

Sagicor
GENERAL



SAGICOR GENERAL
ANNUAL REPORT

| 2016



Sagicor

GENERAL

Wise Financial Thinking for Life

MISSION

“To provide excellent insurance services while ensuring the growth, profitability and stability of the Company, and adequate return on investment for shareholders and creating an environment where employees can develop and excel.”

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.”

AUTO



MARINE



PROPERTY



TRAVEL





Sagicor

GENERAL

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Sagikor
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INTRODUCING RETRO AND CLASSIC CAR INSURANCE

Get ready for more classic drives

- Third Party and Comprehensive cover*
- Agreed value policy
- Garaged cover
- Cover at car shows and club events
- Hired Limo cover for special events

*Premium is based on annual mileage

Tel: 431 2800 | Email: sgi-info@sagicorgeneral.com
For more information, visit: sagicorgeneral.com



Sagicor General Insurance Inc. is rated "A-"Excellent
by A.M. Best Rating Company.

Auto
Home
Business
Travel


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Wise Financial Thinking for Life

CLASSIC & RETRO CAR

Tristan Gibbs

I am the owner of a 1985 Toyota Sprinter Trueno. I found this car in the United States with original paint job as it had never been hit and was in excellent condition. I bought it, and did restoration over the years as I did not intend to sell it.

I purchased Classic Car Insurance from Sagicor General as they were the only insurance company offering this type of policy. Being a classic car owner, I feel more secure having such a policy in the event that something happens. You should always be prepared, especially when you have invested lots of time,

money and man power in the car. I definitely feel a lot safer!

Over the years I have done a few upgrades to my car. I just purchased a Japanese lip from Japan as these are very hard to find. I have also done things with the suspension and upgraded some parts. It is an ongoing project to keep it as sharp as possible. The car has won a few category prizes such as best paint job and best restoration, as well as a show or two.

I would recommend SGI's Classic Car Policy to anyone – it was one of the best things I have ever done! I have always been nervous driving around with third party insurance coverage. I like the ability to choose a plan which is uniquely fitting to me.

In my opinion, the premium was very reasonable as what I was paying for third party when compared to comprehensive was not much higher in the grand scheme

of things; I thought it would have been more. I am very happy with the premium

I am paying and if I had to do it all over again – I would do it in the blink of an eye.





GENERAL

CORPORATE OVERVIEW

We have been in existence for 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.

Sagicor General has a financial rating of A - (Excellent) issued by A. M. Best after a thorough quantitative and qualitative review of the company, taking into consideration financial performance, balance sheet strength as well as underwriting and claims philosophies.

Our product lines include Commercial Fire, House, Residential, Motor, Engineering, Bonds, Marine, Liability and the Miscellaneous classes. We also write some blanket/consortium business.

Our main premium revenue is realised from the Property portfolio which accounts for approximately 50% of revenue. Motor premium revenue is 36% while the Marine and Accident portfolios account for 14%.

Sagicor General is continuing on an expansion drive to increase its market share, either through organic growth or by way of mergers or acquisitions. We will also extend our reach into other territories.



THE GODDARD



Sagicor General Insurance

SAVE ON COMMERCIAL FLEET INSURANCE WITH DRIVEPAL+



Introducing DrivePal+ from Sagicor General. DrivePal+ is an innovative fleet management technology that creates savings on insurance while helping to improve a business' service delivery and productivity by providing real time information on vehicles on the road.

The safer your employees drive, the more you save on insurance. Learn more at SagicorGeneral.com

Tel: 431 2800 | Email: sgi-info@Sagicorgeneral.com
For more information, visit: sagicorgeneral.com



Sagicor General Insurance Inc. is rated "A-" (Excellent) by A.M. Best Rating Company.

DrivePal+TM
POWERED BY  EASYTRAK


Sagicor
GENERAL

DRIVEPAL & DRIVEPAL+

Corey Jackman

I am one of three Directors of Ecohesion. The company operates and maintains waste water plants on the behalf of various hotels and offices on the island of Barbados. Basically our operations convert sewage into water that is safe for the environment and reusable for use such as the flushing of toilets, irrigation etc.

Ecohesion currently has six vehicles, with three commuting to various client sites. I decided to use Sagikor General's DrivePal+ due to Sagikor's good reputation in the insurance business and the three significant benefits that it offered our company; namely financial, analytical and the ability to locate our assets.

1. Financially, DrivePal+ allowed us the opportunity to spend less on our annual premium based on our good driving habits. After the first year, we received a reduction in our premium.
2. The analytics received from the use of this innovative product have provided us with the opportunity to identify areas that required tweaking. Having knowledge of how much time we spend at specific locations assisted our team in evaluating this information and improving our operations accordingly.
3. Safety – Should the vehicle be involved in an accident, it provides sound reassurance in our ability to locate our assets.

I will recommend DrivePal+ to anyone. A tool is as good as you use it and this product offers many benefits that would be uniquely fitting for each company. From our business perspective, the availability of analytics has created the opportunity to make better decisions, whereas for another company, the fleet management aspect of controlling petrol consumption could be one of their major benefits.

I believe one advantage that is favorable to all companies is that this product impresses upon the driver the benefits of good driving behaviours having safety top of mind.



CHAIRMAN & CEO'S REPORT

The Board of Directors of Sagicor General Insurance Inc. hereby submits to shareholders, the Company's Annual Report for 2016 which incorporates the audited Financial Statements for the year ending December 31, 2016 as well as a review of the company's performance during the period.

In our last report, we indicated that the performance in 2015 was below expectations, having been impacted by one-off expense items, declining market rates, increased loss ratios and reduced investment income.

The company has returned a much improved performance during 2016, despite the continuing sluggish regional operating economies and the continually challenging market pricing environment.

Gross written premiums increased overall by \$3.9M to \$129.3M during 2016 with the Barbados operations growing by \$4.6M and Eastern Caribbean markets recording marginal growth. Our operations in Trinidad and Tobago showed an approximate 1% decline in revenue but the branch continues to contribute significantly to our profitability. The company achieved a credible before tax profit of \$9.4M with net income from operations of \$6.2M. Other comprehensive income has been negatively affected by currency movements in our Trinidad and Tobago operations as well as by unrealised losses on revaluation of the company's property.

During the year, A.M. Best conducted their annual review and has reaffirmed the company's A- (Excellent) financial rating. The rating agency's rating decision is based on a thorough quantitative and qualitative review of the continuing operations, taking into consideration financial performance, balance sheet strength, underwriting and claims philosophies as well as synergies derived from the balance sheet strength of our two main shareholders, Sagicor Financial Corporation and Goddard Enterprises Ltd., along with strong brand name recognition. Of significant importance is our comprehensive reinsurance program backed by quality reinsurers.

During the year and in accordance with our strategic imperatives, the company successfully completed several initiatives. We restructured business units in both Trinidad and Barbados to reflect the realities of the new business environment and to ensure enhanced customer experience. The implementation and publication of departmental customer service metrics was a significant step forward in our goal of providing market leading customer experiences. Our new insurance platform with the migration of the motor class was launched, in the first of three phases of implementation. The second phase will see all classes being migrated to the new system. Sagicor General during the year launched several new innovations and value added services including our road tax and license renewal facility as well as new and innovation products like our classic and retro car policy.

OPERATING OVERVIEW

Underwriting

Gross Written Premium increased during the year from \$125.4 M in 2015 to \$129.3 M in 2016. This movement was achieved despite continuing significant pressure on rates allied with maintaining underwriting discipline in declining new and renewal business where risk pricing was inadequate for our business model. Our overall loss ratio of 41.5% is testimony to that underwriting prudence. It is instructive to note that in respect of risks written in the two largest classes - property and motor - data analysis shows a higher volume of business was written. In the property class, aggregates relating to sums insured increased, while in the motor account, policy count in addition to units insured, increased. In both classes, average rates substantially declined. Enhanced service levels and client contact also meant that our renewal retention rates improved.

Despite the decline in revenue last year, Trinidad and Tobago continues to be our leading market, generating 56.2% of gross written premium. Our Barbados portfolio accounted for 37.5%, while our Eastern Caribbean offices in St. Lucia, Antigua, Dominica contributed 6.3%.

In respect of revenue from our varying classes of business, our property portfolio accounts for 49.5% of our overall book, motor for 36.7% and marine and accident lines for the remaining 13.8%.

Net written and net earned premiums increased over prior year and with our loss ratio falling by over 10% to 41.5%, positive benefit flowed straight through to gross underwriting income, which increased from \$25.3M in 2015 to \$37.1M in 2016.

Claims

The Company's overall loss ratio improved significantly during the year moving from 52.5% in 2015 to 41.5% in 2016. This commendable performance was derived from positive movement in all lines. Our performance in the miscellaneous accident class showed the largest movement with net claims incurred reducing by almost \$2M and the loss ratio improving from 50.1% to 26.5%. Property and motor also showed significant reductions in net claims incurred and consequently lower loss ratios. In this regard, our Trinidad branch's performance was exemplary as their



underwriting vigilance allied with professional claims management improved the territory's loss ratio from 62.2% in prior year to 37.3% at year- end 2016.

Investments

Investment income for 2016 including the company's share of the loss of Globe Finance Inc., an associated company, in which the company owns a 20% shareholding was flat compared to 2015. The company's investment philosophy continues to be conservative with the portfolio comprising mainly government and corporate bonds, cash and short-term investments with little equity participation. The income stream from investments continues to provide earnings diversification for the company.

G&A Expenses

General and administrative expenses were \$0.9M higher in 2016 compared to 2015. The greatest portion of this increase came from depreciation on the new insurance platform GIMS, which started in the current year and severance payments.

Balance Sheet

The company's balance sheet remains strong with shareholders' equity increasing from \$68.5M to \$71.3M mainly as a result of retained earnings increasing by \$4.9M. Total assets now stand at over \$200M maintaining the financial strength and stability of the company as referred to by A.M. Best in their annual review, and reflected in the reaffirmation of our financial strength rating.

Overall, our 2016 performance resulted from our staff committing themselves to delivering

the level of professional customer service enshrined in our mission and vision statements. A very disciplined underwriting approach was maintained.

Looking Forward

The business environment seems likely to remain extremely challenging in all territories. We must however stay committed to our values and to the underwriting discipline in risk selection and pricing, which has been evident in our results over the years and is the source of our financial stability. The depressed state of regional economies, customer experience imperatives along with competition-based pricing by several market players, create a need for continuing to adjust our business model to reflect the new paradigm. Our ability to continue to fulfil our mandate as laid out in our vision statement, is dependent on strategic focus and the following initiatives.

The development of our people must always be at the forefront of our agenda. We continue to allow our team members to avail themselves of avenues for personal growth and learning. Our HR department is leading the company through a number of initiatives which are focused on employee engagement and the creation of a rewarding work environment and performance driven culture.

We are committed to our goal of customer service excellence and to that end our department customer experience metrics will be continually monitored and strengthened to ensure that we are meeting the benchmarks and timelines we have set ourselves.

Our new technology system will herald in a new standard of customer and stakeholder service while creating efficiencies.

The implementation of this new insurance platform will not only facilitate deeper data analytics but create opportunity for achieving competitive advantage through the provision of services not currently available in the industry.

Our control of expenses remains the sharp focus of management. Our ability to control our expense ratio in an extremely soft pricing cycle, while delivering superior customer service in a regulatory and compliance environment necessitating stricter controls and reporting deadlines, has been a challenge in recent years. Our strategic plans for 2017 incorporate initiatives to address our expense ratio.

Our team during 2016 conceptualised and launched product and service innovations that have been market leading. The company has additional service level enhancements and products, which will be brought to market during 2017.

The general insurance space in the territories has many market players. It is therefore our intention to actively seek expansion and acquisition opportunities, where we consider such targets will be accretive to our profitability.

Management believes that with our underlying fundamentals remaining strong, our new business model will ensure that we position ourselves to continue delivering strong profits in the years ahead.

On behalf of the Board of Sagikor General, we wish to thank our policyholders, clients, staff, insurance advisors and business partners for their continued and valued support to Sagikor General.



DAVID ALLEYNE

President and CEO

**WITH YOU
EVERY STEP
OF THE WAY**

**Choose the plan
that's right for you.**



KEY PROTECTOR Small Business Policy

Your business is your livelihood, and keeping it protected is the most important thing to you. That's why our Key Protector small business insurance plan is specially designed to be simple and comprehensive, with every type of coverage you need all in one policy. With less time spent on insurance needs, you'll have more time to concentrate on your business.

Email us at sgi-info@sagicorgeneral.com for more details.



Sagicor General Insurance Inc is rated A- (Excellent) by A.M. Best Rating Company.



Sagicor

GENERAL



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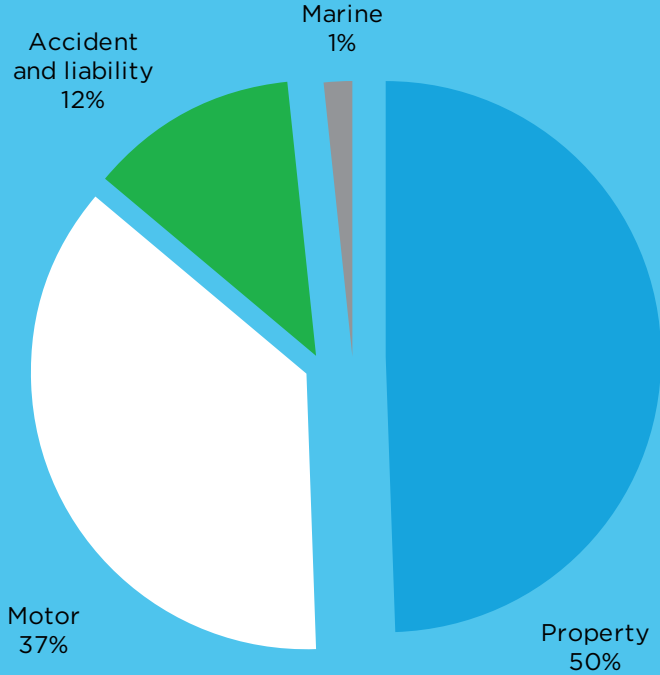
24 HOUR EMERGENCY
ROADSIDE ASSISTANCE
TRINIDAD ONLY.



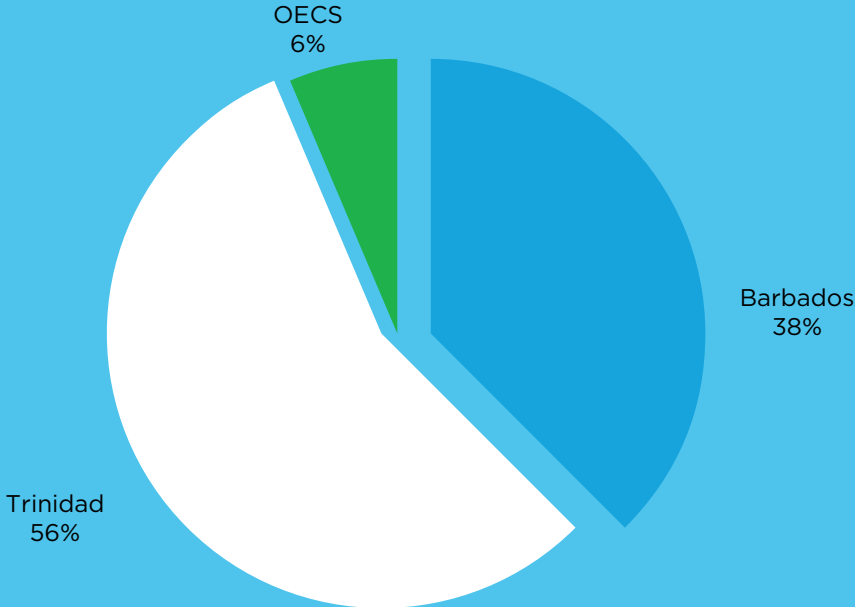
**TOTAL
CONVENIENCE
MANAGEMENT**

FINANCIAL HIGHLIGHTS

GROSS WRITTEN PREMIUM BY BUSINESS CLASS

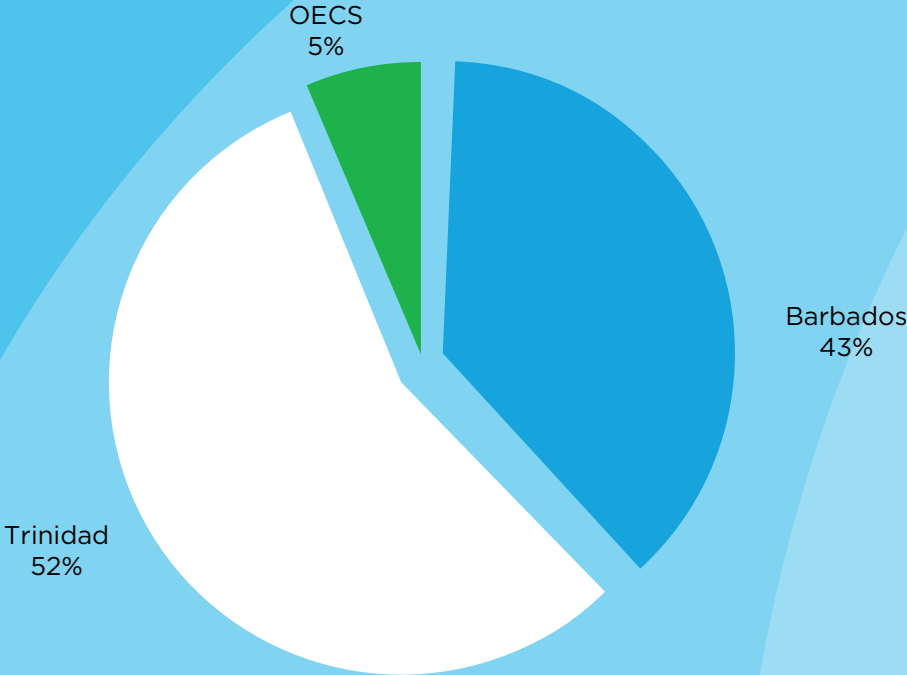


GROSS WRITTEN PREMIUM BY TERRITORY

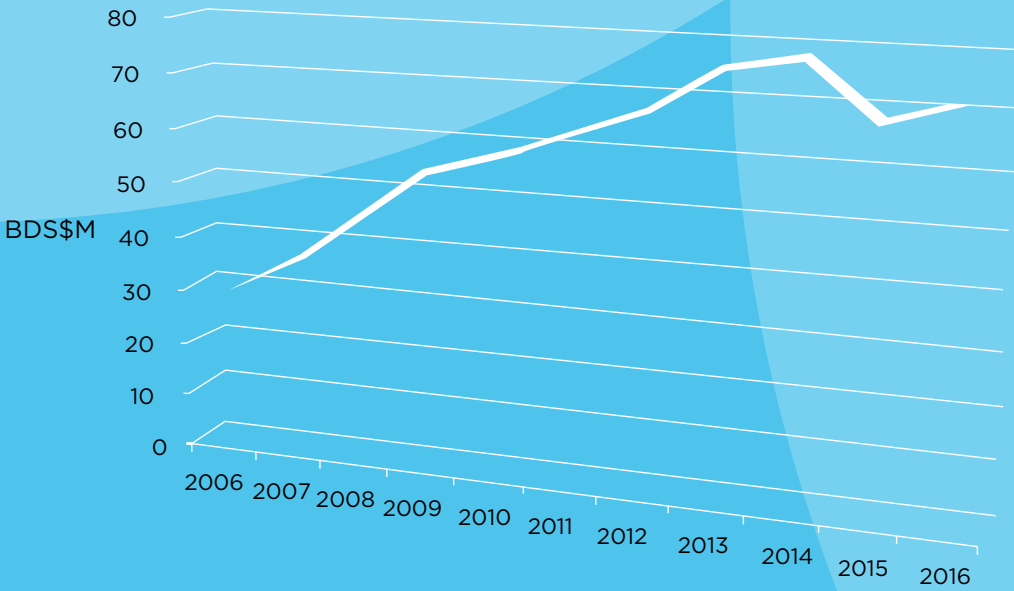


FINANCIAL HIGHLIGHTS

UNDERWRITING INCOME BY TERRITORY

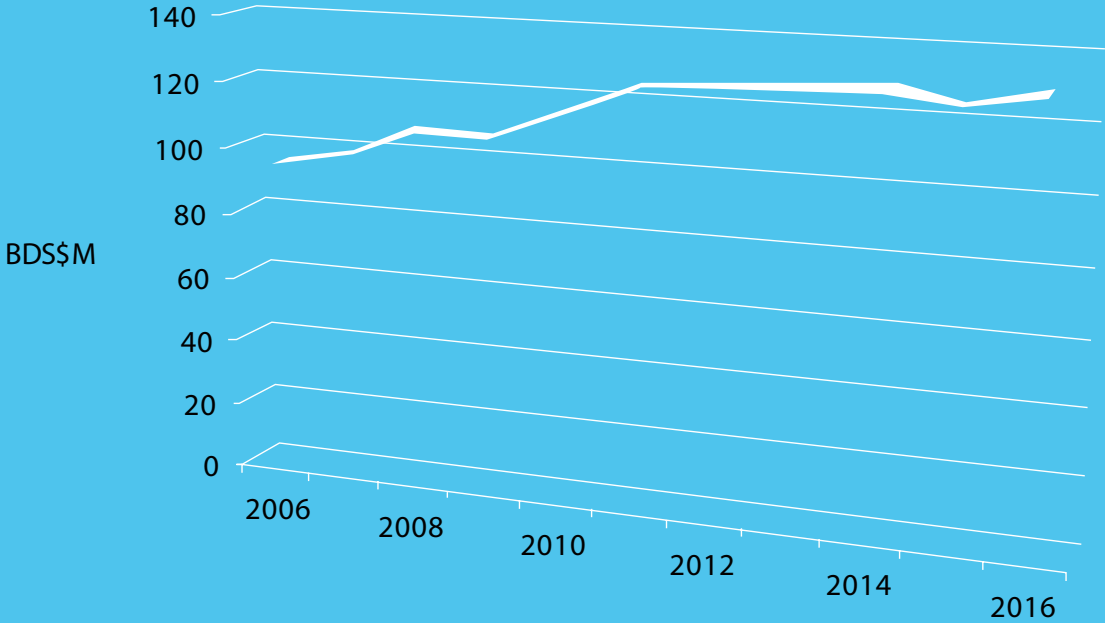


TOTAL EQUITY

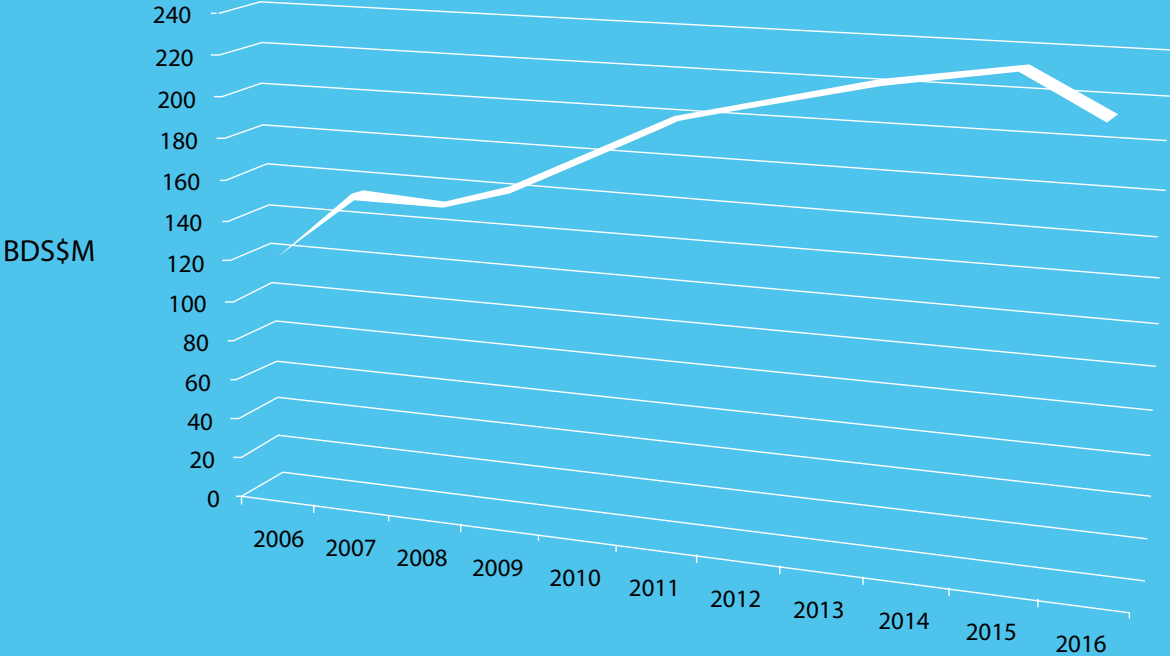


FINANCIAL HIGHLIGHTS

GROSS WRITTEN PREMIUM

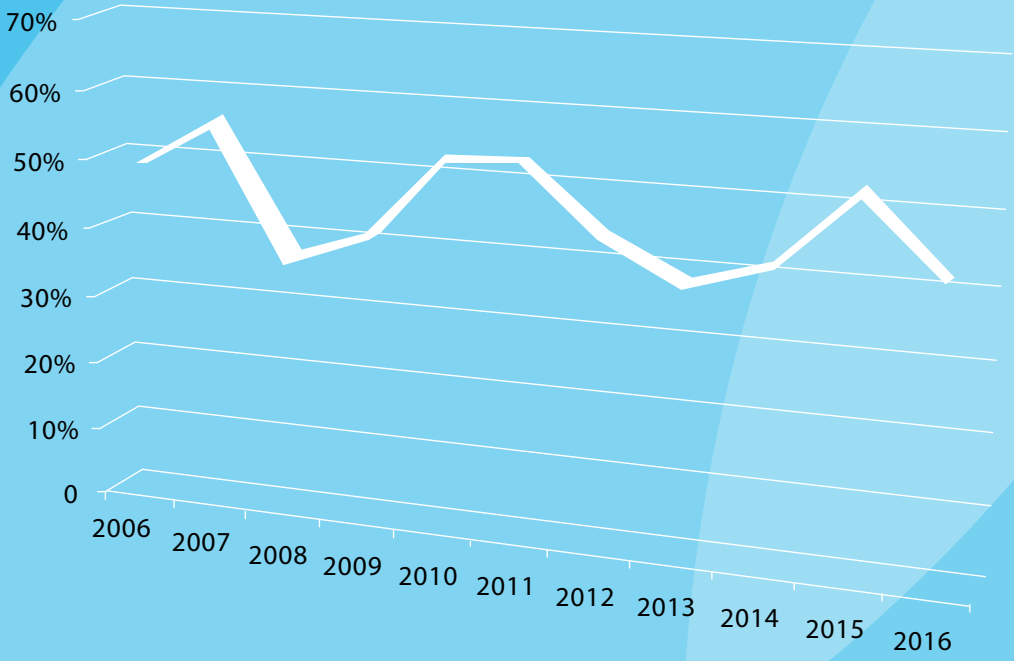


TOTAL ASSETS



FINANCIAL HIGHLIGHTS

LOSS RATIO



BUSINESS HIGHLIGHTS

TRINIDAD

Operational Review

In 2016 the Trinidad and Tobago general insurance market continued to be aggressive in its pricing. Insurers competed using a pricing strategy to win new customers. It was extremely challenging to maintain adequate pricing while seeking not to compromise underwriting standards. Eventhough the branch continued to attract adequate new business income, its premium from its existing portfolio reduced.

The branch did not attain its targeted gross written premium and experienced a reduction of 1.3% over 2015. However, with prudent management the branch recorded a significant improvement in the underwriting income of 71.0%.

Software

Despite the challenges, the branch continued to engage in its normal activities such as the implementation of new insurance software. The software has improved the delivery of documents and we look forward to all other features that will soon be implemented to create further efficiencies internally and by extension improve the service to all our customers.

Internal Merger

2016 saw changes in the structure of the core business with the merging of the underwriting and claims into one unit-Insurance Operations. This change will facilitate improved efficiencies that will enhance customer service and control expenses to provide adequate returns to all stakeholders.

Sagicor General continues to invest in the development of its staff and the change in structure creates opportunities for succession planning for employees who have taken up the mantle to further their education in programmes that support our business.

Customer Appreciation

Customers are of utmost importance to Sagicor General and therefore it was very important to first understand how our customers feel about us. We conducted the branch's first Net Promoters Score using an independent research company. The survey measured customer satisfaction and based on results, initiatives were created to improve service excellence at Sagicor General. These initiatives will continue into 2017 and beyond.

The branch focused on key stakeholders in 2016 by hosting breakfast meetings and an evening of appreciation to share information and insights to its agents and brokers.

Community Spirit

As part of our initiatives to uplift the communities in which we operate, the branch continued its support in sports, culture, education, and environment. This year marked the thirteenth year Sagicor General has collaborated with National Athletics Administration of Trinidad & Tobago in promoting the country's track and field athletes. This year was a significant year for these athletes as they showcased their talent at the National Open Championship Games which qualified their place into the Olympics Games held in Rio de Janeiro in Brazil. In addition to this, Sagicor General pledged their support to the Trinidad & Tobago Olympic Committee which assisted those athletes representing Trinidad and Tobago in Rio de Janeiro.

As part of its expansion in Tobago, Sagicor General Insurance Inc. was proud to recognize and reward the island's top three Secondary Entrance Assessment (SEA) students.

New Initiatives

In 2016 Sagicor General Trinidad and Tobago, championed two new initiatives, a Sober Zone in conjunction with Arrive Alive at the Pan on D' Avenue event and the Green Screen Film Festival. The Sober Zone afforded Pan on D' Avenue attendees the opportunity to voluntarily test their alcohol levels before driving home in an attempt to pre-empt any road accidents. The Green Screen film festival highlighted and brought awareness to environmental issues that contribute to the destruction of the environment which have a negative financial impact on the insurance industry and our country.

The management and staff of the Trinidad and Tobago branch thanked all its customers and partners for their continued support and we look forward to being of service to you in the future.

E.C. TERRITORIES

The general insurance industry throughout the Eastern Caribbean territories continued to be very challenging in 2016. The highly competitive nature of premium rating that was evident in 2015 appeared to be even more rampant in 2016. Sagicor General was able to realize an overall GWP increase of \$155K or 1.9% during the year. Property recorded a loss of \$142K or 2.3% of GWP while Marine and Motor classes registered increases over 2015 of 31.6% and 31.1% respectively.

Our Branches and Agencies continued to find the balance between economic rates and the requisite protection of existing portfolios. With a focus of strengthening relationships with

clients and brokers particularly in St Lucia, we were able to realize a small premium growth in the EC market during the year.

ANTIGUA

Sagicor General has partnered with Auto Rescue Inc. to provide roadside assistance for our motor clients on a 24 hour basis in Antigua.

This arrangement took effect from May 01, 2016. The services being provided by Auto

Rescue Inc. include the following;

Emergency Breakdown Assistance

- Lock out assistance
- Emergency fuel delivery
- Jump Start
- Flat tyre repair
- Emergency towing
- Mechanical First Aid
- Towing Service
- Shuttle Service
- Ambulance Service

The Emergency Breakdown Assistance is available to Private Motor Clients.

Accident Assistance -

- On-site assistance
- Accident photographs and measurements
- Collection of relevant information
- On-site completion of claim forms

The Accident Assistance is available to all motor clients – Private and Commercial as well as Comprehensive and Third Party.

DOMINICA

As part of our corporate responsibilities we continued to assist with sponsorship of the Somerset Cricket Club in Dominica.

ST. LUCIA

SGI assisted The Department of Commerce, International Trade, Investment, Enterprise Development and Consumer Affairs of St. Lucia in hosting a symposium on Micro Small and Medium Enterprise (MSME) sector during the month of November 2016, Saint Lucia Business Month.

BARBADOS

Operating in the insurance market continued to be challenging with the reduction in property rates during 2016. The fierce competition resulted in renewal of business with reduced income as clients continued to request quotes from various sources, especially for broker managed portfolios. Despite this, the gross premium written grew to \$48.5M which was a 10.6% increase over 2015. Each portfolio showed growth as follows; Property increased by 8.7%, Marine by 16.5%, Motor by 16.2% and Accident by 5.4%.

To focus the team on attracting new and retaining existing business, a workshop was held with the Underwriting team in early January. Revenue targets were discussed and each team member was given the opportunity to make suggestions on how this could be met. With an incentive scheme in place, there was a tremendous effort by the underwriting team to develop relationships with several partners within the Sagicor and Goddard Enterprises Limited groups as well as other financial institutions and retail sales. This, together with enhanced broker cooperation were the

driving factors for this growth. We secured two large regional accounts which contributed significantly to the premium income. However, the benefit of this excellent underwriting performance was eroded by continuing high expense levels in the territory.

During the year, the Barbados branch continued its institutional and infrastructural strengthening to consolidate our market position. By incorporating customer metrics into our operations, we increased our Net Promoter Score from 57.1% in 2015 to 64.9% in 2016. This was a major achievement and reflected our commitment to improving service levels. Another key service initiative was the introduction of the Drivers' Licence and Road Tax facility for our motor vehicle customers.

Our continued emphasis on providing innovative risk solutions led us to introduce DrivePal+ which was launched for commercial fleets. This diagnostic tool was first made available in June 2015 for private vehicles and rewards drivers for demonstrating good driving habits. The introduction of DrivePal+ facilitated the Company being able to write its first Public Service Vehicle portfolio in conjunction with another leading insurance partner. As we continue to roll out this initiative to other clients in this sector, improvements in the service to the public will become evident.

Another innovation was the Classic and Retro Car Policy that was launched during the second quarter of 2016 at the Retro and Classic Car show held on the premises of Sagicor General Inc in Barbados. This policy was created following collaboration with the two associations whose members were instrumental in determining the elements that should be incorporated into this product. It allows them the flexibility of choosing the type of cover they need for each vehicle based on the mileage driven in any one year.

The insurance platform GIMS, that was introduced in January 2015, allowed us to

positively impact service offered to Sagicor General clients. During 2016, the system development continued for the migration of the remaining classes of business in Phase 2. This was set to be launched in January 2017.

Sagicor General Barbados continued to assist many organisations and associations in various spheres of activity ranging from cricket to culture and education to athletics. We will continue to engage with our public in support of wholesome and nation building activities as we maintain focus on supporting our community.

MARKET INNOVATION

BARBADOS

DrivePal+

During the first quarter of 2016 Sagicor General introduced yet another new product, vehicle fleet management services with an enhanced DrivePal+ package. This was done primarily through direct marketing to various fleet owners. Success was found in attracting fleets from Ecohesion, B-Wise, COT Printery and Sani Services Limited. DrivePal+ was well received by these entities and the companies are now enjoying the competitive insurance cost as well as a real-time vehicle fleet management tool for their fleets. DrivePal+ has also allowed for a ground breaking partnership between the Insurance Cooperation of Barbados and Sagicor General aimed at targeting Public Service Vehicles to improve driving behaviour while providing insurances at lower premiums. The collaboration was launched during the month of October and continues to grow.



Classic Car Policy

Throughout 2016, Sagicor General has sponsored four classic and retro car shows which cemented our brand in this market. At the end of June after extensive research and consultations with the Barbados Association Classic Cars and the Retro & Classic Cars Club Sagicor General launched its classic car policy.



Classic and Retro Cars are defined by both clubs as cars that are manufactured before the year 2000. Both clubs indicated problems with the cost of acquiring insurance on vehicles which were well cared for and in some cases are rarely on the road. They also indicated the inability to acquire comprehensive cover for their prized possessions.

Since the introduction of our classic car insurance policy at affordable premiums, there has been an increase in the number of persons

restoring vehicles and showcasing them at various Classic and Retro car shows across the island.

Road Tax and Driver's Licence Renewal Service

Our customers are important to us because we value their time, Sagicor General launched a Driver's Licence and Road Tax Renewal Service in October. Now our clients can spend their time doing other things that are important to them!

This service has been well received by our customers.

Sagicor General, Courtesy Garage Partnership and Globe Partnerships

During 2016 Sagicor General enhanced the relationship it has with Globe Finance Inc. and Courtesy Garage Limited, a prominent car dealership in Barbados both members of the Goddard Group. The Courtesy facility offers a one-stop-shop for loans and vehicle insurance for new Nissan and Hyundai vehicles. Our resource desk has definitely assisted in the success of new vehicles insurance, due to direct interaction from our representative to Courtesy Garage clients and the opportunities



created to cross sell other lines of business including vehicle financing from Globe Finance Inc.

During 2016, we maximised the exposure of Sagicor General's products with Courtesy Garage clients by placing product information in every vehicle serviced.

We expect this location will continue to add significant value and benefits to all the customers and partners involved.

Directors and Officers Insurance

Sagicor General Insurance teamed with Empirical Insurance Brokers, Guardian General Insurance and Munich RE and hosted a seminar



at the Hilton Resort Barbados which focused on Professional Indemnity and Directors and Officers (D&O) liability insurance.

Central to the topic were those amendments to the Legal Professions Act, the Corporate and Trust Service Providers Act and the Companies Act that added a greater burden of responsibility on Lawyers, Accountants and Directors, to be more transparent and professional in their business dealings.

The session was attended by 100 business professionals whose focus was to update Directors and Officers of companies and professional service providers on liability insurance products being offered. This session resulted in peaked interest of those in attendance and business will be realised once the legislation is finalised.

INFORMATION TECHNOLOGY

The end of 2016 symbolized two years that the company successfully operated its Motor portfolio on GIMS across all territories. Despite persistent system issues that were identified during the preceding year, 2016 had shown significant improvement due to the swift resolution of these matters combined with an enhanced staff learning curve.

We continue to realize process improvements relative to the motor portfolio and are now positioned to see similar gains with the other classes commencing January 2017.

Through hard work and cohesion amongst our members, the team managed to automatically affix reinsurance treaties to all policies including the most recent converted non-motor data and pending claims. This task was a new feat for Sagicor General.

Similar to the motor transition, management remains committed to updating the system

throughout the new year with material geared towards improved reporting and processes. Taking into account that the company presently operates on a single multifaceted platform, management's focal point is to utilize the system in a way that refines the delivery of customer service and revolutionizes its products. The next phase is to implement online access for producers throughout the region.

Customer Experience Engagement

Employee engagement is always critical to the success of any new initiative. With this in mind, the Customer Experience (CX) team embarked on a series of activities to build a culture of service excellence in the organisation. These activities ranged from weekly communiqués, customer experience workshops and customer events. For the first time ever, the company celebrated Customer Service Week with an internal and external focus. All of our activities were well received.

BUSINESS HIGHLIGHTS



CUSTOMER EXPERIENCE REPORT

A YEAR OF PROGRESS IN THE REGION

In 2016, Sagicor General continued on its path to mastering customer service excellence. Several initiatives were launched across the business which enhanced our customer experience.

Net Promoter Score (NPS)

Numerous research studies have indicated that there is a strong link between NPS and business growth. More importantly, the NPS score is a strong predictor of customer loyalty behavior.

The period 2014 to 2016 witnessed a 53% increase in the NPS of the Barbados operation. This is a credible achievement, which now places that location in a very competitive position. Recent industry research reveals that SGI Barbados has surpassed some of its competitors in this regard. Consequently, we can expect a resulting increase in our market share. The Trinidad branch also emerged with relatively strong NPS scores; surpassing those recorded for some of their financial entities.

Customer Experience Metrics: Quantifying the Customer Experience

In 2016, several departments of Sagicor General participated in a customer journey



mapping exercise, which resulted in the launch of customer experience metrics. These metrics are now fully operational and have been incorporated within department goals and appraisals. SGI has seen improved responsiveness and turn-around times primarily in our customer-facing areas. In 2017, we expect to review and expand the metric programme.

Call Centre

In Barbados, the Call Centre operates under the aegis of Customer Experience, as a critical part of customer acquisition and retention. A great deal of time was spent streamlining call centre duties, with a view to increasing productivity. A Call Centre manual has also been produced to assist with the department's activities.

BARBADOS



Customer Service Week Winners

Consequently, the team saw a 43% increase in production over the previous year and service levels also improved by 10%. The service levels are now 6% away from our desired target.



RT&L 1st Customer

Customer Complaints

In 2016, with the approval of the Board, an official complaints management policy was launched company-wide. The details of this policy were communicated to all staff

during the Customer Experience workshops. This policy clearly articulates a process for complaints handling and provides adequate scope for in-depth investigations.

Customer Experience 2017

In 2017, Customer Experience will continue to engage in a number of activities designed to increase our customer satisfaction. Of critical importance, will be our launch of Project Braveheart, a company-wide initiative designed to ensure that there is an extreme customer focus in Sagicor General Inc.

ST. LUCIA



Customer Service Week Winners

TRINIDAD & TOBAGO



Customer Service Week Winners





AUTO

SAGICOR GENERAL
ANNUAL REPORT

| 2016

CORPORATE & SOCIAL RESPONSIBILITY

Sagicor General sought to increase brand and product awareness through the launch of innovative products, product drives and building stronger relationships, thus augmenting the company's premium income across all territories.

BUSINESS GENERATION

TRINIDAD

Cocktails and Conversations

Sagicor General Insurance Inc showed their appreciation to all agents, brokers and stakeholders with a fun evening filled cocktails and conversations at the Jaffa at the Oval which was held on 6 October 2016. Those who attended had an opportunity to interact with the management and staff at SGI on a social level and were treated to cocktails prepared by Chef Joe Brown. SGI staff engaged their stakeholders with fun games and prizes leaving them wanting more.

Agency Breakfast

In an effort to develop its core competencies, Sagicor General Insurance Inc. hosted their Agents



at its' first annual Breakfast Meeting which was held at Jaffa at the Oval in Trinidad on Wednesday 14th September 2016. The event intended to update our Agents on the current performance of the company, as well as to inform and include them in Sagicor

General's strategic changes as we look toward the future. The event which received high praise was attended by nineteen agents and thirteen staff members.

BARBADOS

Barbados International Business Association Mix and Mingle

Sagicor General in conjunction with Courtesy Garage, Globe Finance and Sagicor Asset Management hosted two of the Barbados International Business Association Mix and Mingles. This forum allowed Sagicor General Staff and Management an opportunity to talk to staff members and Management of the offshore companies an opportunity to interact with management and staff of the offshore companies within Barbados.

COMMUNITY AND CULTURE

TRINIDAD

Trinidad & Tobago Police Service and Arrive Alive Soberzone

Sagicor General Insurance Inc in partnership with Trinidad & Tobago Police Services (TTPS) and Arrive Alive a non-governmental organisation that advocates safe driving practices arranged a "sober zone" at the Pan on'd Avenue event in Woodbrook on 27th August 2016.





The initiative was a preventative measure for patrons/drivers to voluntarily test their alcohol levels before driving home. This gave persons an opportunity to sober up and relax in the “Sober Zone” before driving home. Patrons were also given educational material in the form of a booklet which focused on Ticketable Traffic Offences in Trinidad & Tobago.

Green Screen Film Festival

Sagicor General Insurance Inc. sponsored the Green Screen- Environmental Film Festival 2016 in Trinidad and Tobago. The festival highlights issues of environmental conservation, alternative energy, climate change and sustainable development in T&T by communicating through the film industry. Green Screen is an annual festival of acclaimed local, regional and international narrative, documentary, experimental, animated and short films which highlights and explores crucial environmental issues.



Through the Green Screen initiative our intention is to educate the public on how we harm our environment and how we can help save it. With people becoming more aware, we hope that as a nation we will have a friendlier approach towards the environment which can help reduce the impact of losses due to events such as flooding. The initiative also supports our vision of uplifting the communities in which we operate by educating the public and supporting the local film industry.

BARBADOS

Laff-It-Off

In 2016 between the months of January to April SGI had the opportunity to connect with thousands of patrons who attended the Laff-it-off shows.

The show takes a satirical look at life and politics internationally and in Barbados allowing patrons to review prominent events in the island and the international community with a light funny twist. We took this opportunity to display its suite of products and engaged prospective customers, further interacting with them in the weeks ahead with respect to their specific interest.

Doctors Session – Medical Insurance Practice

The company sponsored an educational session for medical Doctors which was held at the Marriot Courtyard, presenters were Dr. Michael Hoyos and Dr. Lana Husbands. With a rise in medical and injury claims over the years there has been a heightened concern throughout the medical fraternity as it relates to insurance injuries. The session was very interactive, and consisted of doctors who have



been in the medical field for over 30 years and some who had recently acquired their licence to practice.

SPORTS

TRINIDAD

Track and Field - National Amateur Athletic Championship

2016 marked twelve years SGI has forged a long standing relationship with the National Association of Athletics Administration (NAAA) of Trinidad and Tobago and continued to share in the common cause of championing the welfare, development, education and success of track and field athletes.

The company also supported the Trinidad & Tobago Olympic Committee by contributing \$25,000 TT to one of their support initiatives, the proceeds went toward the Athlete Welfare and Preparation Fund (#10Gold24) for those athletes representing T&T in Rio de Janeiro.



Education – Secondary Entrance Assessment Awards

Tobago's top three Secondary Entrance Assessment students were recognized and rewarded at Sagicor General Insurance office at Wilson Road in Scarborough on Friday, 18th July 2016, where they were encouraged to continue to excel as their journey to adulthood had just begun. John-Mark Christmas of the Scarborough branch office presented the trio with their rewards; Shae Jaheem Roman the top SEA student received

\$1000 while 2nd place winner Gabrielle Murray and 3rd Place winner Caitlyn Rianna Ross received \$500 respectively.

ANTIGUA

OECS Junior Male and Female Volleyball Tournament

In Antigua during the month of May the company sponsored the OECS Junior Male and Female Volleyball Tournament. 108 volleyball players and 10 officials participated in the tournament.

ST. LUCIA

Entrepot Secondary School Painting



During the month of October Sagicor General repainted the exterior walls of the Entrepot Secondary School in east Castries. Mr. Arthur Scott the Principal of the school which has a roll of over 500 students was very appreciative of the initiative from Sagicor General. The project enhanced the environment of the school and was welcomed by the pupils on their return to start the new school year.

DOMINICA

Sagicor Somerset

In Dominica, Sagicor General continued its sponsorship of the cricket team Sagicor Somerset who during the year conducted Information Technology sessions for children; and reached out to the less fortunate with a feeding programme around the Christmas holidays.



BARBADOS

Family Golf

Family Golf Championships led off the sponsorship calendar during 2016 with several family teams consisting of parents and children, husbands and wives and siblings. It was SGI's fifth year sponsoring this event and many family members and friends enjoyed the day on the greens and at the 19th hole and look forward to it every year.

Sagicor General T/20 Cricket

Sagicor General continued to support the efforts of the Barbados Cricket Association with the sponsorship of the Twenty/20 competition. The University of the West Indies celebrated its fourth Twenty/20 title in four seasons with a 66 run victory over the Barbados Defence Force Sports Programme in a game at the 3 W's Oval.

Sagicor General also sponsored the Barbados National Junior Squash Championships in March where Benjamin Griffith emerged the boy's under 19 champion and Megan Best won the under 15 and under 17 titles. The event is usually held at Easter and attracts top junior squash players in Barbados seeking a place on the country's national squash team.

Sagicor Globeathon

Over 2,000 runners and walkers took part in the 2016 Barbados Cancer Society's Globeathon 5km run and walk which was sponsored by both Sagicor General and Sagicor Life. The event began and finished at the Bay Street Esplanade where visiting British runner Mr. Chris Oddy won the event in 16:54.26 minutes. Ms. Rachel Atkinson was the first female to finish in a time of 22:00.11 minutes.



The mission of the Globeathon is to increase awareness of women's cancers and the walk seeks to raise funds for the purchase of medical equipment for the Queen Elizabeth Hospital and to raise awareness as well as to help to fight below the belt cancers.

Sagicor - Barbados Golf Open Tournament

Sagicor General teamed up with Sagicor Life to sponsor the Barbados Open Golf Tournament



which was played at three of the Barbados' top golf courses — Apes Hill, Royal Westmoreland and the Barbados Golf Club. The tournament attracted well known lovers of the game such as Brian Lara, James Johnson, IZ Hustler plus the Antigua and OECS champion Kimesha Anthony, Jamaican champion, Ian Facey and American twin brothers York and Roland Beights. The winners were presented with their prizes at the Apes Hill Golf Club on the last day of the tournament.

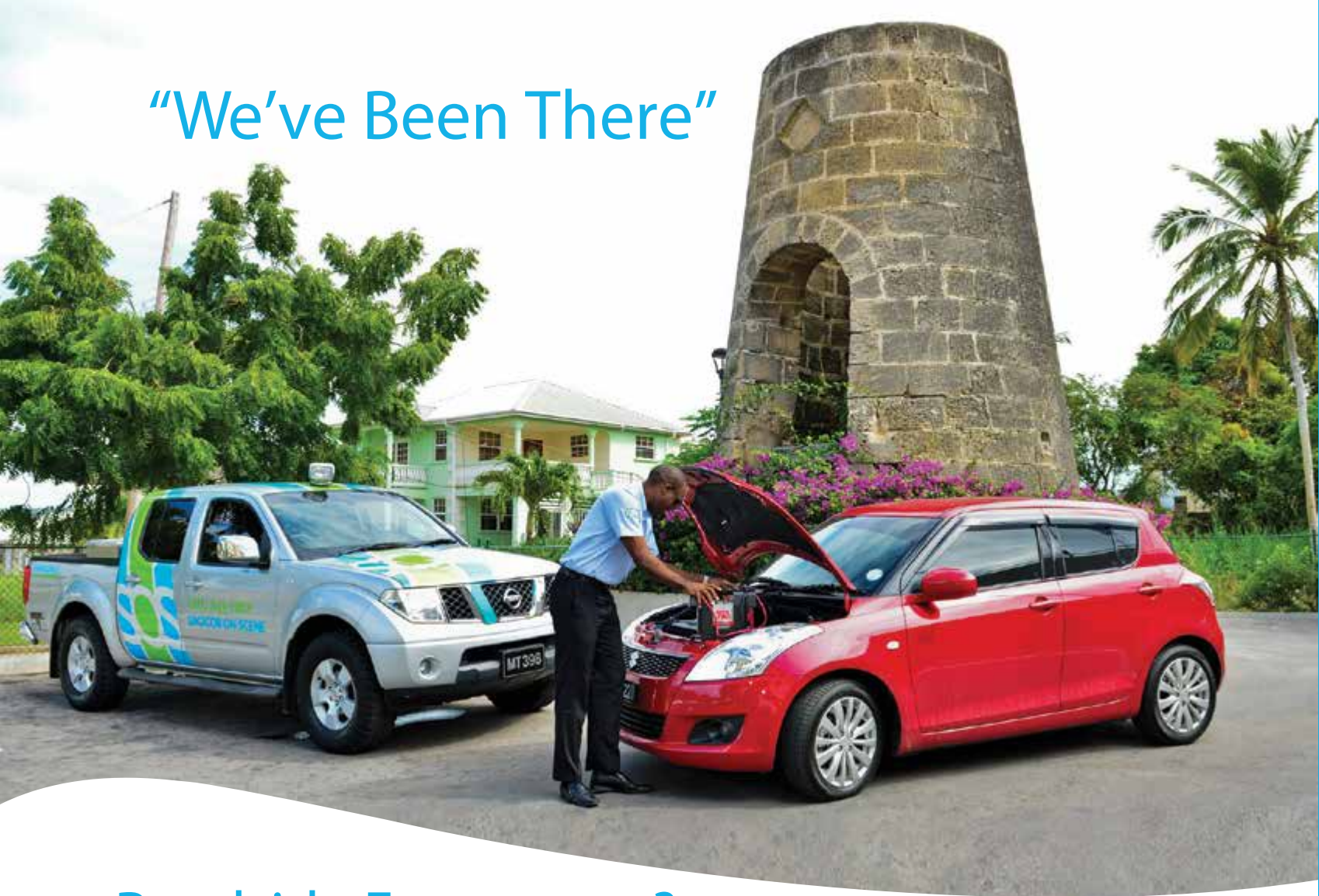




TRAVEL

SAGICOR GENERAL ANNUAL REPORT | 2016

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SAGICOR ON SCENE

KAY HALL - BARBADOS

When I purchased my car almost two years ago, it came with the first year insurance which was being offered at that time. After the year the quote was extremely high and after checking with other insurance companies there was no difference in rate. When I received a quote from Sagicor General the rate was significantly better so I decided to switch to Sagicor.

The first time I used SGI's Sagicor on Scene (SOS) roadside rescue service was late one night two years ago when I got a flat due to a nail puncture. SOS turned up promptly and when retrieving the spare tyre, that was also flat. However, as a result of having a really well- equipped truck my tyre was quickly inflated. I was in Bridgetown and the SOS responder did not just leave me there, he followed me to my home in St.

James to ensure I reached without any further incident. He then gave me his telephone number and told me if the tyre was flat in the morning I could give him a call and he would return to inflate it. Well, in the morning it was flat and he returned and inflated the tyre as promised. He followed me to a service station thereafter and checked with personnel there to confirm they could fix the tyre before leaving.

The second time I was at cricket parked in the secure area when security informed me my tyre was flat. After clearing SOS' ability to enter with security, I called and informed them about my tyre and access to my vehicle. It was at cricket, so the parking lot was full with very little space to maneuver while changing the tyre, yet he was apologizing for the length of time it was taking. I missed ONLY five minutes of cricket, as when I came to the car it was already jacked-up and the tyre removed; just awaiting my arrival to retrieve the spare.

Xavier was the person who rescued me both times. He is pleasant, polite and extremely professional. I remain very impressed.

I would recommend Sagicor General and their SOS anytime! As a matter of fact, I @hashtagSagicorSOS as a result of such great customer experiences.



HUMAN CAPITAL

TRAINING - TRINIDAD

The people strategy for 2016 was developed to ensure that as a business we were effectively aligning our human capital with our overall business strategy. During the year various initiatives were undertaken to deliver on this mandate. The focus on the development of our human capital through industry specific and leadership education continued throughout the period, while in the fourth quarter there was a renewed focus on employee engagement as a key driver of customer engagement.

TALENT MANAGEMENT & APPOINTMENTS

As a result of the retirement of Mr. Jeane Forde former Assistant Vice President - Claims, and Ms Cheryl Jordan, former Vice President - Reinsurance, our leadership team in Barbados was joined by Mr. John Chandler who serves as Assistant Vice President - Claims, and Mrs. Kelly Marshall who was promoted to the post of Assistant Vice President - Reinsurance.

The execution of the strategic vision and plan also resulted in the appointment of Mrs. Wanda Mayers to the role of Vice President - Underwriting, and Mrs. Paula Walcott now serves as Assistant Vice President - Human Resources. Mrs. Mayers is also supported by an Underwriting Manager, Mrs. June Odle-Grant who was promoted to this key function in 2016.

In Trinidad our team was strengthened by the promotion of Mr. Dexter McKnight to the position of Vice President - Insurance Operations, and the addition of Ms Lisa Mahabir who joined us as Manager, Business Development & Marketing.

TRAINING & DEVELOPMENT

We remain committed to ensuring we have the best qualified talent in the industry to deliver on our promises to all our stakeholders. Therefore, employees continued to enroll in various industry courses during the year, with many of them attaining insurance certifications.

TRINIDAD

In our Trinidad operations team members benefited from courses and workshops on:

- Critical Thinking and Decision Making
- Retirement Planning
- Performance Management: The Sagicor Way
- Welcome to Sagicor: New Employee Orientation Programme
- Personal and General Insurance

At these workshops they gained certification in the areas of Motor Insurance, Claims Investigation Adjusting (MICIA), Personal Insurance and General Insurance.

E.C TERRITORIES

In our Eastern Caribbean operations team members participated in compliance and anti-money laundering training, while team member Jason Edwin of St. Lucia also received certification in First Aid and CPR.

BARBADOS

Our leadership development activities continued with five Barbados-based team members participating in the focused and highly effective Bullet Proof Manager Programme facilitated locally by Profiles Caribbean Limited. To date two of these participants have been promoted, namely Kelly Marshall and June Odle-Grant mentioned under the Talent Management & Appointments heading above. The other team members who have participated in this 2016 programme were Andre Barrow – Business Development Officer, Katheline Babb – Assistant Accountant, and Gayle Marshall – Risk Management Officer.

EMPLOYEE ENGAGEMENT

In the fourth quarter there was a renewed focus on employee engagement with the introduction of “General Chat”, a session where a minimum of ten employees are hosted by the Assistant Vice President – Human Resources to a general discussion about the business, and are allowed the opportunity to share their opinions and suggestions openly. Three sessions were held in Barbados during the quarter with over thirty employees participating for that period. “General Chat” is an ongoing initiative that will be rolled out to all territories in which we operate.

An Employee Pulse Survey was developed and shared electronically with all employees across all territories in December. The purpose of the survey was to establish a baseline for employee engagement at the company with the resulting data used to benchmark against best practices, as well as to inform the human capital strategy for 2017.

Lunch and Learn sessions were introduced in December with a focus on employee

wellness. These sessions will be ongoing and will primarily focus on health and wellness as a component of the absenteeism reduction strategy. The first session was held in Barbados, however sessions will be done in all territories.

Our Trinidad team benefitted from many wellness initiatives during the year inclusive of three 5k walk/runs that saw over 64 employees participating, as well as dancercise, Zumba, and aerobics sessions.

STRATEGIC FOCUS

Research and best practices confirm that successful service excellence change initiatives must be supported by an internal human capital strategy that engages and inspires the organisation’s talent base. It is within this context that the human capital strategy will now be aligned with the customer experience strategy.

The human capital strategy will be built upon a foundation of cultural standards for all employees, and leadership competencies for all people managers. These standards and competencies will be developed within the context of the current stage of our business’ development, and our desired strategic future-state. Implementation will be phased, and results will be measured due to the inclusion of these new standards and competencies in the goal setting element of the performance management programme.

The human capital strategy will be underpinned by the development of a company culture that embraces and supports the overall business strategy, inclusive of an acute focus on our people.

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Christopher Springer

Sagicor General was referred to me through Xavier Woodroffe (Risk and Response Technician) and when I compared the rates with other companies Sagicor had the best rates!

I recently tried the Road Tax & Licensing (RT&L) service to renew my driver's license and will use it

again in June for my road tax. The service is great! It is very convenient and saves me time as I do not have to rush in my lunch hour to get it done. The staff is very friendly and helpful and the entire process was hassle free.

I would recommend Sagicor General anytime!

BOARD OF DIRECTORS



DR. M. PATRICIA DOWNES-GRANT
CHAIRMAN

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 insurance, banking and asset management. 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 within the private sector of Barbados. In 2014, Dr. Downes-Grant was honored for her services to the financial industry and was awarded a Commander of the British Empire (CBE). Dr. Downes-Grant was conferred with an Honorary Doctor of Laws degree by the University of the West Indies.



ANTHONY ALI
VICE CHAIRMAN

Mr. 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 as 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.



RAVI RAMBARRAN,
DIRECTOR

Anthony Ali cont'd

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.

President and Chief Executive Officer, Sagicor International

Mr. Rambarran joined the company on February 1, 1997, 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.

BOARD OF DIRECTORS



J. EDWARD CLARKE
DIRECTOR

Mr. 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.

He 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. Prior to joining Sagicor, Mr. Clarke was the Chief Finance Officer of Goddard Enterprises Limited.

Mr. Clarke is Senior Vice President of the Barbados Chamber of Commerce & Industry, and a council member of the National Communicable Disease Commission and the UWI Campus Council. Mr. Clarke is also a Director of Globe Finance Inc, Sagicor Funds Inc. and the Insurance Association of the Caribbean Inc.



C. NATASHA SMALL
DIRECTOR

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' 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 Queens College and the Barbados Community College. She attended the University of the West Indies, Cave Hill Campus where she obtained a Bachelor of Science degree with First Class Honours in Accounting. 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. She is currently a part-time lecturer at the University of the West Indies Cave Hill Campus. She was born in 1977.

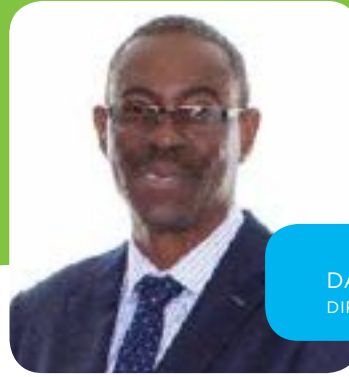


WILLIAM PUTNAM
DIRECTOR

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.



DAVID ALLEYNE
DIRECTOR

Mr. 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 United Insurance Company Limited where as Manager in charge of Overseas Operations he was instrumental in spreading the brand across the region.

Mr. Alleyne is a 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.

SENIOR EXECUTIVE MANAGEMENT



DAVID ALLEYNE
CHIEF EXECUTIVE OFFICER

David 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 United Insurance Company Limited where as Manager in charge of Overseas Operations he was instrumental in spreading the brand across the region.

Mr. Alleyne is a 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
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
VP - REINSURANCE

Cheryl 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.

Cheryl retired on September 30, 2016.



CLAUDETTE ARTHUR
VICE PRESIDENT - FINANCE

Claudette joined the company in 1987 having worked previously with Coopers and Lybrand Plc. and Shell.

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

Over this period she has accumulated a wealth of experience and knowledge in P&C insurance accounting. Ms. Arthur has responsibility for the Accounting function as well as reporting to the regulatory authorities in Barbados and the Eastern Caribbean.

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
VP - 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.

Diane left the company on September 30, 2016.



DYAN LOUTAN-ALI
VP - TRINIDAD & TOBAGO

Dyan 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. Ms. 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).

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

SENIOR EXECUTIVE MANAGEMENT



MARK BLAKELEY
VP - MARKETING &
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
VP - CUSTOMER EXPERIENCE

Tracey 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.

SENIOR EXECUTIVE MANAGEMENT

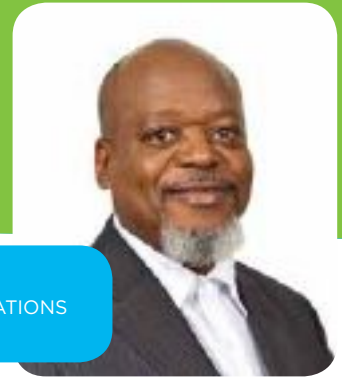


WANDA MAYERS
VP - UNDERWRITING

Wanda is a well-trained insurance professional with extensive experience in all classes of insurance at various levels, having been employed in the insurance industry for over 33 years. Her experience also extends to branding, communications and marketing and she was principally responsible for rebranding, elevating the profile and increasing the market presence of a leading insurance company in Barbados. She has been a member of the Board of Directors of several companies including a credit union as well as the Insurance Institute of Barbados (IIB) where she has also tutored.

Wanda joined Sagicor General Insurance in January 2016. She is an Associate of the Chartered Insurance Institute (ACII) UK and a Chartered Insurer (CI). She graduated with a Master's degree in Business Administration from Durham University UK in 2007.

With a passion for the environment, she co-chaired the Committee responsible for becoming a green business at a previous employer. Wanda would like to encourage staff to reduce, reuse and recycle their litter to ensure the country's future sustainability. In doing her part, she collects all waste at home that can be recycled and sends it to the various recycling companies. Wanda is also a cricket fan and enjoys reading books of all types.



DEXTER MCKNIGHT
VP - INSURANCE OPERATIONS
TRINIDAD

Dexter 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 joined Sagicor in March 2004 as Assistant Manager - Underwriting. Presently he holds the position of the Vice President - Insurance Operations of Sagicor General Insurance Inc., Trinidad Branch.

He is responsible for underwriting a high quality of renewal and new business for the Branch as well as ensuring SGI's philosophy on claims is well articulated and executed. Dexter has been a part time lecturer for many years in all aspects of General Insurance. Over the years he has conducted several in-house programmes as well as give back to the industry by lecturing in various programs.

GENERAL MANAGEMENT



ROGER SPENCER
AVP - MARKETING

Roger has 17 years experience in the Insurance industry. Fifteen 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.



MICHAEL HOLDER
AVP - FINANCIAL ADVISOR
UNIT AND E.C. OPERATIONS

Michael has 31 years experience in the general insurance industry, 22 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.

GENERAL MANAGEMENT



PAULA WALCOTT
AVP - HUMAN RESOURCES

Paula is a business-focused human resource professional who has excelled at cultural transformation and leading organizational change initiatives. She is a strong advocate for employee engagement as a key driver of financial results, and utilizes her expertise to ensure that the successful attainment of strategic objectives is supported by a culture that is aligned with these objectives.

Having joined SGI in October 2016 she is excited about leading the transformation of our business into being an employer of choice, and the general insurance provider of choice, in the markets in which we operate. Paula has well-developed and proven capabilities in various aspects of strategic and functional HR and is focused on aligning our talent within an environment that allows them to do their best work, thereby leading to the sustainable success of our business.

Her human resources career spans the commercial printing, oil and gas, and telecommunications industries. She is a Chartered member of the Chartered Institute of Personnel and Development, a member of the Society for Human Resource Management, The Human Resource Management Association of Barbados, and the International Association of Business Communicators, Barbados Chapter.

She holds a Masters in Human Resources from the University of Surrey and a First Class Honours Degree in Social Sciences (Sociology, Psychology, and Management) from the University of the West Indies.



CARLYN CRICHLOW
AVP - RESEARCH &
DEVELOPMENT

Carlyn 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.

GENERAL MANAGEMENT



KELLY MARSHALL
AVP - REINSURANCE

Kelly joined the company on the 1st September, 2013 bringing with her over 14 years experience in the Insurance Industry. She has dedicated her career to the Reinsurance and Underwriting disciplines and has worked very closely with both local and international Reinsurers.

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. Kelly holds a Bachelors Degree in Social Sciences from the University of the West Indies and the Barbados Diploma of Insurance.



ELIZABETH STOUTE-BRATHWAITE,
AVP - FINANCE BARBADOS

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

She 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.

GENERAL MANAGEMENT



DEBORAH ROMEO
AVP - FINANCE TRINIDAD

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.



JOHN CHANDLER
AVP - CLAIMS BARBADOS

John started his insurance journey as an Insurance Broker spending some 5 years with Evan Mandeville Associates before joining an Insurance Company. Mr. Chandler's focus has been on customer satisfaction and he went about handling claims in a manner that would produce this ultimate result. Over the past 15 years, he would have advanced from a Claims Officer to the AVP- Claims, a post he currently holds at Sagicor General Insurance. Mr. Chandler holds a Executive Management Diploma from the University of the West Indies as well as the Barbados Diploma of Insurance. He was the valedictorian in his graduating year as well as a recipient of the Eddy Gambling Award.

Mr. Chandler is well known within the sporting community as a Lawn Tennis Player and Cricketer. He held the post of Captain of Paragon Tennis Club during local and regional competitions. As a cricketer, he played and captained many teams in all forms of the game. Mr. Chandler was selected and played Soft Ball Cricket for Barbados.

In his role of AVP-Claims, John has the mandate to effectively manage the operations of the company's claims operation in Barbados and the Eastern Caribbean territories while developing and executing the company's policies to provide the best possible service experiences, through the claims handling process.

GENERAL MANAGEMENT



FELIX GOMEZ
AVP - CLAIMS TRINIDAD

Felix 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.

Felix left the company on May 6, 2016

ACADEMIC PERFORMANCE

ST. LUCIA



Jason Edwin - Recipient of the Certificate in Basic First Aid, CPR, AED and Contributor of Year

TRINIDAD



L-R Garvin Ali - Diploma in Motor Insurance Claims Investigation and Adjusting (MICIA) Rachel Alexander-Shade - Associates in General Insurance. *Missing: Terry De Coteau - Associates in Personal Insurance Designation*

ACADEMIC PERFORMANCE

BARBADOS



Michalel Holder - Recipient of the Bullet Proof Manager Certification.



L-R Lori Brooks - Recipient of Professional Diploma in Social Media Marketing, Kimberley Cox - Bachelor's in Management Studies and Dawn Alleyne - Barbados Diploma of Insurance (*Missing is Alicia Moses*)

OUTSTANDING PERFORMANCE



Garvin Ali - Recipient of the Sagicorian Award

OUTSTANDING PERFORMANCE

BARBADOS



Mr. Charles Packer – Most General Insurance Renewal Business



Yvonne Griffith – Pioneer of the Year and Andrea Evans – Spirit Employee of the Year



David Cave – Most General Insurance New Business

OUTSTANDING PERFORMANCE

TRINIDAD



Lisa Mahabir
Manager of the Year



Back : L - R: Stachys Noel - Pioneer of the Year,
Garvin Ali - Spirit Employee of the Year
Front: L- R: Stephan Lazare - Contributor of the Year,
Kelly Suraj-Rampersad - Rookie of the Year

LONG STANDING AWARDS

ANTIGUA



Deirdre George - **5 YEARS**



Vanessa Burke - **10 YEARS**

ST. LUCIA



Jason Edwin - **5 YEARS**



Gillian Polius - **10 YEARS**

LONG STANDING AWARDS

TRINIDAD



5 YEARS L-R Hillary Browne, Stephan Lazare, Josephine Subero, Victra George. *Missing is Dionne Ifill-Sealy*



10 YEARS L-R Leila Reynos, Paul De Abreu, Susan Wright-Raghoonanan. *Missing is Patricia Millington - Edwards*

LONG STANDING AWARDS

BARBADOS



5 YEARS L-R: Michelle Layne, Jonelle Greaves, Tracey Knight-Lloyd Tameisha Grant and Brenda Ifill. *(Missing are Gemma Howell and Clyde Fenty)*



10 YEARS L-R: Cyrilene Greenidge, Christopher Mapp, Elizabeth Stoute-Brathwaite and Maureen Gill *(Missing is Ryan Roberts)*



15 YEARS L-R:
Lisa Payne and Julie-Ann Cumberbatch



25 YEARS L-R: Angela King and Kerwin Mottley

FAREWELL TO CHERYL JORDAN





MARINE

SAGICOR GENERAL
ANNUAL REPORT

| 2016

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Independent auditor's report

To the Shareholders of Sagicor General Insurance Inc.

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Sagicor General Insurance Inc. (the Company) as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2016;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 or 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

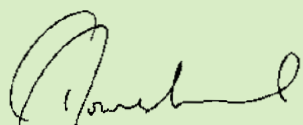
PricewaterhouseCoopers SRL
Bridgetown, Barbados
April 26, 2017

**SAGICOR GENERAL INSURANCE INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016**

Amounts expressed in Barbados \$ 000

	Notes	<u>2016</u>	<u>2015</u>
ASSETS			
Property, plant and equipment	5	16,038	18,299
Investment in associated company	6	3,673	4,184
Financial investments	7	71,655	74,046
Reinsurance assets	8	59,716	75,054
Income tax assets	9	2,988	3,475
Premiums receivable and deferred acquisition costs	10	34,395	33,099
Miscellaneous assets and receivables	11	761	674
Deposits with Sagicor Group companies	28	-	385
Cash and cash equivalents		23,261	22,845
Total assets		<u>212,487</u>	<u>232,061</u>
LIABILITIES			
Policyholders' liabilities	12	105,121	120,947
Provisions	13	456	275
Income tax liabilities	14	263	234
Due to reinsurers, deferrals and premium tax payable	15	27,658	35,283
Amounts payable to Sagicor Group companies	28	3,178	2,621
Accounts payable and accrued liabilities		4,544	4,220
Total liabilities		<u>141,220</u>	<u>163,580</u>
EQUITY			
Share capital	16	3,705	3,705
Reserves	17	26,293	28,424
Retained earnings		41,269	36,352
Total equity		<u>71,267</u>	<u>68,481</u>
Total equity and liabilities		<u>212,487</u>	<u>232,061</u>

These financial statements have been approved for issue by the Board of Directors on April 25, 2017.



Director



Director

SAGICOR GENERAL INSURANCE INC.
STATEMENT OF INCOME
Year ended December 31, 2016

Amounts expressed in Barbados \$ 000

	Notes	<u>2016</u>	<u>2015</u>
REVENUE			
Premium revenue	18	128,496	125,404
Reinsurance expense	18	<u>(91,327)</u>	<u>(88,635)</u>
Net premium revenue		37,169	36,769
Investment income	19	3,829	3,360
Share of operating loss of associated company	6	(511)	-
Fees and other revenue	20	<u>31,812</u>	<u>24,694</u>
Total revenue		<u>72,299</u>	<u>64,823</u>
CLAIMS INCURRED			
Claims incurred	21	35,416	43,721
Claims reinsured	21	<u>(20,007)</u>	<u>(24,413)</u>
Net claims incurred		<u>15,409</u>	<u>19,308</u>
EXPENSES			
Administrative expenses		27,503	26,622
Commissions and related compensation	10	15,714	15,525
Net premium taxes		683	754
Depreciation		<u>3,622</u>	<u>1,718</u>
Total expenses		<u>47,522</u>	<u>44,619</u>
INCOME BEFORE TAXES		9,368	896
Income taxes	24	<u>(3,181)</u>	<u>(854)</u>
NET INCOME FOR THE YEAR		<u>6,187</u>	<u>42</u>

**SAGICOR GENERAL INSURANCE INC.
STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2016**

Amounts expressed in Barbados \$ 000

	Notes	<u>2016</u>	<u>2015</u>
NET INCOME FOR THE YEAR		<u>6,187</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME			
Items net of tax that may be reclassified subsequently to income:	26		
Available for sale financial assets			
Unrealised (losses) gains arising on revaluation		(28)	105
Retranslation of foreign currency operations		(2,000)	-
		<u>(2,028)</u>	<u>105</u>
Items net of tax that will not be reclassified subsequently to income:	26		
Unrealised losses arising on revaluation of property		(1,000)	-
Losses on defined benefit plans		(373)	(328)
		<u>(1,373)</u>	<u>(328)</u>
Other comprehensive loss for the year		<u>(3,401)</u>	<u>(223)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>2,786</u>	<u>(181)</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, 2016**

Amounts expressed in Barbados \$ 000

	Year ended December 31, 2016			
	Share capital Note 16	Reserves Note 17	Retained earnings	Total
Balance, beginning of year	3,705	28,424	36,352	68,481
Total comprehensive income (loss)	-	(3,028)	5,814	2,786
Transfer to catastrophe reserve	-	897	(897)	-
Balance, end of year	3,705	26,293	41,269	71,267

	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 (loss) income	-	105	(286)	(181)
Common shares issued (note 16)	705	-	(705)	-
Transfer to catastrophe reserve	-	449	(449)	-
Dividends paid (Note 25)	-	-	(9,295)	(9,295)
Balance, end of year	3,705	28,424	36,352	68,481

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

SAGICOR GENERAL INSURANCE INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2016

Amounts expressed in Barbados \$ 000

	Notes	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Income before taxes		9,368	896
Adjustments for non-cash items, interest and dividends	27	235	(4,461)
Interest and dividends received		3,108	2,842
Interest and dividends received from Sagicor Group companies		582	440
Income taxes paid		(2,665)	(2,494)
Changes in operating assets	27	1,205	(3,524)
Changes in operating liabilities	27	(7,869)	12,188
Net cash from operating activities		<u>3,964</u>	<u>5,887</u>
Cash flows from investing activities			
Property, plant and equipment	27	(2,396)	(2,388)
Net cash used in investing activities		<u>(2,396)</u>	<u>(2,388)</u>
Cash flows from financing activities			
Dividends paid to shareholders		(152)	(9,412)
Net cash used in financing activities		<u>(152)</u>	<u>(9,412)</u>
Effects of exchange rate differences		<u>(1,000)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		416	(5,913)
Cash and cash equivalents, beginning of year		22,845	28,758
Cash and cash equivalents, end of year	27	<u>23,261</u>	<u>22,845</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, 2016

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, 2016 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, 2016

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>In September 2016, the IASB issued Applying IFRS 9 ‘Financial Instruments with IFRS 4 ‘Insurance Contracts’ (Amendments to IFRS 4) to address concerns by preparers on implementing IFRS 9 before the new insurance standard, IFRS 17, is released. The amended IFRS 4 will provide all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than a profit or loss, the volatility that could arise when IFRS 9 is applied before IFRS 17 is issued (known as the overlay approach), and also give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021 (known as the deferral approach). Entities deferring application of IFRS 9 will continue to apply the IAS 39.</p> <p>The company is yet to assess IFRS 9’s full impact.</p>

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

<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>
<p>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>	<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. The company is yet to assess the impact of IFRS16.</p>
<p>Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (January 1, 2017)</p>	<p>Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base.</p> <p>Specifically, the amendments confirm that:</p> <ul style="list-style-type: none"> • A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. • An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. • Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. • Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. The company is assessing the impact of the amendment to IAS 12.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

IFRS (Effective date)	Subject/ Comments
<p>Disclosure Initiative – Amendments to IAS 7 (January 1, 2017)</p>	<p>Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. draw-downs and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.</p> <p>Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.</p> <p>Entities may include changes in other items as part of this disclosure, for example by providing a ‘net debt’ reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.</p> <p>The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated. The company is assessing the impact of the amendment to IAS 7.</p>
<p>Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (In December 2016 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.)</p>	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.</p> <p>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations).</p> <p>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s investors in the associate or joint venture. The amendments apply prospectively. The company is yet to assess the impact of the amendment.</p>

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

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.

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 financial statement 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.

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

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.

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.

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.5 Financial investments (continued)

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.

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.

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.5 Financial investments (continued)

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.

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.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.7 Insurance contracts (continued)

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.

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 collectability, 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.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2016

Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.7 Insurance contracts (continued)

(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.

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.

SAGICOR GENERAL INSURANCE INC.
NOTES TO THE FINANCIAL STATEMENTS
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Amounts expressed in Barbados \$ 000

2. ACCOUNTING POLICIES (continued)

2.10 Fees and other revenue

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

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 2016 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.

Amounts expressed in Barbados \$ 000

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 \$897(2015 - \$449).

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 \$47,280 (2015 - \$46,265) 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

	2016				
	Freehold land and building	Office furnishings	Equipment	Motor vehicles	Total
Net book value, beginning of year	3,929	5,474	7,339	1,557	18,299
Additions at cost	-	120	2,064	426	2,610
Disposals	-	-	(12)	(448)	(460)
Depreciation in fair values	(1,000)	-	-	-	(1,000)
Depreciation charge	(59)	(1,751)	(1,313)	(499)	(3,622)
Depreciation on disposals	-	-	9	202	211
Net book value, end of year	2,870	3,843	8,087	1,238	16,038
Represented by:					
Cost or valuation	3,000	10,309	16,839	2,648	32,796
Accumulated depreciation	(130)	(6,466)	(8,752)	(1,410)	(16,758)
	2,870	3,843	8,087	1,238	16,038
	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

The land and building situated at Beckwith Place, Bridgetown, were independently valued at December 31, 2016 at \$2,870 by professional real estate valuers. The decline in value of \$1,000 was transferred to other comprehensive income. The land and building is currently on offer by the company and is considered available for sale.

SAGICOR GENERAL INSURANCE INC.
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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:

	2016	2015
Assets		
Financial investments	136,098	136,712
Cash resources	31,757	41,468
Other assets	36,166	36,842
Total assets	204,021	215,022
Liabilities		
Deposit liabilities	172,448	182,315
Other liabilities	13,207	13,962
Total liabilities	185,655	196,277
Net assets	18,366	19,445
Reconciliation to carrying amounts		
Investment, beginning of year	4,184	4,184
Share of operating loss of associated company	(511)	-
Investment, end of year	3,673	4,184
Summarised Statement of Comprehensive Income		
Revenue		
Investment income	12,203	12,541
Fees and other revenue	7,346	7,360
Total revenue	19,549	19,901
Expenses		
Interest expense	6,364	7,050
Other expenses	13,541	12,748
Total expenses	19,905	19,798
(Loss) income before taxes	(356)	103
Income taxes	(1)	(45)
Net (loss) income for the year	(357)	58
Other comprehensive loss for the year	(22)	(99)
Total comprehensive loss for the year	(379)	(41)
Dividends received	64	-

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7. FINANCIAL INVESTMENTS

	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Available for sale securities:				
Debt securities	1,670	1,670	1,670	1,670
Equity securities	1,528	1,528	1,678	1,678
	<u>3,198</u>	<u>3,198</u>	<u>3,348</u>	<u>3,348</u>
Loans and receivables:				
Debt securities	62,326	67,384	63,110	65,574
Mortgage loans	1,836	1,697	2,055	1,910
Deposits	4,295	4,295	5,533	5,533
	<u>68,457</u>	<u>73,376</u>	<u>70,698</u>	<u>73,017</u>
Total financial investments	<u>71,655</u>	<u>76,574</u>	<u>74,046</u>	<u>76,365</u>

Debt securities comprise:

	2016	2015
Government and government-guaranteed debt securities	55,386	53,558
Other securities	8,610	11,222
	<u>63,996</u>	<u>64,780</u>

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

8. REINSURANCE ASSETS

	2016	2015
Claim recoveries from reinsurers (note 12)	21,188	34,373
Unearned premiums ceded to reinsurers (note 12)	38,528	40,681
	<u>59,716</u>	<u>75,054</u>

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9. INCOME TAX ASSETS

	2016	2015
Income and withholding taxes recoverable	1,651	2,390
Deferred tax	1,337	1,085
	<u>2,988</u>	<u>3,475</u>
Deferred tax assets not recognised consist of:		
Unutilised tax losses	138	170
Accelerated tax depreciation	-	(2)
	<u>138</u>	<u>168</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

	2016	2015
Premiums in the course of collection	25,659	24,144
Deferred commission expense	7,634	7,897
Deferred premium tax	1,102	1,058
	<u>34,395</u>	<u>33,099</u>

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

	2016	2015
Deferred commission expense		
Balance, beginning of year	7,897	7,773
Commission paid	15,451	15,649
Commissions and related compensation expense	(15,714)	(15,525)
Balance, end of year	<u>7,634</u>	<u>7,897</u>
Deferred premium tax		
Balance, beginning of year	1,058	1,099
Premium tax paid	2,311	2,243
Premium tax expense	(2,267)	(2,284)
Balance, end of year	<u>1,102</u>	<u>1,058</u>

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11. MISCELLANEOUS ASSETS AND RECEIVABLES

	2016	2015
Prepaid expenses	170	332
Other accounts receivable	591	342
	<u>761</u>	<u>674</u>

12. POLICYHOLDERS' LIABILITIES

	2016	2015
Claims in the course of settlement	44,216	58,310
Provision for unearned premiums	60,905	62,637
	<u>105,121</u>	<u>120,947</u>

12.1 Claims in the course of settlement

(a) Analysis of claims in the course of settlement

	2016	2015
Property business	4,616	5,302
Motor business	26,663	39,837
Accident and liability business	12,824	12,824
Marine business	113	347
	<u>44,216</u>	<u>58,310</u>

Claims in the course of settlement include \$16,795(2015- \$19,646) in provisions for claims incurred but not yet reported.

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

	2016	2015
Property business	3,979	4,231
Motor business	11,046	24,185
Accident and liability business	6,147	5,946
Marine business	16	11
	<u>21,188</u>	<u>34,373</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:

	2016	2015
Balance, beginning of year	58,310	50,912
Claims incurred (note 21)	35,416	43,721
Claims paid	(47,010)	(36,323)
Effect of exchange rate changes	(2,500)	-
Balance, end of year	<u>44,216</u>	<u>58,310</u>

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

	2016	2015
Balance, beginning of year	34,373	29,544
Ceded in year (note 21)	20,007	24,413
Claim recoveries	(30,192)	(19,584)
Effect of exchange rate changes	(3,000)	-
Balance, end of year (note 8)	<u>21,188</u>	<u>34,373</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 \$1,180 and \$617 (2015 - \$1,409 and \$857) respectively and a \$563 (2015 - \$552) decrease in income from ordinary activities. A 10% decrease in development would result in a decrease in gross reserves and reinsurance recoveries of \$1,205 and \$633 (2015 - \$1,436 and \$871) respectively and a \$572 (2015 - \$565) 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.

	2012	2013	2014	2015	2016	Total
Gross						
Estimate of ultimate claims incurred:						
At the end of financial reporting year	32,156	30,658	36,178	43,201	39,081	181,274
One year later	31,102	30,689	39,329	40,885	-	-
Two years later	31,376	29,141	39,369	-	-	-
Three years later	31,104	29,251	-	-	-	-
Four years later	29,940	-	-	-	-	-
Current estimate of ultimate claims incurred	29,940	29,251	39,369	40,885	39,081	178,526
Cumulative payments to date	(27,447)	(25,663)	(31,267)	(31,132)	(22,270)	(137,779)
Liability recognised in the statement of financial position	2,493	3,588	8,102	9,753	16,811	40,747
Liability in respect of prior years						2,990
Liability for unallocated loss adjustment expenses						1,791
Effect of exchange rate changes						(2,500)
Total liability included in the statement of financial position						43,028
Net favourable/ (unfavourable) development	2,216	1,407	(3,191)	2,316	-	
Reinsurance						
Estimate of ultimate claims incurred:						
At the end of financial reporting year	16,460	15,712	19,149	23,991	22,304	97,616
One year later	15,847	16,515	20,673	22,562	-	-
Two years later	16,280	15,514	20,479	-	-	-
Three years later	16,009	15,476	-	-	-	-
Four years later	15,314	-	-	-	-	-
Current estimate of ultimate claims incurred	15,314	15,476	20,479	22,562	22,304	96,135
Cumulative payments to date	(14,022)	(13,593)	(16,364)	(17,308)	(12,731)	(74,018)
Asset recognised in the statement of financial position	1,292	1,883	4,115	5,254	9,573	22,117
Liability in respect of prior years						1,443
Effect of exchange rate changes						(3,000)
Total asset included in the statement of financial position						20,560
Net favourable/ (unfavourable) development	1,146	236	(1,330)	1,429	-	

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12. POLICYHOLDERS' LIABILITIES (continued)

12.2 Provision for unearned premiums

(a) Analysis of provision for unearned premiums

	2016	2015
Property business	27,752	29,633
Motor business	24,209	24,160
Accident and liability business	7,916	7,873
Marine business	1,028	971
	<hr/> 60,905	<hr/> 62,637

The associated unearned premiums ceded to reinsurers:

Property business	22,668	24,926
Motor business	12,134	12,135
Accident and liability business	3,713	3,605
Marine business	13	15
	<hr/> 38,528	<hr/> 40,681

(b) Movement in provision for unearned premiums

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

	2016	2015
Balance, beginning of year	62,637	62,627
Premiums written	129,264	125,414
Premium revenue (note 18)	(128,496)	(125,404)
Effect of exchange rate changes	(2,500)	-
	<hr/> 60,905	<hr/> 62,637

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

	2016	2015
Balance, beginning of year	40,681	38,237
Reinsurance on premiums written	92,174	91,079
Reinsurance expense (note 18)	(91,327)	(88,635)
Effect of exchange rate changes	(3,000)	-
	<hr/> 38,528	<hr/> 40,681

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13. PROVISIONS

	<u>2016</u>	<u>2015</u>
Pensions plan (note 23)	456	275

14. INCOME TAX LIABILITIES

	<u>2016</u>	<u>2015</u>
Deferred income tax liabilities	263	234

Analysis of deferred income tax liabilities:

Accelerated tax depreciation	263	234
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Deferred income tax liabilities to be settled after one year	<u>263</u>	<u>234</u>
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15. DUE TO REINSURERS, DEFERRALS AND PREMIUM TAX PAYABLE

	<u>2016</u>	<u>2015</u>
Amounts due to reinsurers	7,311	13,645
Deferred commission income	16,244	17,559
Premium tax payable	3,352	3,346
Deferred premium tax	751	733
	<u>27,658</u>	<u>35,283</u>

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

	<u>2016</u>	<u>2015</u>
Deferred commission income		
Balance, beginning of year	17,559	16,940
Commission received	22,237	21,957
Commission earned (note 20)	(23,552)	(21,338)
	<u>16,244</u>	<u>17,559</u>

Deferred premium tax		
Balance, beginning of year	733	691
Premium tax recoveries	1,602	1,573
Premium taxes earned	(1,584)	(1,531)
	<u>751</u>	<u>733</u>
Balance, end of year		

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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 prior year a share dividend of \$705 amounting to 18,000 shares was declared and added to share capital.

	<u>2016</u>	<u>2015</u>
Issued 2,018,000 shares, with no par value	3,705	3,705

17. RESERVES

	<u>2016</u>	<u>2015</u>
Fair value reserve - available for sale investment securities:		
Balance, beginning of year	820	715
Total comprehensive income (note 26)	(28)	105
Balance, end of year	<u>792</u>	<u>820</u>
Fair value reserve - owner occupied property:		
Balance, beginning of year	2,974	2,974
Unrealised loss arising on revaluation (note 5)	(1,000)	-
Balance, end of year	<u>1,974</u>	<u>2,974</u>
Currency translation reserve:		
Balance, beginning of year	-	-
Retranslation of foreign currency operation	(2,000)	-
Balance, end of year	<u>(2,000)</u>	<u>-</u>
Statutory reserves:		
Balance, beginning of year	24,630	24,181
Transfer to catastrophe reserve	897	449
Balance, end of year	<u>25,527</u>	<u>24,630</u>
Reserves, end of year	<u>26,293</u>	<u>28,424</u>

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18. PREMIUM REVENUE

	Premium revenue		Reinsurance expense	
	2016	2015	2016	2015
Property business	63,525	62,315	59,483	57,719
Motor business	47,369	45,612	24,187	23,298
Accident and liability business	15,731	15,599	7,460	7,455
Marine business	1,871	1,878	197	163
	<u>128,496</u>	<u>125,404</u>	<u>91,327</u>	<u>88,635</u>

19. INVESTMENT INCOME

	2016	2015
Interest income:		
Debt securities	3,054	3,312
Mortgage loans	74	89
Deposits	423	(12)
Other	158	147
Dividend income	162	34
Gains on disposal of financial investments	169	-
Amortisation on bonds	(211)	(210)
	<u>3,829</u>	<u>3,360</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

	2016	2015
Commission income on insurance ceded to reinsurers (note 15)	23,552	21,338
Fees, other revenue and profit commission	8,217	2,764
Miscellaneous income	43	592
	<u>31,812</u>	<u>24,694</u>

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21. CLAIMS INCURRED

	Claims incurred		Claims reinsured	
	2016	2015	2016	2015
Property business	7,643	9,015	6,781	7,290
Motor business	23,705	28,446	11,404	15,359
Accident and liability business	4,010	5,835	1,817	1,757
Marine business	58	425	5	7
	<u>35,416</u>	<u>43,721</u>	<u>20,007</u>	<u>24,413</u>

22. EMPLOYEE COSTS

Included in administrative expenses are the following:

	2016	2015
Administrative staff salaries, directors' fees and other short-term benefits	12,627	11,707
Employer's contributions to social security schemes	910	784
Employer's contribution to group health and life	585	502
Costs - defined benefit pension scheme (note 23)	488	457
	<u>14,610</u>	<u>13,450</u>

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, 2016.

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

	2016	2015
Present value of funded pension obligations	15,898	14,393
Fair value of pension plan assets	<u>(15,442)</u>	<u>(14,118)</u>
Net Liability	<u>456</u>	<u>275</u>
Represented by:		
Liability balances (note 13)	<u>456</u>	<u>275</u>

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23. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances:

	2016			2015		
	Retirement obligations	Retirement plan assets	Total	Retirement obligations	Retirement plan assets	Total
Net liability/(asset), beginning of year	14,393	(14,118)	275	13,109	(12,814)	295
Current service cost	460	-	460	437	-	437
Interest expense/ (income)	1,078	(1,050)	28	977	(957)	20
Net expense recognised in income	1,538	(1,050)	488	1,414	(957)	457
Losses from changes in assumptions				116	-	116
Gains from changes in experience	(280)	-	(280)	(297)	-	(297)
Return on plan assets	-	653	653	-	509	509
Net (gains)/ losses recognised in other comprehensive income	(280)	653	373	(181)	509	328
Contributions made by the company	-	(726)	(726)	-	(849)	(849)
Contributions made by employees	410	(410)	-	293	(293)	-
Benefits paid	(485)	485	-	(248)	248	-
Other items	322	(276)	46	6	38	44
Other movements	247	(927)	(680)	51	(856)	(805)
Net liability/(asset), end of year	15,898	(15,442)	456	14,393	(14,118)	275

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

	Barbados	Trinidad
Discount rate	7.8%	5.0%
Expected return on plan assets	7.8%	5.0%
Future salary increases	4.5%	4.0%
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 \$794.

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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:

	<u>Barbados</u>	<u>Trinidad</u>
Base pension obligation	12,208	2,182
	<u>Effect on pension obligations</u>	
Decrease discount rate by 1.0%	2,059	290
Increase discount rate by 1.0%	(1,541)	(193)
Decrease salary growth rate by 0.5%	(501)	(64)
Increase salary growth rate by 0.5%	581	85
Increase average life expectancy by 1 year	642	72

24. INCOME TAXES

The income tax expense is comprised of:

	<u>2016</u>	<u>2015</u>
Current tax	3,422	865
Deferred tax	(241)	(11)
	<u>3,181</u>	<u>854</u>

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:

	<u>2016</u>	<u>2015</u>
Income subject to tax	9,368	896
Tax calculated at a tax rate of 25 %	2,342	224
Different tax rates in other countries	(2)	10
Income taxed at different rates	(73)	(69)
Under/ (over) provision of current and deferred tax	33	234
Movement in deferred tax asset not recognised	(26)	18
Transfer to catastrophe reserve deductible for tax	(195)	(98)
Tax allowances	(8)	(11)
Expenses not deductible for tax	827	488
Income not subject to tax	(140)	(33)
Tax losses expiring unutilised	-	-
Other taxes	423	91
	<u>3,181</u>	<u>854</u>

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25. DIVIDENDS PER COMMON SHARE

No dividend in respect of 2015 was declared.

26. OTHER COMPREHENSIVE INCOME

	2016			2015		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items that may be reclassified subsequently to income:						
Available for sale assets:						
(Losses) gains arising on revaluation	(28)	-	(28)	105	-	105
Retranslation of foreign currency operations	(2000)	-	(2000)	-	-	-
	(2028)	-	(2028)	105	-	105
Items that will not be reclassified subsequently to income:						
Unrealised loss arising on revaluation of property	(1,000)	-	(1,000)	-	-	-
Defined benefit (losses) gains	(373)	-	(373)	(328)	-	(328)
	(1,373)	-	(1,373)	(328)	-	(328)
Other comprehensive (loss) income for the year	(3,401)	-	(3,401)	(223)	-	(223)

27. CASH FLOWS

27.1 Operating activities

	2016	2015
Adjustments for non-cash items, interest and dividends		
Decrease in provision for unearned premiums, net of reinsurance	(79)	(2,434)
Interest income	(3,551)	(3,389)
Dividend income	(162)	(34)
Net gains on disposal of financial investments	(169)	-
Share of operating loss of associated companies	511	-
Movement in recognised employee retirement benefits	(192)	(478)
Depreciation	3,622	1,718
Loss (gain) on disposal of property, plant and equipment	34	(62)
Amortisation on bonds	211	210
Exchange loss	10	8
	235	(4,461)

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27. CASH FLOWS (continued)

27.1 Operating activities (continued)

	2016	2015
Changes in operating assets		
Debt securities	520	572
Equity securities	214	-
Mortgage loans	219	147
Deposits	1,250	(1,925)
Receivables and other assets	(998)	(2,318)
	<u>1,205</u>	<u>(3,524)</u>
Debt securities		
Purchases	(7,513)	(14,424)
Proceeds on maturities and disposals	8,033	15,395
	<u>520</u>	<u>971</u>
Equity securities		
Disposal proceeds	214	-
	<u>214</u>	<u>-</u>
Changes in operating liabilities		
Claims in the course of settlement, net of reinsurance	(1,409)	2,569
Other liabilities and payables	(6,460)	9,619
	<u>(7,869)</u>	<u>12,188</u>
27.2 Investing activities		
	2016	2015
Property, plant and equipment		
Purchases	(2,610)	(2,469)
Disposal proceeds	214	81
	<u>(2,396)</u>	<u>(2,388)</u>
	2016	2015
Cash resources	12,502	11,199
Term deposits and T Bills with original maturities of less than 90 days	10,759	11,646
	<u>23,261</u>	<u>22,845</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:

	<u>2016</u>	<u>2015</u>
Compensation		
Salaries, directors' fees and other short-term benefits	2,077	1,744
Pension and other retirement benefits	137	73
	<u>2,214</u>	<u>1,817</u>
Mortgage and staff loans		
Balance, beginning of year	744	664
Advances	62	153
Repayments	<u>(72)</u>	<u>(73)</u>
Balance, end of year	<u>734</u>	<u>744</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:

	<u>2016</u>	<u>2015</u>
Premium income	9,053	8,903
Management fees	(152)	(152)
Investment income	275	697
Dividend income	64	-
Rental expense	<u>(95)</u>	<u>(95)</u>

Deposits with related parties amounted to \$1,792 (2015 - \$2,177) and bear interest at 4.5% (2015 - 3.0% - 4.5%). There were no miscellaneous receivables from related parties. Amounts payable to related parties amounted to \$3,178 (2015 - \$2,621) and are interest free with no stated terms of repayment. Premiums receivable amounted to \$1,807 (2015 - \$1,270).

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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, 2016 are as follows:

	Level 1	Level 2	Level 3	Total
Owner-occupied land and buildings	-	-	2,870	2,870

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	3,929
Depreciation in fair value	(1,000)
Depreciation charge	(59)
Balance, end of year	2,870

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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:

	2016		2015	
	\$	%	\$	%
Debt securities	63,996	45.4	64,780	41.9
Mortgage loans	1,836	1.3	2,055	1.3
Deposits	4,295	3.1	5,533	3.6
Reinsurance assets	21,188	15.0	34,373	22.2
Premiums in the course of collection	25,659	18.2	24,144	15.6
Deposits with Sagicor Group companies	-	0.0	385	0.2
Miscellaneous assets and receivables	761	0.5	674	0.4
Cash resources	23,261	16.5	22,845	14.8
Total exposure	140,996	100.0	154,789	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	2016	Sagicor Risk Rating	2015
Debt securities:				
Government of Trinidad and Tobago	2	37,076	2	37,105
Government of Barbados	5	12,873	5	12,223
Sagicor Financial Corporation	5	6,210	5	6,521
Deposits & cash:				
RBTT Bank Limited	1	4,366	1	3,161
CIBC First Caribbean	2	4,475	2	3,247
The Bank of Nova Scotia	1	5,611	1	4,972
Claim recoveries				
Munich Reinsurance Company	1	19,593	1	25,979

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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	2016		2015	
				Exposure \$	Exposure %	Exposure \$	Exposure %
Non-default	Investment grade	1	Minimal risk	11,007	11.7	9,174	9.6
		2	Low risk	52,644	55.8	51,060	53.6
		3	Moderate risk	6,375	6.7	7,116	7.5
	Non-investment grade	4	Acceptable risk	6,210	6.5	6,521	6.9
		5	Average risk	17,345	18.4	20,287	21.3
	Watch	6	Higher risk	250	0.3	500	0.5
		7	Special mention	-	-	-	-
Default	8	Substandard	557	0.6	555	0.6	
	9	Doubtful	-	-	-	-	
	10	Loss	-	-	-	-	
TOTALS				94,388	100.0	95,213	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.

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
2016			
Neither past due nor impaired	63,996	1,628	-
Past due up to 12 months, but not impaired	-	28	25,024
Past due up to 5 years, but not impaired	-	180	-
Total past due but not impaired	-	208	25,024
Impaired assets	-	-	635
Total carrying value	63,996	1,836	25,659
Accumulated allowances on impaired assets	-	-	635
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

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.

2016	On demand or within 1 year	1 to 5 years	Total
Financial liabilities:			
Due to re-insurers and premium tax	10,663	-	10,663
Amounts payable to Sagicor Group companies	3,178	-	3,178
Accounts payable and accrued liabilities	4,544	-	4,544
Total financial liabilities	18,385	-	18,385
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

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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
2016				
Policyholders' liabilities	25,532	18,684	-	44,216
2015				
Policyholders' liabilities	37,030	21,280	-	58,310

(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
2016				
Debt securities	10,579	31,591	21,826	63,996
Mortgage loans	259	672	905	1,836
Deposits	4,295	-	-	4,295
Reinsurance assets	13,890	7,298	-	21,188
Premiums in the course of collection	25,659	-	-	25,659
Miscellaneous assets and receivables	410	351	-	761
Cash resources	23,261	-	-	23,261
Total	78,353	39,912	22,731	140,996

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30. FINANCIAL RISK (continued)

30.2 Liquidity risk (continued)

2015	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
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

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.

2016	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Policyholders' liabilities	-	-	-	44,216	44,216
Due to re-insurer and premium tax	-	-	-	10,663	10,663
Payable to Sagicor Group companies	-	-	-	3,178	3,178
Accounts payable and accrued liabilities	-	-	-	4,544	4,544
Total	-	-	-	62,601	62,601

2015					
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

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.

2016	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities	9,347	31,591	21,826	1,232	63,996
Mortgage loans	259	672	905	-	1,836
Deposits	4,197	-	-	98	4,295
Reinsurance assets	-	-	-	21,188	21,188
Premiums in the course of collection	-	-	-	25,659	25,659
Miscellaneous assets and receivables	410	272	-	79	761
Cash resources	11,987	-	-	11,274	23,261
Total	26,200	32,535	22,731	59,530	140,996

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30. FINANCIAL RISK (continued)

30.3 Interest rate risk (continued)

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

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

	2016	2015
Debt securities	4.9%	4.6%
Mortgage loans	4.5%	4.5%
Deposits	2.4%	0.2%

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.

2016	Barbados\$ 000 equivalents of balances denominated in:			
	Barbados \$	Trinidad \$	Other currencies	Total
ASSETS				
Financial investments	13,864	29,485	26,778	70,127
Reinsurance assets	6,875	13,947	366	21,188
Receivables	12,423	12,171	1,826	26,420
Cash resources	1,525	13,575	8,161	23,261
Total financial and insurance assets	34,687	69,178	37,131	140,996
LIABILITIES				
Policyholders' liabilities	14,209	29,357	650	44,216
Payable to Sagicor Group companies	697	2,470	11	3,178
Payables	3,966	3,671	7,570	15,207
Total financial and insurance liabilities	18,872	35,498	8,231	62,601
Net position	16,214	33,979	28,202	78,395
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

Amounts expressed in Barbados \$ 000

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.

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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
2016				
Debt securities	1,670	-	-	1,670
Equity securities	1,516	-	12	1,528
	<u>3,186</u>	<u>-</u>	<u>12</u>	<u>3,198</u>

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>

There were no transfers occurring in 2016 or 2015 between levels 1, 2 and 3.

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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
2016				
Debt securities	-	20,357	47,027	67,384
Mortgage loans	-	-	1,697	1,697
	-	20,357	48,724	69,081

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

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	1,528	306

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

Amounts expressed in Barbados \$ 000

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.

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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.

	<u>Gross</u>	<u>Net</u>
2016		
Property business	15,341,361	2,166,183
Motor business	771,955	385,977
Accident business	4,504,607	2,126,068
Marine business	46,431	46,327
Sums insured	<u>20,664,354</u>	<u>4,724,555</u>

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31. INSURANCE RISK (continued)

31.2 Claims risk (continued)

	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
	<hr/>	<hr/>
Sums insured	18,464,647	4,424,459

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 2016 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/> 636,714	<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/> 1,020,684	<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 \$9,000 (2015- \$7,000) for a single non-catastrophic event; • maximum retention of \$10,000 for a catastrophic event; • quota share retention to maximum of 20% in respect of the treaty limits; • quota share retention is further reduced to a maximum of \$750 (2015 - \$750) 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

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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 200 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	507,392	31.0
		2	Low risk	1,119,524	68.4
		3	Moderate risk	-	-
	Non-investment grade	4	Acceptable risk	10,482	0.6
		5	Average risk	-	-
	Watch	6	Higher risk	-	-
		7	Special mention	-	-
Default		8	Substandard	-	-
		9	Doubtful	-	-
		10	Loss	-	-
			TOTALS	1,637,398	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.

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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:

	2016	2015
Equity	71,267	68,481
Total capital resources	71,267	68,481

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. SUBSEQUENT EVENT

On March 3, 2017 Standards & Poor's downgraded the Government of Barbados' long-term foreign and local currency sovereign rating by one notch from 'B-' to 'CCC+' and assigned a negative outlook. On March 9, 2017 Moody's Investors Service also downgraded the Government of Barbados' credit rating one notch from 'Caa1' to 'Caa3' and maintained a stable outlook.



SAGICOR GENERAL
ANNUAL REPORT

| 2016

PROPERTY

ADVISORS AND BANKERS

APPOINTED ACTUARY

Eckler Ltd.

AUDITORS

PricewaterhouseCoopers

SENIOR COUNSEL

Sir Richard Cheltenham, QC, Ph.D

BANKERS

CIBC FirstCaribbean International Bank Limited

First Citizens

The Bank of Nova Scotia

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the TWENTY FIRST GENERAL MEETING of the Shareholders of SAGICOR GENERAL INSURANCE INC. will be held at Cecil F de Caires Building, Wildey, St. Michael, Barbados, on Thursday May 25, 2017 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, 2016.

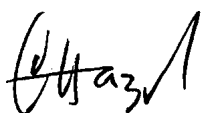
2. To elect Directors:-

Mr. David Alleyne and Mrs C Natasha Small 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 4, 2017

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 Twenty First Annual General Meeting of the Shareholders of Sagicor General Insurance Inc. (hereinafter called the “Company”) to be held on May 25, 2017 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, 2016 and the Auditors' Report thereon, are included in the 2016 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 two (2). 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:

Mr. David Alleyne and Mr.s C Natasha Small were elected directors at the Annual Meeting of Shareholders held on June 19, 2014 each for a term of three years.

These directors will retire at the close of the Twenty First 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 Mr. David Alleyne and Mr.s C Natasha Small 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

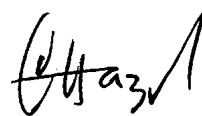
Management knows of no matter to come before the meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any matters which are not known to management should properly come before the meeting or any adjournment thereof, the shares represented by proxies in favour 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 4, 2017



Althea C. Hazzard
Corporate Secretary

