, it is assumed that at any particular date, there are claims incurred but not reported (IBNR).

Claims risk is the risk that incurred claims may exceed expected losses. Claim risk may arise from

- Invalid claim submissions;
- The frequency of incurred claims;
- The severity of incurred claims;
- The development of incurred claims.

The company carries significant insurance risks concentrated in certain countries within the Caribbean. Significant concentration of insurance risk occurs in Barbados, Trinidad and Tobago and St. Lucia.

Total insurance coverage on insurance policies quantify some of the risk exposures. Typically, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided.

The total sums insured before and after reinsurance on property and casualty risks are summarised below.

	Gross	Net
2015		
Property business	13,446,460	2,009,154
Motor business	693,457	346,728
Accident business	4,280,945	2,026,946
Marine business	43,785	41,631
Sums insured	18,464,647	4,424,459

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31. INSURANCE RISK (continued)

31.2 Claims risk (continued)

	Gross	Net
2014		
Property business	12,387,550	2,871,454
Motor business	713,926	356,963
Accident business	4,287,445	2,050,745
Marine business	19,460	19,460
	<hr/>	<hr/>
Sums insured	17,408,381	5,298,622

The net amounts disclosed are inclusive of the reinsurance applicable on proportional treaties. The retentions on the excess of loss treaties have not been included.

Concentration of risk is mitigated through risk selection, event limits, quota share reinsurance and excess of loss reinsurance. Levels of reinsurance cover are summarised in note 31.3.

The company assesses its exposures by modelling realistic disaster scenarios of potential catastrophic events. Claims arising from wind storms, earthquakes, floods, terrorism, failure or collapse of a major corporation (with liability insurance cover) and events triggering multi coverage corporate liability claims are considered to be the potential sources of catastrophic losses arising from insurance risks.

Realistic disaster scenarios modelled for 2015 resulted in estimated gross and net losses as follows:

Scenario:	Gross loss	Net loss
Hurricane affecting Barbados and St. Lucia: Used assumption of this event having a 200 year return period	<hr/> 566,743	<hr/> 10,000
Earthquake of magnitude 5.0 on the Richter scale affecting Trinidad: Used assumption of this event having a 250 year return period	<hr/> 719,500	<hr/> 10,000

Therefore, the occurrence of one or more catastrophic events in any year may have a material impact on the reported net income of the company.

31.3 Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the company may cede certain levels of risk to a reinsurer. Reinsurance, however, does not discharge the company's liability. Reinsurance risk is the risk that reinsurance is not available to mitigate the potential loss on an insurance policy. The risk may arise from:

- The credit risk of holding a recovery from a reinsurer;
- The failure of a reinsurance layer upon the occurrence of a catastrophic event.

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31. INSURANCE RISK (continued)

31.3 Reinsurance risk (continued)

The company selects reinsurers which have well established capability to meet their contractual obligations and which generally have a Sagicor credit risk rating of 1 or 2. The company also places reinsurance coverage with various reinsurers to limit its exposure to any one reinsurer. The credit ratings of reinsurers are monitored frequently.

For its property risks, the company uses quota share and excess of loss catastrophe reinsurance treaties to obtain reinsurance cover. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the company to further claim exposure. Under some treaties, when treaty limits are reached, the company may be required to pay an additional premium to reinstate the reinsurance coverage. For other insurance risks, the company limits its exposure by event or per person by excess of loss or quota share treaties.

Retention limits represent the level of risk retained by the company. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. Claim amounts in excess of reinsurance treaty limits revert to the insurer. Principal features of retention programs used are summarised in the tables below.

Type of risk	Retention by company
Property risks	<ul style="list-style-type: none"> • maximum retention of \$7,000 (2014 - \$10,500) for a single non-catastrophic event; • maximum retention of \$10,000 for a catastrophic event; • quota share retention to maximum of 20% (2014 - 30%) in respect of the treaty limits; • quota share retention is further reduced to a maximum of \$750 (2014 - \$1,500) per risk.
Motor and liability risks	<ul style="list-style-type: none"> • maximum retention of \$1,500 for a single event; • quota share retention to maximum of 50% in respect of the treaty limits; • treaty limits apply.
Miscellaneous accident risks	<ul style="list-style-type: none"> • maximum retention of \$150 for a single event; • treaty limits apply.
Engineering business risks	<ul style="list-style-type: none"> • maximum retention of \$1,000 for a single risk; • treaty limits apply for material damage and for liability claims.
Marine risks	<ul style="list-style-type: none"> • maximum retention of \$150 for a single event; • treaty limits apply.
Bond risks	<ul style="list-style-type: none"> • maximum retention of \$600 for a single risk; • quota share retention to maximum of 15% in respect of the treaty limits; • treaty limits apply.
Property, motor, marine, and engineering risk	<ul style="list-style-type: none"> • catastrophic excess of loss reinsurance cover is available per event for amounts in excess of treaty limits for property, motor, marine and engineering risks; • treaty limits apply to catastrophic excess of loss coverage

SAGICOR GENERAL INSURANCE INC.
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31. INSURANCE RISK (continued)

31.3 Reinsurance risk (continued)

Reinsurance balances and the effects of reinsurance ceded on income are disclosed at notes 8, 12.1, 12.2, 15, 18, 21 and 30.1.

In order to assess the potential reinsurance recoveries on the occurrence of a catastrophic insurance event, the Sagicor credit risk ratings of the reinsurance recoverable are assessed using the following realistic disaster scenarios:

- Hurricane with a 250 year return period affecting Barbados and St. Lucia; and
- Earthquake with a 250 year return period affecting Trinidad all within a 24 hour period.

The reinsurance recoveries derived from the above are assigned internal credit ratings as follows:

Category		Sagicor Risk Rating	Classification	Exposure \$	Exposure %
Non-default	Investment grade	1	Minimal risk	420,250	33.2
		2	Low risk	845,993	66.8
		3	Moderate risk	-	-
	Non-investment grade	4	Acceptable risk	-	-
		5	Average risk	-	-
	Watch	6	Higher risk	-	-
		7	Special mention	-	-
Default		8	Substandard	-	-
		9	Doubtful	-	-
		10	Loss	-	-
			TOTALS	1,266,243	100.0

31.4 Estimation of claim liabilities

Due to the inherent uncertainties in estimating claim liabilities described above and in note 3.1, the development of the company's claims in the course of settlement provides a measure of its ability to estimate the ultimate value of claims incurred. The tables in note 12.1 outline the estimates of total ultimate claims incurred and recoverable from reinsurers for each year at successive year ends.

31.5 Sensitivity of incurred claims

The impact on gross claims of a 10% increase and decrease in development is outlined in note 12.1.

SAGICOR GENERAL INSURANCE INC.
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32. CAPITAL MANAGEMENT

32.1 Capital resources

The company manages its capital resources according to the following objectives:

- To comply with capital requirements established by insurance regulatory authorities;
- To safeguard its ability as a going concern and to provide adequate returns to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain a strong capital base to support the future development of company operations.

The principal capital resource of the company at the financial statement date is as follows:

	2015	2014
Equity	68,481	77,957
Total capital resources	68,481	77,957

The company deploys its capital resources through its operating activities. These operating activities are carried out by branches which are insurance operations. The capital is deployed in such a manner as to ensure that branches have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

32.2 Capital adequacy

Management monitors the adequacy of the company's capital to ensure compliance with the solvency requirements of the territories in which it operates and to safeguard its ability as a going concern to continue to provide benefits and returns to shareholders. At year-end the company was in compliance with all of its regulatory capital requirements in all territories.

33 CONTINGENT LIABILITY

During 2007 and 2008 the company submitted revised corporation tax returns for 2004 to 2007 for the Trinidad Branch. Revisions to the computations were made for several reasons most notably the change in calculation of unearned premium to conform with IFRS and change in estimate for claims reserve arising out of an independent actuarial review. The adjustments gave rise to losses in the years under review which were utilised in successive years. It appears these revised returns were never reviewed by the Board of Inland Revenue (BIR) in Trinidad and as such losses utilised by the company in the tax computation for 2008 were never recognised by the BIR. The BIR originally assessed the company with corporation tax for income year 2008 of \$6.4m made up of tax payable of \$2.9m and interest of \$3.5m. Based on the outcome of an appeal process in 2015, the BIR has revised its assessment to take account of certain losses claimed by the company. It has also put forward a proposal that reduces the ultimate liability to \$1.7m and waives all interest charged. The company is due a refund of tax paid between 2005 and 2007 that is equivalent to this liability and as a result no provision for additional tax payable in relation to the original BIR assessment has been made.



OUR SHAREHOLDERS INFORMATION & OFFICES

ADVISORS AND BANKERS

APPOINTED ACTUARY

Eckler Ltd.

AUDITORS

PricewaterhouseCoopers SRL

SENIOR COUNSEL

Sir Richard Cheltenham, QC, Ph.D

BANKERS

CIBC FirstCaribbean International Bank Limited

First Citizens

The Bank of Nova Scotia

AGENCIES, BRANCHES AND OFFICES

AGENCIES:

ANTIGUA:

Sagicor Life Inc.
Sagicor Financial Centre
9 Factory Road
P.O. Box 666
St. Johns

BARBADOS:

Sagicor Life Inc.
Sagicor Corporate Centre
Willey
St. Michael

P & S Insurance Agent Limited
15 Pleasant View
Cave Hill
St. Michael

DOMINICA

H.H.V. Whitchurch & Company Limited
P.O. Box 771
Roseau

Willcher Services Inc.
44 Cnr. Hillsborough
Independence Street
Roseau

ST. LUCIA:

Sagicor Life Inc.
Sagicor Financial Centre
Choc Estate
Castries

J.E. Maxwell & Company Limited
P.O. Box GM942
Bridge Street
Castries

BRANCHES & OFFICES:

TRINIDAD AND TOBAGO:

Sagicor General Insurance Inc.
122 St. Vincent Street
Port of Spain
Trinidad

BARBADOS:

Registered Office
Sagicor General Insurance Inc.
Beckwith Place
Lower Broad Street
Bridgetown

Sagicor General Insurance Inc.
Head Office
Haggatt Hall
St. Michael

Advisor Unit
First Floor Sagicor Financial Centre
Lower Collymore Rock
St. Michael

ANTIGUA:

Sagicor Financial Centre
9 Factory Road
P.O. Box 666
St. Johns

ST. LUCIA:

Sagicor Financial Centre
Choc Estate
Castries

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the TWENTIETH ANNUAL GENERAL MEETING of the Shareholders of SAGICOR GENERAL INSURANCE INC. will be held at Cecil F de Caires Building, Wildey, St. Michael, Barbados, on Friday, June 10, 2016 at 4:00 p.m. for the following purposes:

1. To receive and consider the Financial Statements of the Company and the Reports of the Directors and Auditors for the year ended December 31, 2015.

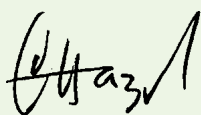
2. To elect Directors:-

Mr. J. Edward Clarke and Dr. M. Patricia Downes-Grant are the Directors whose terms of office expire at the close of this meeting in accordance with paragraph 4.4 of the by-laws of the Company, and being eligible offer themselves for re-election for terms expiring at the close of the third annual meeting following this meeting.

3. To re-appoint the incumbent Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

4. To transact such other business as may properly come before the meeting and at any adjournment thereof.

BY ORDER OF THE BOARD



Althea C. Hazzard

Corporate Secretary

May 13, 2016

PROXIES

A shareholder who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a shareholder. Proxy forms must be lodged at the Company's Registered Office, Beckwith Place, Bridgetown, Barbados, not less than twenty-four hours before the meeting. A form of Proxy is enclosed for your convenience.

MANAGEMENT PROXY CIRCULAR

Management is required by the Companies Act Cap. 308 of the Laws of Barbados (hereinafter called “The Companies Act”) to send with the Notice convening the meeting, forms of proxy. By complying with the Companies Act management is deemed to be soliciting proxies within the meaning of the Companies Act.

This Management Proxy Circular accompanies the Notice of the Twentieth Annual General Meeting of the Shareholders of Sagicor General Insurance Inc. (hereinafter called the “Company”) to be held on June 10, 2016 at 4:00 p.m. (hereinafter called the “meeting”) and is furnished in connection with the solicitation by the management of the Company of proxies for use at the meeting, or any adjournment thereof. It is expected that the solicitation will primarily be by mail. The cost of the solicitation will be borne by the Company.

REVOCATION OF PROXY

Any shareholder having given a proxy has the right to revoke it by depositing an instrument in writing executed by the shareholder, or his attorney authorised in writing, with the Corporate Secretary at the head office of the Company at Beckwith Place, Bridgetown, Barbados, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting on the day of the meeting or adjournment thereof.

RECORD DATE, NOTICE OF MEETING & VOTING SHARES

The Directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the meeting. In accordance with the Companies Act the statutory record date applies. Only the holders of common shares of the Company of record at the close of business on the day immediately preceding the day on which the Notice is given under Section 109 (1) of the Companies Act will be entitled to receive notice of the meeting.

Only the holders of common shares of the Company will be entitled to attend and vote at the meeting. Each holder is entitled to one vote for each share held. As at the date hereof there are 2,018,087 common shares of the Company outstanding.

PRESENTATION OF FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Financial Statements of the Company for the year ended December 31, 2015 and the Auditors' Report thereon, are included in the 2015 Annual Report which is being mailed to shareholders with this Notice of the Annual General Meeting and Management Proxy Circular.

ELECTION OF DIRECTORS

The Board of Directors consists of 7 (seven) members. The number of Directors to be elected at the meeting is three (3). The

following are the names of the persons proposed as nominees for election as Directors of the Company, and for whom it is intended that votes will be cast for their re-election as Directors pursuant to the form of proxy hereby enclosed:

Dr. M. Patricia Downes-Grant was elected as a director at the Annual Meeting of Shareholders held on July 18, 2013 for a term of three years.

Mr. J. Edward Clarke was elected as a director at the Annual Meeting of Shareholders held on July 18, 2013 for a term of three years.

These directors will retire at the close of the Twentieth Annual Meeting in accordance with the provisions of the by-laws of the Company, but being eligible, offer themselves for re-election for terms expiring not later than the close of the third annual meeting of shareholders following this meeting.

The Directors recommend the appointment of Dr. M. Patricia Downes-Grant and Mr. J. Edward Clarke for the terms stated above or until their successors are elected or appointed.

The management of the Company does not contemplate that any of the persons named above will, for any reason, become unable to serve as a Director.

APPOINTMENT OF AUDITORS

It is proposed to re-appoint the firm of PricewaterhouseCoopers, the incumbent Auditors, as Auditors of the Company to hold office until the next Annual Meeting of Shareholders.

DISCRETIONARY AUTHORITY


Management knows of no matter to come before the meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any matters which are not known to management should properly come before the meeting or any adjournment thereof, the shares represented by proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the Notice of the Meeting.

The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

No Directors' statement is submitted pursuant to Section 71(2).

No Auditors' statement is submitted pursuant to Section 163(1).

Date: May 13, 2016



Althea C. Hazzard

Corporate Secretary