Sagicor GENERAL

2021 ANNUAL REPORT

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Sagicor GENERAL

MISSION

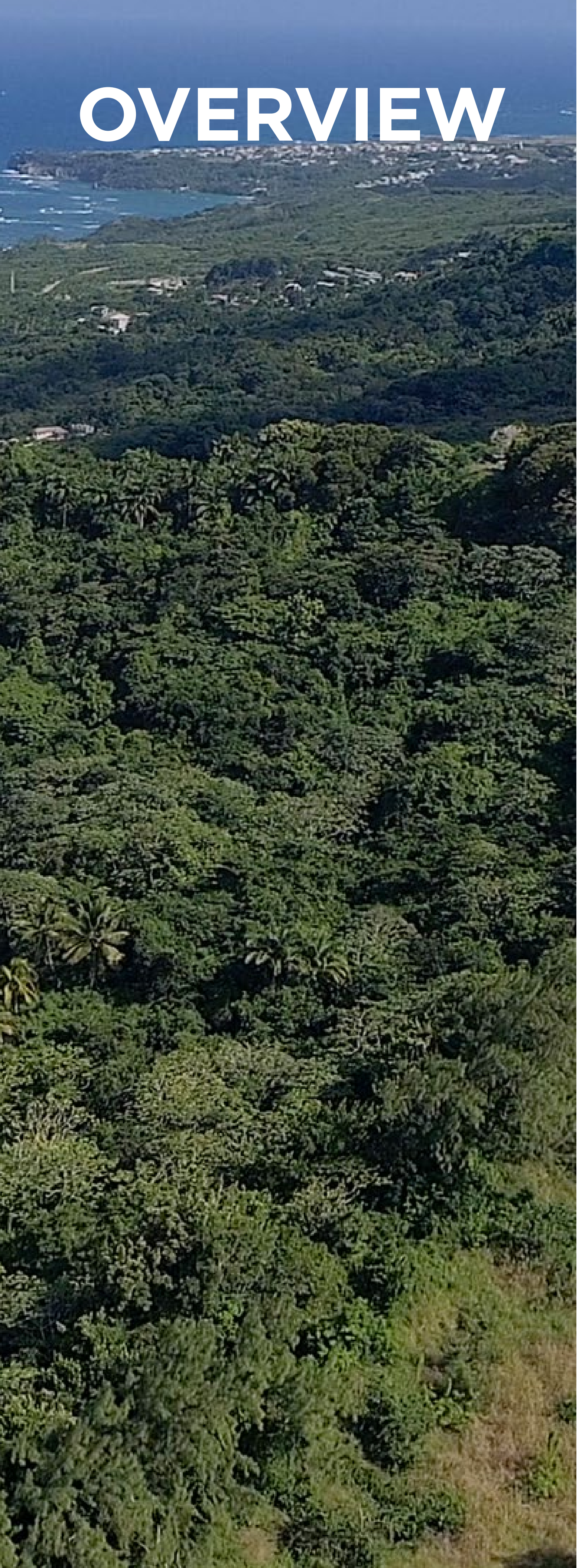
Our mission is to become the leading P&C provider in the Caribbean. We will achieve this by crafting a customer centric organization driven by inspired and engaged people.

VISION

To be a great company committed to improving the lives of people in the communities in which we operate.

CORPORATE

OVERVIEW



We have been in existence for over 140 years offering a comprehensive range of general insurance solutions to individuals and companies. In July 2003, a Special Resolution was passed by the shareholders authorising 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, Residential, Motor, Engineering, Bonds, Marine, Liability and various Miscellaneous classes.

Our main premium revenue is realised from the Property portfolio which accounts for approximately 53% of revenue. Motor is 36% while the Marine and Accident portfolios account for 11%.

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.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CHAIRMAN & CEO'S REPORT

DR M. PATRICIA DOWNES-GRANT
Chairman

KESTON HOWELL
President and Chief Executive Officer

CHAIRMAN & CEO'S REPORT

2021 represented a continuation of the challenges faced in 2020 as regional economies carried the burden of lockdowns and restrictions fashioned by the unrelenting Covid 19 pandemic. These protective measures perpetuated recessionary conditions in the first half of 2021 with signs of relief emerging in the second half as regional governments began to relax the lockdowns and other restrictive measures imposed to combat the virus.

The tourism industry, upon which the Caribbean depends, continued to experience volatility as recovery in the sector was hampered by the emergence of new Covid variants, with the Omicron variant being the most significant. Barbados, our largest market in terms of Gross Written Premiums showed signs of recovery with an estimated 2% growth in GDP in 2021. The Eastern Caribbean also showed encouraging signs of recovery in 2021 with Antigua, St. Lucia and Dominica all recording growth estimated at 5.6%, 7.8% and 3.6% respectively.

In Trinidad & Tobago, our second largest market, GDP increased by an estimated 3.4% driven by higher oil and gas prices combined with higher output in the petrochemical sector.

We have maintained focus on our key strategic objectives of capital preservation, digital transformation, operational efficiency and service excellence. Additionally we continue to work on employee engagement and leadership development as our success will always be driven by the physical and mental hygiene of our team members.

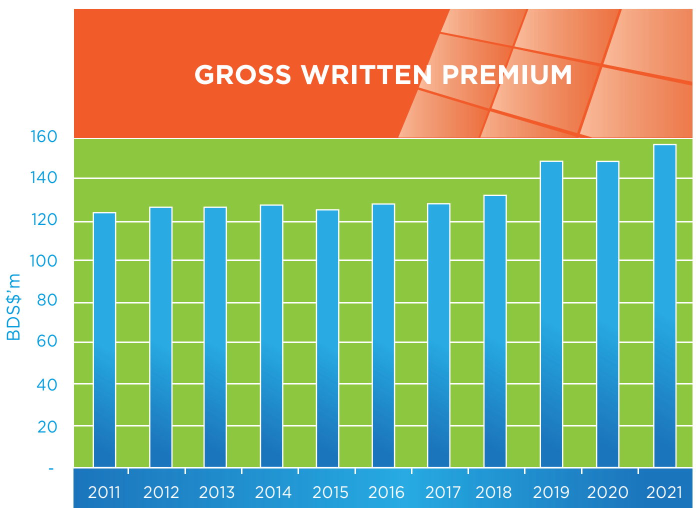
We have continued with the hybrid model introduced in March 2020. This model has our teams operating both in office and remotely. It has resulted in significant cost savings as we have been able to rationalise our office space requirements in Barbados and Trinidad. Importantly, our productivity and customer experience metrics have improved since the adoption of this model.

Underwriting

Gross Written Premium for the financial year 2021 of $156.0M was 2% above budget and ahead of 2020 by 4%. This increase was achieved largely through our efforts in building our Eastern Caribbean business which experienced a 25% growth over 2020. Barbados recorded $79.4M for the year which was 3% ahead of 2020. Trinidad & Tobago's year to date revenue of $57.6M was 1% ahead of 2020. Our 2021 Strategic Plan envisaged that we would cease writing business in the Bahamas at the end of March 2021. Circumstances dictated that this was not finalized until the end of September which meant that the enterprise benefited from six additional months of premium from the Bahamas. Bahamas contributed $3.5M in Gross Written Premiums for the full year.

Property business was 6% over 2020 driven by an increase in property business in the EC and Barbados. Motor was on par with 2020 as new car sales were impacted by the pandemic and shipping delays. Accident was 5% ahead of prior year.

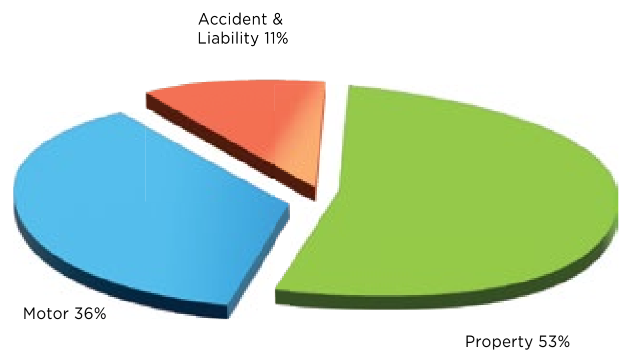
All markets continue to be very competitive and the trend of industry consolidation via mergers and acquisitions continued in 2021. Property rates appear to be stabilising across most jurisdictions as reinsurance costs increased in response to increased catastrophic activity and the Covid 19 pandemic across the globe.



Barbados' share of the total premiums increased to 51%, while Trinidad slipped to 37% of the total business. The Eastern Caribbean operations in St. Lucia, Antigua, Dominica saw growth over 2020 and accounts for 10% of the total business. The Bahamas remained stood at 2%, however we ceased writing business in that market at the end of the third quarter of 2021.

The property portfolio grew and now represents 53% of the total premiums. Motor fell to 36%, while Accident and Liability contributed the remaining 11%.

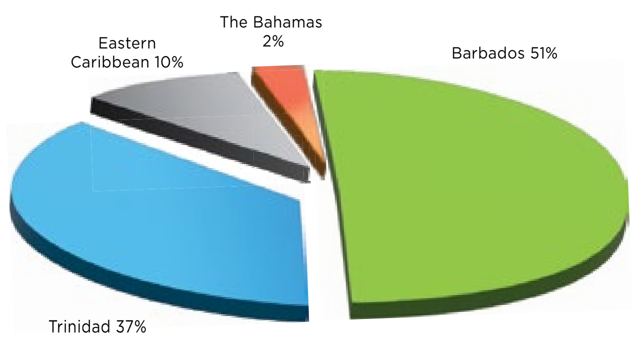
2021 GROSS WRITTEN PREMIUM BY LINE OF BUSINESS



Reinsurance costs continue to rise given the frequency and severity of natural disasters, the pandemic as well as the reduction of capital inflows into the global reinsurance market. This resulted in net premiums earned remaining flat with the prior year, as the increases in total premiums were offset by the increase in reinsurance costs.

Overall Total Revenue remained flat at $95.2 million.

2021 GROSS WRITTEN PREMIUM BY TERRITORY



Operating Income

Operating income increased by 6% to $54.6M from $51.4 million in 2020.

OPERATING INCOME B$'000	2021	2020	2019	2018
Gross Premiums	156,058	148,925	148,811	132,545
Reinsurance Expense	(82,627)	(75,499)	(73,549)	(64,920)
Net Premiums	73,431	73,426	75,262	67,625
Fees and other income	21,765	21,734	22,795	17,722
Total Revenue - Insurance Operations	95,196	95,160	98,057	85,347
Investment income	4,267	4,550	3,888	2,804
Total Revenue	99,463	99,160	101,945	88,151
Claims incurred	(27,170)	(31,286)	(43,850)	(37,773)
Acquisition costs	(17,750)	(17,020)	(17,134)	(16,217)
Operating Income	54,543	51,404	40,961	34,161

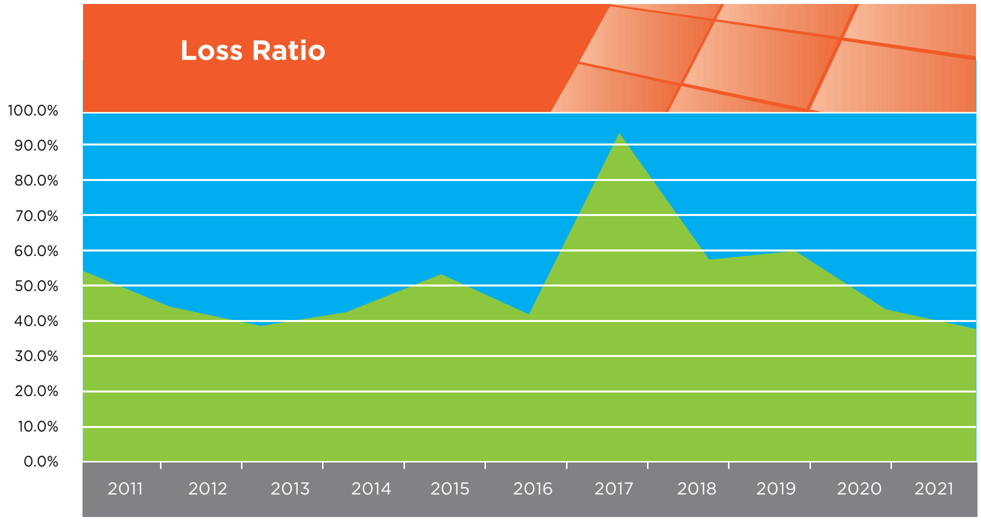
While Barbados was impacted by Hurricane Elsa early in the hurricane season, our other markets were spared the impact of any catastrophes. The majority of 2021 saw continued curfews, lockdowns and restrictive measures imposed in our various markets to reduce the impact of the Covid-19 pandemic. Consequently the 2021 combined loss ratio was 37.0% down from 42.6% in 2020, with total claims incurred decreasing by $4.1 million.

Investments

Investment income for 2021 totaled $4.3 million marginally down from 2020. The company has a conservative investment philosophy as the insurance regulations dictate the kind of investments which can be held. The investment portfolio of $124.8 million comprises mainly regional government bonds, cash and short-term deposits.

Expenses

Total expenses for 2021 were $55.7 million down from $59.9 million in 2020. During 2020 we had restructuring costs of $3.3 million for severance and write-down of leasehold improvements which did not reoccur in 2021 along with credit losses recovered of $1.0 million on the investment portfolio.

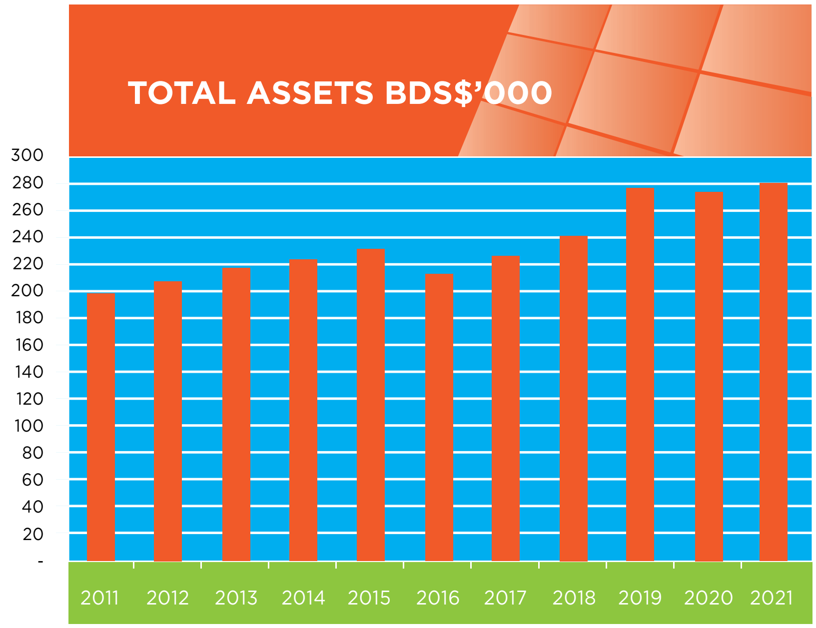


Net Income and Comprehensive Income

Net income before taxes for the year was $16.6 million, an improvement of $8.1 million over the prior year, with net income of $13.1 million compared to $5.8 million for the prior year. Total Comprehensive income for the year was $11.7 million.

Financial Position

The company's financial position remains strong, with shareholders' equity at $58.4 million up from $46.6 million in the prior year. Total assets of $281.6 million represented an increase of 2.6% over the prior year.



During the year, A.M. Best conducted their annual review and reaffirmed the company's A- (Excellent) financial rating. This rating is the outcome of a due diligence on the company's financial and operating performance and reflects the rater's assessment of the company's financial strength, inclusive of the backing of its parent company Sagicor Life Inc. The rating also takes into consideration the structure of our comprehensive reinsurance program which is backed by quality reinsurers.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

DR. PATRICIA DOWNES-GRANT
CHAIRMAN

KESTON HOWELL
DIRECTOR

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. In 2018, she was appointed Group Executive Director of Sagicor Financial Corporation Limited. She retired as an Executive from the Sagicor Group on December 31, 2019.

Dr. Downes-Grant 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 25 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 the private sector of Barbados. In 2014, Dr. Downes-Grant was honored for her services to the financial industry and awarded a Commander of the Most Excellent Order of the British Empire (CBE) and conferred with an Honorary Doctor of Laws degree by the University of the West Indies.

Mr. Keston Howell is the President and Chief Executive Officer of Sagicor General Insurance Inc., a position he assumed on October 1, 2017.

Mr. Howell has been a member of Sagicor Life Inc.'s (SLI) executive management team since 2005.

Prior to assuming the role of the CEO of Sagicor General, he held the post of Executive Vice President and General Manager, SLI with responsibility for the Dutch Caribbean, (Aruba, Curacao, St. Maarten) Belize and Panama. He currently serves as a Director on the Boards of Sagicor Finance Inc., Sagicor Asset Management Inc., Sagicor Funds Inc. and Sagicor Investments Trinidad and Tobago Limited.

His career includes key roles in the financial services sector in Trinidad and Tobago where he held senior positions in the commercial banking sector. He is a past President of the Securities Dealers Association of Trinidad and Tobago and currently serves as a Director and Vice President – General of the Association of Trinidad and Tobago Insurance Companies.

Mr. Howell has over 18 years in the banking and insurance industries. He holds a B.Sc. Management Studies (Hons.) from The University of the West Indies, St. Augustine Campus, and an MBA Banking (Merit), from the University of London, London, England.

BOARD OF DIRECTORS

EDWARD CLARKE
DIRECTOR

Mr. Edward Clarke was appointed to the position of Chief Operating Officer for Sagicor Life Inc. in September, 2010. Prior to this, he held the position of Group Internal Auditor. Mr. Clarke is a Fellow of the Association of Chartered Certified Accountants and is a Certified Internal Auditor with more than 25 years' experience in the field of auditing and finance. He retired as an Executive from Sagicor on June 30, 2020.

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

Mr. Clarke is currently the Chairman of the Barbados Private Sector Association, the immediate Past President of the Barbados Chamber of Commerce and a member or the UWI Campus Council. He is also involved with the National Non-Communicable Disease Commission. In this capacity, he advocates private enterprise to adopt Wellness progammes in their respective organisations with a view of encouraging healthier lifestyles not only among employees but also the wider public, thereby reducing the cost of healthcare in Barbados as it relates to NCDs. In furthering this commitment, Sagicor Life Inc. has been a strong supporter of the Healthy Caribbean Coalition.

Additionally, Mr. Clarke is a Director of the following companies: Barbados Farms Ltd., Sagicor Funds Inc., Sagicor Asset Management Inc., Sagicor General Insurance Inc. and the Insurance Association of the Caribbean Inc., as well as Co-Chair of the Barbados Economic Recovery and Transformation (BERT) Monitoring Committee.

PETER CLARKE
DIRECTOR

Mr. Peter Clarke serves as a director of Sagicor Financial Company Ltd., Sagicor Life Inc., Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited.

Mr. Clarke is a Financial Consultant who practiced as a Barrister-at-Law before embarking on a 22-year career in stockbroking. From 1984-2000, he was the Managing Director of Money Managers Limited, and served as the Chief Executive of West Indies Stockbrokers Limited from 2001 to 2005, when he retired. From 2002 to 2005 he was also a director of the Trinidad and Tobago Chamber of Industry and Commerce. From 1995 to 1999 he was Chairman of the Trinidad and Tobago Stock Exchange, and he is currently a director of that organisation. From 1992 to 1995 Mr. Clarke served as Deputy Chairman of the Trinidad and Tobago Free Zones Company, and he is currently the Chairman of Guardian Media Limited in Trinidad and Tobago.

He is a member of the Finance Council of the Roman Catholic Archdiocese of Port of Spain and sits on the board of several other companies.

He obtained the Bachelor of Arts degree from Yale University, and a law degree from Downing College, Cambridge University. Mr. Clarke was called to the Bar as a member of Gray's Inn in London in 1979, and to the Bar of Trinidad and Tobago in 1980.

BOARD OF DIRECTORS

C. NATASHA SMALL
DIRECTOR

DAVID WRIGHT
DIRECTOR

Mrs. C. Natasha Small was appointed to the position of Chief Financial Officer of Goddard Enterprises Limited effective January 1, 2008 having joined the Group in September, 2000.

As CFO of the Goddards Group, she is responsible for the development and execution of the Group's finance strategy, ensuring that adequate resources are available to accomplish the Group's business objectives, planning and coordinating the Group's investing and financing activities and managing the Corporate Finance and accounting functions. Mrs. Small's responsibilities span over 60 operational and 30 holding companies in Barbados, the Caribbean and Latin and South America. Natasha currently sits on a number of Boards within the Goddards Group including Hipac Limited, Goddard Shipping (Barbados) Limited, McBride (Caribbean) Limited, M&C Limited in St. Lucia and Ecuakao Group Limited in Ecuador.

Prior to joining the Goddards Group, she worked at Ernst & Young as an auditor and UWI as a part-time tutor/lecturer. She has a passion for teaching and taught at the University for 12 consecutive years from 1998 until 2010.

Mrs. Small is currently a member of the Cave Hill School of Business Board and an Independent Director of the Barbados Private Sector Association Board.

Mr. David Wright is an independent non-executive Director.

A UK qualified accountant, he is the Chief Executive Officer of the HBW Group and has over 35 years experience in the international financial services sector with expertise in insurance, investment management, financial risk management, corporate restructuring, tax planning and trading in securities and precious metals.

He is also trained in information and communications technology with emphasis on implementing process and productivity improvements.

Mr. Wright has served on several Boards and Committees in the international financial services sector and in the areas of anti-money laundering and securities legislation.

Mr. Wright is also a director of Sagicor Life Inc. and other companies within the Sagicor Group.

He is an avid golfer and sports enthusiast and has a keen interest in the practical applications of science and technology.

Sagicor General Insurance Inc.

Financial Statements

December 31, 2021

FINANCIAL STATEMENTS

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, 2021, 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, 2021;
- 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 significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies
T: (246) 626 6700, F: (246) 436 1275, www.pwc.com/bb

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

Bridgetown, Barbados
April 29, 2022

Amounts expressed in Barbados dollars $000's

	Notes	2021	2020
ASSETS			
Property, plant and equipment	5	5,084	8,410
Intangible assets	6	3,948	4,641
Financial investments	7	124,793	114,918
Reinsurance assets	8	44,158	42,197
Income tax assets	9	2,733	3,069
Premiums receivable and deferred acquisition costs	10	39,434	37,061
Pension assets	21	2,782	2,809
Miscellaneous assets and receivables	11	1,407	3,612
Cash and cash equivalents		57,291	57,744
Total assets		**281,630**	**274,461**
LIABILITIES			
Policyholders' liabilities	12	147,891	145,322
Due to reinsurers, deferrals and premium tax payable	13	24,416	24,953
Amounts payable to related parties	29	1,519	3,180
Lease liabilities	33	292	755
Loan payable	27	16,378	19,816
Note payable	28	25,000	25,000
Income tax liabilities	9	381	577
Accounts payable and accrued liabilities		7,401	8,210
Total liabilities		**223,278**	**227,813**
EQUITY			
Share capital	14	3,705	3,705
Reserves	15	30,288	29,417
Retained earnings		24,359	13,526
Total equity		**58,352**	**46,648**
Total equity and liabilities		**281,630**	**274,461**

These financial statements have been approved for issue by the Board of Directors on April 27, 2022.

_________________________ Director　　　　_________________________ Director

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

	Notes	2021	2020
REVENUE			
Premium revenue	16	156,058	148,925
Reinsurance expense	16	(82,627)	(75,499)
Net premium revenue		73,431	73,426
Investment income	17	4,267	4,550
Fees and other revenue	18	21,765	21,734
Total revenue		**99,463**	**99,710**
CLAIMS INCURRED			
Claims incurred	19	35,881	33,889
Claims reinsured	19	(8,711)	(2,603)
Net claims incurred		**27,170**	**31,286**
EXPENSES			
Administrative expenses		32,031	33,346
Commissions and related compensation	10	17,750	17,020
Net premium taxes		2,257	1,986
Interest expense		686	1,329
Credit (recoveries) / losses	30.3	(1,081)	850
Depreciation and amortisation	5,6	4,022	5,361
Total expenses		**55,665**	**59,892**
INCOME BEFORE TAXES		16,628	8,532
Income taxes	22	(3,554)	(2,706)
NET INCOME FOR THE YEAR		**13,074**	**5,826**

Amounts expressed in Barbados dollars $000's

	Notes	2021	2020
NET INCOME FOR THE YEAR		**13,074**	**5,826**
OTHER COMPREHENSIVE INCOME			
Items net of tax that may be reclassified subsequently to income:			
Retranslation of foreign currency operations	25	(161)	(90)
		(161)	(90)
Items net of tax that will not be reclassified subsequently to income:			
Unrealised loss arising on revaluation		(594)	(390)
Losses on defined benefit plans	25	(615)	(871)
		(1,209)	(1,261)
Other comprehensive loss for the year		**(1,370)**	**(1,351)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,704**	**4,475**

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

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

	Year ended December 31, 2021			
	Share capital Note 14	**Reserves Note 15**	**Retained earnings**	**Total**
Balance, December 31, 2020	**3,705**	**29,417**	**13,526**	**46,648**
Total comprehensive income	-	(755)	12,459	11,704
Transfer to catastrophe reserve	-	1,626	(1,626)	-
Balance, December 31, 2021	**3,705**	**30,288**	**24,359**	**58,352**

	Year ended December 31, 2020			
	Share capital Note 14	**Reserves Note 15**	**Retained earnings**	**Total**
Balance, December 31, 2019	**3,705**	**28,381**	**10,290**	**42,376**
Total comprehensive income	-	(480)	4,955	4,475
Dividends declared	-	-	(203)	(203)
Transfer to catastrophe reserve	-	1,516	(1,516)	-
Balance, December 31, 2020	**3,705**	**29,417**	**13,526**	**46,648**

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

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxation		16,628	8,532
Adjustments for non-cash items, interest and dividends	26	1,081	4,713
Interest and dividends received		2,575	2,487
Interest received from Sagicor Group companies		-	497
Interest paid		(301)	(1,568)
Income taxes paid		(3,006)	(2,539)
Changes in operating assets	26	(9,825)	(6,988)
Changes in operating liabilities	26	(3,226)	6,898
Net cash from operating activities		**3,926**	**12,032**
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment	26	(542)	(1,146)
Net cash used in investing activities		**(542)**	**(1,146)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan payable		(3,430)	(3,428)
Lease liability principal payments		(463)	(1,402)
Net cash used in financing activities		**(3,893)**	**(4,830)**
Effects of exchange rate differences		**56**	**(24)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(453)**	**6,032**
Cash and cash equivalents, beginning of year		57,744	51,712
CASH AND CASH EQUIVALENTS, END OF YEAR	26	**57,291**	**57,744**

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

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.

On November 27, 2018 Sagicor Financial Corporation Limited, the ultimate parent company entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation pursuant to which on December 6, 2019, Alignvest Acquisition II Corporation acquired all the shares of Sagicor Financial Corporation Limited by way of a scheme of arrangement under the laws of Bermuda, where it is incorporated and continued as Sagicor Financial Company Ltd.

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 on or after June 30, 2020 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.

Amounts expressed in Barbados dollars $000's

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Amendments to existing IFRS effective periods beginning on or after June 30, 2020 and amendments to existing IFRS and IAS effective January 1, 2021

The company has adopted the amendments to IFRS and IAS set out in the following tables. None of these amendments have a material effect on the company's financial statements.

Standard	Description of amendment
IFRS 16 – Leases; COVID-19 related rent concessions (beginning on or after June 30, 2020)	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. See note 2.18 for amendment effective April 1, 2022. This standard has no material effect on the Company.
IFRS 17 and IFRS 4 – Insurance contracts; deferral of IFRS 9 (effective January 1, 2021)	These amendments defer the date of application of IFRS 17 by two years to January 1, 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9 – Financial Instruments, until January 1, 2023. The effect of these standards on the Group follows in note 2.18 in the section, "IFRS 17 – Insurance Contracts, effective January 1, 2023"
IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform, Phase 2 (effective January 1, 2021)	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. This standard has no material effect on the Company.

IFRIC clarification on Cloud Computing – Software as a Service configuration and customisation costs

In April 2021, following its decision in March 2021, the IFRIC published its position on accounting for configuration and customisation costs in a Software as a Service (SaaS) arrangement, which was ratified by the IASB. The IASB expects entities to assess if any changes are needed and to implement any changes which are required to align with IAS 38, which requires that such costs should be expensed when the service is received.

2. ACCOUNTING POLICIES (continued)
2.1 Basis of preparation (continued)

This has no material effect on the Company.

Standard	Description of amendment
Annual Improvements	The Annual Improvements clarify situations specific to three standards: • IFRS 1 - First-time Adoption of International Financial Reporting Standards to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRSs after its parent company has already adopted them. The amendment relates to the measurement of cumulative translation differences; • IFRS 9 - Financial Instruments to clarify the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognise a financial liability.; • Illustrative Examples accompanying IFRS 16 Leases to remove the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.

2. ACCOUNTING POLICIES (continued)

2.2 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

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, which result from the settlement of foreign currency transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities, primarily deferred policy acquisition costs and unearned premiums, are maintained at the transaction rates of exchange.

The foregoing exchange gains and losses which are recognised in the income statement are included in other revenue.

Exchange differences on the re-translation of the fair value of non-monetary items such as equities held at fair value through income are reported as part of the fair value gain or loss. Exchange differences on the re-translation of the fair value of non-monetary items such as equities held as FVOCI are reported as part of the fair value gain or loss in other comprehensive income.

2. ACCOUNTING POLICIES (continued)

2.3 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	Estimated useful life
Buildings	50 years
Furnishings	10 years
Computers & Office Equipment	3 to 5 years
Motor vehicles	5 years
Right-of-use assets	Lease term (1.5 to 12 years)

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.

2.4 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. ACCOUNTING POLICIES (continued)

2.5 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 discernible effect on the economics of the transaction.

(b) Recognition and measurement
The insurance contracts issued by the company are summarised below.

(i) Property and casualty insurance contracts

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

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

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

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

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

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

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.

2. ACCOUNTING POLICIES (continued)

2.5 Insurance contracts (continued)

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.

(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. ACCOUNTING POLICIES (continued)

2.6 Financial assets

(a) Classification of financial assets

IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost based on the nature of the cash flows of these assets and the company's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. Financial assets and liabilities are recognised when the company becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:
- the company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the company classifies its debt instruments into one of the following three measurement categories.

Measured at amortised cost

Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

Measured at fair value through other comprehensive income (FVOCI)

Debt instruments held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. These comprise primarily debt securities.

2. ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

Measured at fair value through profit and loss (FVTPL)

Debt instruments are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- when the performance of a group of financial assets is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit taking.

Business model assessment

Business models are determined at the level which best reflects how the company manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the company intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.

Solely payments of principal and interest ("SPPI")

Where the business model is hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the company considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at FVTPL.

2. ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

(c) Impairment of financial assets measured at amortized cost and FVOCI

IFRS 9 introduces an impairment model that requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost and FVOCI and off-balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL are recognised are defined as 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are defined as being in default or otherwise credit-impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ("POCI") are treated differently as set out below.

To determine whether the life-time credit risk has increased significantly since initial recognition, the company considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

(d) Purchased or originated credit-impaired assets (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are defined as POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognised in profit or loss until the POCI is derecognised, even if the lifetime ECL is less than the amount of ECL included in the estimated cash flows on initial recognition.

2. ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

(e) Definition of default

The company determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(f) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(g) The general approach to recognising and measuring ECL

The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

2. ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2019, the company has been unable to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

For a revolving commitment, the company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

2. ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

Forward looking information

The estimation and application of forward-looking information will require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three-year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

(h) Re-classified balances

The company reclassifies debt instruments when and only where its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(i) Classification of equity instruments

The company classifies and subsequently measures all equity investments at FVTPL, except where the company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

(j) Presentation in the statements of income and other comprehensive income (OCI)

Debt and equity instruments measured at FVTPL

Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in net investment income.

2. ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

Debt instruments measured at amortized cost

- Interest income is included in net investment income.
- Credit impairment losses are presented in the income statement.
- Gain or loss on de-recognition is expected to be relatively infrequent and is included in net investment income.

Debt instruments measured at FVOCI

- Interest income is included in net investment income.
- Credit impairment losses are presented in the income statement.
- Unrealised gains and losses arising from changes in fair value are presented in OCI.
- On de-recognition, the cumulative gain or loss in OCI is transferred from OCI to net investment income.

Equity instruments measured at FVOCI

- Dividend income is included in net investment income.
- Unrealised changes in fair value presented in OCI. Any impairment losses are included with fair value changes.
- On de-recognition, the cumulative gain or loss in OCI remains in the fair value reserve for FVOCI assets.

2.7 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) Loan Payable
Loan payable is recognised initially at fair value, being its 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.

2. ACCOUNTING POLICIES (continued)

2.7 Financial liabilities (continued)

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.

2.8 Provisions

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

2.9 Fees and other revenue

Fees and non-insurance commission income are recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled. Other revenue is recognised on an accrual basis when the related service has been provided.

2.10 Interest income and interest expense

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments.

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.

2. ACCOUNTING POLICIES (continued)

2.11 Employee pension benefits (continued)

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 (continued)

(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 2021 are as follows:

Barbados	2% of net income
Trinidad and Tobago	30% of net income
Eastern Caribbean	25% - 30% of net income
The Bahamas	0%

(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.

(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. ACCOUNTING POLICIES (continued)

2.12 Taxes (continued)

(c) Tax on Assets

The company is subject to a tax on assets in Barbados. The tax on assets is 0.35% of adjusted assets held at the end of the period.

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 $1,626 (2020- $1,516).

2.15 Presentation of current and non-current assets and liabilities

In note 30.5, the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in notes 5, 7, 11 and 12 are non-current unless otherwise stated in those notes.

2.16 Intangible Assets

(a) Goodwill

Goodwill arising from an acquisition is allocated to appropriate cash generating unit.

Goodwill is tested annually for impairment and whenever there is an indication of impairment. Goodwill is carried at cost less accumulated impairment. An impairment loss is recognised for the amount by which the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is the higher of an operating segment's (or operation's) fair value less costs to sell and its value in use.

2. ACCOUNTING POLICIES (continued)

2.16 Intangible Assets (continued)

On the disposal of an insurance business, the associated goodwill is de-recognised and is included in the gain or loss on disposal.

(b) Other intangible assets

Other intangible assets identified on acquisition are recognised only if future economic benefits attributable to the asset will flow to the company and if the fair value of the asset can be measured reliably. In addition, for the purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value.

Other intangible assets, which have been acquired directly, are recorded initially at cost.

On acquisition, the useful life of the asset is estimated. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and the asset is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The estimated useful lives of recognised intangible assets are as follows:

Class of intangible asset	Asset	Estimated useful life
Customer related	Customer relationships	5 years

2.17 Leases

At the inception of a rental contract for office space or a contract for the use of an asset, the company assess whether the contract contains a lease. A contract is, or contains, a lease if it conveys to the company the right to control the use of the office space or asset for a time period in exchange for consideration. The company has elected to use the exemption for lease periods with a term of 12 months or less, or those whose underlying asset has a low value, in which case the lease payments are recognised in administrative expenses. Low value assets comprise IT equipment and small items of office furniture.

For a contract that contains a lease, the company may account for the lease component separately from the non-lease component. As a practical expedient, the company elected, by class of underlying asset, not to separate the non-lease and lease components, and instead account for the contract as a lease.

As of the date the asset is available for use by the company (the commencement date), a right-of-use asset and a corresponding lease liability are recognised.

2. ACCOUNTING POLICIES (continued)

2.17 Leases (continued)

The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the company; and
(d) restoration costs.

The company recognises the costs described in paragraph(d) as part of the cost of the right-of-use asset when it incurs an obligation for those costs.

Right-of-use assets are presented within property, plant and equipment and are subsequently measured at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At the commencement date, the company measures the lease liability as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments, less any lease incentives receivable;
(b) amounts expected to be payable by the lessee under residual value guarantees;
(c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Extension and termination options are included in a number of property and equipment leases across the company. These terms are used to maximize operational flexibility in terms of managing contracts. The extension and termination options need to be approved by Lessor. There are no variable lease payments and there were no residual value guarantees on leases.

2. ACCOUNTING POLICIES (continued)

2.17 Leases (continued)

Lease payments are allocated between principal and finance cost. The company recognises interest on the lease liability in each accounting period during the lease term which is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the lease liability is measured by:

(a) increasing the carrying amount to reflect interest on the lease liability;
(b) reducing the carrying amount to reflect the principal portion of lease payments made; and
(c) remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised fixed lease payments.

Lease liabilities are included in the statement of financial position. The associated interest is included in finance costs in the statement of income. Leases give rise to lease liability principal elements and interest elements in the statement of cash flows.

2.18 Future accounting developments and reporting changes

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 tables.

IFRS (Effective date)	Subject / Comments
Amendment to IFRS 16 – Leases; COVID-19 related rent concessions (Effective April 1, 2021)	In March 2021, the IASB issued this amendment which extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. See note 2.1. This standard will have no material effect on the company.

Amounts expressed in Barbados dollars $000's

2. ACCOUNTING POLICIES (continued)

2.18 Future accounting developments and reporting changes (continued)

Amendments to IAS 8 – Definition of accounting estimates, effective January 1, 2023	In February 2021, this amendment was issued to assist entities in distinguishing between accounting policies and accounting estimates. This standard will have no material effect on the Company.
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies, effective January 1, 2023	In February 2021, this amendment was issued to assist preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements. This standard will have no material effect on the Company.
Amendments to IAS 1 – Liabilities as current or non-current (January 1, 2022)	In January 2020, the IASB made amendments to IAS 1 'Presentation of financial statements' to clarify the criteria for classifying a liability as non-current. These are to be applied retroactively. The impact of this standard on the company is currently being analysed.
Amendments to IFRS 3 – Business combinations (January 1, 2022)	These amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. This standard will have no material effect on the company.
Amendments to IAS 16 – Property, plant and equipment (January 1, 2022)	These amendments prohibit a company from deducting from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. This standard will have no material effect on the company.
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, effective January 1, 2023	In May 2021, these amendments were issued to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. This standard will have no material effect on the Company.

2. ACCOUNTING POLICIES (continued)

2.18 Future accounting developments and reporting changes (continued)

IFRS (Effective date)	Subject / Comments
Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets (January 1, 2022)	These amendments specify which costs a company includes when assessing whether a contract will be loss-making. This standard will have no material effect on the company.
IFRS 17 Insurance Contracts (January 1, 2023)	IFRS 17 was issued in May 2017 as replacement for IFRS 4 - Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The company has commenced review of this standard.

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

In determining ECL (defined in note 2.6(c)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in the earlier sections 'Measurement' and 'Forward-looking information'.

(a) Establishing staging for debt securities and deposits

The company's internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies.
The scale is set out in the following table:

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Impairment of financial assets (continued)

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

The company uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL.

Once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk.

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade at origination <u>and</u> have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade at origination <u>and</u> have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

(a) <u>Establishing staging for other assets measured at amortised cost, lease receivables, loan commitments and financial guarantee contracts</u>

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Impairment of financial assets (continued)

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop Criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

(b) Forward looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Barbados, Eastern Caribbean, Trinidad and The Bahamas. Management assesses data sources from local government, International Monetary Fund and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

(b) Impairment of Government of Barbados debt securities

The company participated in a debt exchange following the implementation of a debt restructuring programme by the Government of Barbados. The replacement debt securities are classified as purchased or originated credit-impaired assets (POCI) and have been valued using an internally generated yield curve derived from the Central Bank of Barbados base-line yield curve to which management has applied a risk premium.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.3 Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined using reputable pricing sources (such as pricing agencies), indicative prices from bond/debt market makers or other valuation techniques. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The company exercises judgement on the quality of pricing sources used. Where no market data is available, the company may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily discounted cash flows.

The models used to determine fair values are periodically reviewed by experienced personnel. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

3.4 Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles include customer listings.

3.5 Impairment of intangible assets

(a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units

The company updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 6.

(b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible's value in use, estimates are required of future cash flows generated as a result of holding the asset.

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 $111,512 (2020 - $86,431) 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.

Amounts expressed in Barbados dollars $000's

5. PROPERTY, PLANT AND EQUIPMENT

	2021					
	Freehold land and building	**Office furnishings**	**Right-of-use assets**	**Software and Computer Equipment**	**Motor vehicles**	**Total**
Net book value, beginning of year	**2,297**	**349**	**652**	**4,344**	**768**	**8,410**
Additions at cost / reclassifications	-	74	-	527	-	601
Disposals / reclassifications	-	-	(1)	(85)	(228)	(314)
Revaluation	(594)	-	-	-	-	(594)
Depreciation charge	(34)	(242)	(389)	(2,392)	(272)	(3,329)
Depreciation on disposals	-	-	1	85	228	314
Effect of foreign exchange revaluation	-	-	-	(4)	-	(4)
Net book value, end of year	**1,669**	**181**	**263**	**2,475**	**496**	**5,084**
Represented by:						
Cost or valuation	1,766	5,789	1,995	20,242	1,809	31,601
Accumulated depreciation	(97)	(5,608)	(1,732)	(17,767)	(1,313)	(26,517)
	1,669	**181**	**263**	**2,475**	**496**	**5,084**

Amounts expressed in Barbados dollars $000's

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	2020					
	Freehold land and building	**Office furnishings**	**Right-of-use assets**	**Software and Computer Equipment**	**Motor vehicles**	**Total**
Net book value, beginning of year	**2,725**	**2,202**	**9,443**	**5,597**	**902**	**20,869**
Additions at cost / reclassifications	-	281	2,160	936	203	3,580
Disposals/ reclassifications	-	(5,274)	(11,243)	(296)	(558)	(17,371)
Revaluation	(390)	-	-	-	-	(390)
Depreciation charge	(38)	(691)	(1,468)	(2,143)	(329)	(4,669)
Depreciation on disposals	-	3,831	1,760	276	550	6,417
Effect of foreign exchange revaluation	-	-	-	(26)	-	(26)
Net book value, end of year	**2,297**	**349**	**652**	**4,344**	**768**	**8,410**
Represented by:						
Cost or valuation	2,360	5,715	1,996	19,800	2,037	31,908
Accumulated depreciation	(63)	(5,366)	(1,344)	(15,456)	(1,269)	(23,498)
	2,297	**349**	**652**	**4,344**	**768**	**8,410**

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

6. INTANGIBLE ASSETS

	2021		
	Goodwill	**Customer relationships**	**Total**
Net book value, beginning of year	2,793	1,848	4,641
Amortisation	-	(693)	(693)
Net book value, end of year	2,793	1,155	3,948
Represented by:			
Cost or valuation	2,793	3,463	6,256
Accumulated amortisation	-	(2,308)	(2,308)
	2,793	1,155	3,948

	2020		
	Goodwill	**Customer relationships**	**Total**
Net book value, beginning of year	2,793	2,540	5,333
Amortisation	-	(692)	(692)
Net book value, end of year	2,793	1,848	4,641
Represented by:			
Cost or valuation	2,793	3,463	6,256
Accumulated amortisation	-	(1,615)	(1,615)
	2,793	1,848	4,641

Goodwill arises from past acquisitions and is allocated to a cash generating unit (CGU). Goodwill is tested annually for impairment. The recoverable amount of a CGU is determined as the higher of its value in use.

The company obtains independent professional advice in order to select the relevant discount factors, residual growth rates and earnings multiples.

The value in use methodology used is based cash flows extracted from the financial projections to which appropriate discount factors and residual growth rates are applied.

Amounts expressed in Barbados dollars $000's

6. INTANGIBLE ASSETS (continued)

The company recognised goodwill from the acquisition of Harmony General Insurance Company Ltd. In 2018.

The value in use methodology has been used to test goodwill impairment in both years. The pre-tax discount factor was 15.9% (2020 – 17.4%) which was derived from an after-tax factor of 15.5% (2020 – 17.0%) using an iterative method. The residual growth rate was 2.0% (2020 – 2.0%).

<u>Sensitivity</u>

The possible impairment of goodwill is sensitive to changes in the after-tax discount factor and residual growth rate. This is illustrated in the following table

	2021 test		
	Scenario 1	**Scenario 2**	**Scenario 3**
After tax discount factor	15.5	16.5	17.5
Residual growth rate	2.0	2.0	1.0
Reduction in residual growth rate	n/a	n/a	50%
Increase in after tax discount factor	n/a	n/a	6%
Excess of recoverable amount	8,416	6,116	2,416
Impairment	Nil	Nil	Nil

Amounts expressed in Barbados dollars $000's

7. FINANCIAL INVESTMENTS

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
Investments at Amortised Cost				
Debt securities	90,327	91,802	81,403	82,961
Mortgage loans	706	692	829	814
Deposits	23,266	23,266	18,967	18,967
	114,299	115,760	101,199	102,742
Investments at FVOCI				
Money market securities	9,659	9,659	12,825	12,825
Investments at FVTPL				
Equity securities	835	835	894	894
Total financial investments	**124,793**	**126,254**	**114,918**	**116,461**

Debt securities comprise:	**2021**	**2020**
Government and government-guaranteed debt securities	66,350	54,882
Other securities	23,977	26,521
	90,327	81,403

Amounts expressed in Barbados dollars $000's

8. REINSURANCE ASSETS

	2021	2020
Claim recoveries from reinsurers (note 12)	13,802	12,118
Unearned premiums ceded to reinsurers (note 12)	30,356	30,079
	44,158	42,197

9. INCOME TAX ASSETS / (LIABILITIES)

	2021	2020
Income tax assets	2,427	2,779
Deferred tax asset	306	290
	2,733	3,069
Income tax liabilities	289	252
Deferred tax liability	92	325
	381	577

10. PREMIUMS RECEIVABLE AND DEFERRED ACQUISITION COSTS

	2021	2020
Premiums in the course of collection	29,239	26,886
Deferred commission expense	8,406	8,369
Deferred premium tax	1,789	1,806
	39,434	37,061

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

	2021	2020
Deferred commission expense		
Balance, beginning of year	8,369	8,105
Commission paid	17,787	17,284
Commissions and related compensation expense	(17,750)	(17,020)
Balance, end of year	8,406	8,369

	2021	2020
Deferred premium tax		
Balance, beginning of year	1,806	1,685
Premium tax paid	2,240	2,107
Premium tax expense	(2,257)	(1,986)
Balance, end of year	1,789	1,806

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

11. MISCELLANEOUS ASSETS AND RECEIVABLES

	2021	2020
Analysis of claims in the course of business		
Prepaid expenses	453	589
Other accounts receivable	954	3,023
	1,407	3,612

12. POLICYHOLDERS' LIABILITIES

	2021	2020
Claims in the course of settlement	73,375	71,770
Provision for unearned premiums	74,516	73,552
	147,891	145,322

12.1 Claims in the course of settlement

<u>Analysis of claims in the course of settlement</u>

	2021	2020
Property business	9,151	4,899
Motor business	45,681	48,183
Accident and liability business	18,543	18,688
	73,375	71,770

Claims in the course of settlement include $18,206 (2020 - $17,116) in provisions for claims incurred but not yet reported.

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

	2021	2020
Property business	6,546	3,680
Motor business	3,453	4,695
Accident and liability business	3,803	3,743
	13,802	12,118

Amounts expressed in Barbados dollars $000's

12. POLICYHOLDERS' LIABILITIES (continued)

12.1 Claims in the course of settlement (continued)

Movement in claims in the course of settlement

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

	2021	2020
Balance, beginning of year	71,770	74,657
Claims incurred (note 19)	35,881	33,889
Claims paid	(34,279)	(36,783)
Effect of exchange rate changes	3	7
Balance, end of year	73,375	71,770

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

	2021	2020
Balance, beginning of year	12,118	16,167
Ceded in year (note19)	8,711	2,603
Claim recoveries	(7,017)	(6,441)
Effect of exchange rate changes	(10)	(211)
Balance, end of year (note 8)	13,802	12,118

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 $802 and $186 (2020 - $967 and $145) respectively and a $616 (2019 - $822) decrease in income from ordinary activities. A 10% decrease in development would result in a decrease in gross reserves and reinsurance recoveries of $819 and $190 (2020 - $973 and $144) respectively and a $629 (2020 - $829) increase in income from ordinary activities.

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.

Amounts expressed in Barbados dollars $000's

12. POLICYHOLDERS' LIABILITIES (continued)

12.1 Claims in the course of settlement (continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross										
Estimate of ultimate claims incurred:										
At the end of financial reporting year	35,563	34,471	39,909	48,330	43,475	74,752	54,412	48,023	39,839	44,316
One year later	34,539	34,396	43,337	45,946	45,007	81,907	54,022	45,137	35124	
Two years later	34,893	33,017	43,232	47,121	42,029	81,503	52,791	42,624		
Three years later	34,644	33,189	42,913	44,338	42,073	80,442	51,357			
Four years later	33,412	34,293	41,480	43,721	40,987	80,627				
Five years later	33,288	33,006	41,362	43,395	40,931					
Six years later	33,643	32,965	41,380	42,748						
Seven years later	33,449	32,805	41,024							
Eight years later	33,195	32,762								
Nine years later	33,509									
Current estimate of ultimate claims incurred	33,509	32,762	41,024	42,748	40,931	80,627	51,357	42,624	35,124	44,316
Cumulative payments to date	32,463	31,471	38,731	39,933	37,136	75,508	44,095	33,649	27,022	20,508
Liability recognized in the balance sheet	1,046	1,291	2,293	2,815	3,795	5,119	7,262	8,975	8,102	23,808
Liability in respect of prior years & adjustments										4,852
Liability for unallocated loss adjustment expenses										4,017
Total liability included in the balance sheet										**73,375**

Amounts expressed in Barbados dollars $000's

12. POLICYHOLDERS' LIABILITIES (continued)

12.1 Claims in the course of settlement (continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Reinsurance										
Estimate of ultimate claims incurred:										
At the end of financial reporting year	19,867	19,526	22,880	29,120	26,697	25,441	11,817	2,713	4,080	9,820
One year later	19,283	20,222	24,682	27,623	27,217	33,198	13,218	2,584	3,831	
Two years later	16,516	15,737	20,674	24,359	21,601	29,394	8,421	2,442		
Three years later	16,170	15,876	20,133	23,011	21,332	29,472	8,310			
Four years later	15,306	16,168	19,636	22,656	20,805	29,422				
Five years later	15,217	15,391	19,791	22,006	20,752					
Six years later	15,458	15,533	19,653	21,743						
Seven years later	15,253	15,458	19,483							
Eight years later	15,164	15,391								
Nine years later	15,334									
Current estimate of ultimate claims incurred	15,334	15,391	19,483	21,743	20,752	29,422	8,310	2,442	3,831	9,820
Cumulative payments to date	15,030	14,959	18,532	20,187	19,220	27,668	8,251	2,295	3,572	4,854
Liability recognized in the balance sheet	304	432	951	1,556	1,532	1,754	59	147	259	4,966
Liability in respect of prior years & adjustments										1,842
Liability for unallocated loss adjustment expenses										-
Total liability included in the balance sheet										**13,802**

For the year ended December 31, 2021 — Amounts expressed in Barbados dollars $000's

12. POLICYHOLDERS' LIABILITIES (continued)

12.2 Provision for unearned premiums

Analysis of provision for unearned premiums

	2021	2020
Property business	38,498	38,113
Motor business	27,692	27,731
Accident and liability business	8,326	7,708
	74,516	73,552

The associated unearned premiums ceded to reinsurers:

	2021	2020
Property business	17,295	28,341
Motor business	62	42
Accident and liability business	12,999	1,696
	30,356	30,079

Movement in provision for unearned premiums

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

	2021	2020
Balance, beginning of year	73,552	71,088
Premiums written	157,028	151,376
Premium revenue (note 16)	(156,058)	(148,925)
Effect of exchange rate changes	(6)	13
Balance, end of year	74,516	73,552

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

	2021	2020
Balance, beginning of year	30,079	28,190
Reinsurance on premiums written	82,908	77,382
Reinsurance expense (note 16)	(82,627)	(75,499)
Effect of exchange rate changes	(4)	6
Balance, end of year (note 8)	30,356	30,079

Amounts expressed in Barbados dollars $000's

13. DUE TO REINSURERS, DEFERRALS AND PREMIUM TAX PAYABLE

	2021	2020
Amounts due to reinsurers	13,184	12,941
Deferred commission income	6,865	7,556
Premium tax payable	3,610	3,679
Deferred premium tax	757	777
	24,416	24,953

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

	2021	2020
Deferred commission income		
Balance, beginning of year	7,556	8,266
Commission received	16,438	16,202
Commission earned (note 18)	(17,129)	(16,912)
Balance, end of year	6,865	7,556
Deferred premium tax		
Balance, beginning of year	777	719
Premium tax recoveries	1,679	1,617
Premium taxes earned	(1,699)	(1,559)
Balance, end of year	757	777

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

14. SHARE CAPITAL

The company is authorised to issue an unlimited number of common shares with no par value.

	2021	2020
Issued 2,018,087 shares, with no par value	3,705	3,705

15. RESERVES

	2021	2020
Fair value reserve – property, plant & equipment		
Balance, beginning of year	1,864	2,254
Unrealised loss arising on revaluation	(594)	(390)
Balance, end of year	1,270	1,864
Currency translation reserve:		
Balance, beginning of year	(3,360)	(3,270)
Retranslation of foreign currency operation	(161)	(90)
Balance, end of year	(3,521)	(3,360)
Statutory reserves:		
Balance, beginning of year	30,913	29,397
Transfer to catastrophe reserve	1,626	1,516
Balance, end of year	32,539	30,913
Reserves, end of year	30,288	29,417

Amounts expressed in Barbados dollars $000's

16. PREMIUM REVENUE

	Premium revenue		Reinsurance expense	
	2021	**2020**	**2021**	**2020**
Property business	82,836	76,024	76,158	69,078
Motor business	56,122	56,445	1,763	2,226
Accident and liability business	17,100	16,456	4,706	4,195
	156,058	148,925	82,627	75,499

17. INVESTMENT INCOME

	2021	**2020**
Interest income:		
Debt securities	3,355	3,298
Mortgage loans	35	41
Deposits	320	545
Other	136	168
Dividend income	11	80
Loss on disposal of securities	(291)	-
Unrealised loss on financial investments	(68)	(312)
Amortisation on bonds	769	730
	4,267	4,550

The company operates across both active and inactive financial markets. The financial investments placed in both types of markets 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.

18. FEES AND OTHER REVENUE

	2021	**2020**
Commission income on insurance ceded to reinsurers (note 13)	17,129	16,912
Fees, other revenue and profit commission	3,929	4,052
Miscellaneous income	707	770
	21,765	21,734

Amounts expressed in Barbados dollars $000's

19. CLAIMS INCURRED

	Claims incurred 2021	2020	Claims reinsured 2021	2020
Property business	11,460	3,716	8,421	3,190
Motor business	21,401	26,502	(640)	(933)
Accident and liability business	3,020	3,671	930	346
	35,881	33,889	8,711	2,603

20. EMPLOYEE COSTS

Included in administrative expenses are the following:

	2021	2020
Administrative staff salaries, directors' fees and other short-term benefits	16,800	16,774
Employer's contributions to social security schemes	1,127	1,109
Employer's contribution to group health and life	588	518
Costs – defined benefit pension scheme (note 21)	195	212
	18,710	18,613

21. EMPLOYEE RETIREMENT BENEFITS

The company has contributory defined benefit pension schemes in place for eligible administrative staff. The plans provide defined benefits based on final salary and number of years active service.

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

The plans were valued on December 31, 2021.

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

	2021	2020
Present value of funded pension obligations	21,581	19,856
Fair value of pension plan assets	(24,363)	(22,665)
Net asset	(2,782)	(2,809)
Represented by:		
Asset balances	2,782	2,809

Amounts expressed in Barbados dollars $000's

21. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances:

	2021			2020		
	Retirement obligations	Retirement plan assets	Total	Retirement obligations	Retirement plan assets	Total
Net liability/(asset), beginning of year	19,856	(22,665)	(2,809)	18,220	(21,266)	(3,046)
Current service cost	331	15	346	385	17	402
Interest expense/ (income)	1,394	(1,639)	(245)	1,277	(1,534)	(257)
Past service costs	94		94	67	-	67
Net expense (income) recognised in statement of income	1,819	(1,624)	195	1,729	(1,517)	212
Losses from changes in	(282)	-	(282)	(69)	-	(69)
Gains from changes in experience	418	-	418	341	-	341
Return on plan assets	-	(1,588)	(1,588)	-	(935)	(935)
Change in asset ceiling	426	1,641	2,067	-	1,534	1,534
Net losses/(gains) recognised in other comprehensive income	562	53	615	272	599	871
Contributions made by the company	-	(780)	(780)	-	(844)	(844)
Contributions made by employees	344	(344)	-	344	(344)	-
Benefits paid	(951)	951	-	(981)	981	-
Other items	(49)	46	(3)	273	(275)	(2)
Other movements	(656)	(127)	(783)	(364)	(482)	(846)
Net liability/(asset), end of year	21,581	(24,363)	(2,782)	19,856	(22,665)	(2,809)

Amounts expressed in Barbados dollars $000's

21. EMPLOYEE RETIREMENT BENEFITS (continued)

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

	Barbados & Eastern Caribbean	Trinidad
Discount rate	7.75%	5.50%
Expected return on plan assets	7.75%	5.50%
Future salary increases	2.00%	2.00%
Future pension increases	2.00%	0.00%
Portion of employees opting for early retirement	100.00%	100.00%

For the next financial year, the total contributions to be made by the company are estimated at $700.

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

	Barbados & Eastern Caribbean	Trinidad
Base pension obligation	16,292	5,290
	Effect on pension obligations	
Decrease discount rate by 1.0%	1,822	583
Increase discount rate by 1.0%	(1,478)	(460)
Decrease salary growth rate by 0.5%	(208)	(91)
Increase salary growth rate by 0.5%	234	93
Increase average life expectancy by 1 year	524	59
Decrease average life expectancy by 1 year	(516)	(61)

22. INCOME TAXES

The income tax expense is comprised of:

	2021	2020
Current tax	3,803	2,639
Deferred tax	(249)	67
	3,554	2,706

Amounts expressed in Barbados dollars $000's

22. INCOME TAXES

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:

	2021	2020
Income subject to tax	16,628	8,532
Tax calculated at a tax rate of 2% (2020 – 2%)	333	171
Different tax rates in other countries	3,221	1,676
Over provision of current deferred tax	-	87
Movement in deferred tax asset not recognised	(31)	106
Transfer to catastrophe reserve deductible for tax	(91)	(80)
Expenses not deductible for tax	150	370
Prior year (under) provision – current/deferred tax	(264)	-
Income not subject to tax	(106)	(144)
Tax losses utilised	-	(131)
Other taxes	342	651
	3,554	2,706

23. DEFERRED INCOME TAXES

Analysis of net deferred income tax asset

	2021	2020
Defined benefits liability	(176)	(321)
Unused tax losses	156	156
Accelerated tax depreciation	234	130
	214	(35)

Expiry period for unused tax losses

Income Year	Brought Forward	Utilised	Incurred	Expired	Carry Forward	Expires
2017	6,808	(2,230)	-	-	4,578	2022
2018	3,150	-	-	-	3,150	2023
2019	1,268	-	-	-	1,268	2024
	11,226	(2,230)	-	-	8,996	

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

23. DEFERRED INCOME TAXES (continued)

The company has not recognised a deferred tax asset in the amount of $4,340 (2020 - $5,094). These losses expire between 2022 and 2027 (2020 – 2022 and 2026).

2021	Accelerated tax depreciation	Defined benefits liability	Unused tax losses	Total
Balance, beginning of year	130	(321)	156	(35)
Charge to profit or loss	104	145	-	249
Balance, end of year	234	(176)	156	214

2020	Accelerated tax depreciation	Defined benefits liability	Unused tax losses	Total
Balance, beginning of year	-	(239)	271	32
Charge to profit or loss	130	(82)	(115)	(67)
Balance, end of year	130	(321)	156	(35)

24. DIVIDENDS

No dividends were declared during the year. In 2020, a dividend of $203 ($0.025 per share) was declared in respect of financial years 2016 to 2020.

25. OTHER COMPREHENSIVE INCOME

	2021			2020		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items that may be reclassified subsequently to income:						
Retranslation of foreign currency operations	(161)	-	(161)	(90)	-	(90)
	(161)	-	(161)	(90)	-	(90)

Amounts expressed in Barbados dollars $000's

25. OTHER COMPREHENSIVE INCOME (continued)

	2021			2020		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Items that will not be reclassified subsequently to income:						
Unrealised loss arising on revaluation	(594)	-	(594)	(390)	-	(390)
Defined benefit losses	(615)	-	(615)	(871)	-	(871)
	(1,209)	-	(1,209)	(1,261)	-	(1,261)
Other comprehensive income for the year	(1,370)	-	(1,370)	1,351	-	1,351

26. CASH FLOWS

26.1 Operating activities

	2021	**2020**
Adjustments for non-cash items, interest and dividends		
Increase in provision for unearned premiums, net of reinsurance	687	575
Interest income	(4,615)	(4,782)
Impairment (recoveries) losses	(1,081)	850
Loss on de-recognition of GoB securities	291	-
Dividend income	(11)	(80)
Net gains on disposal of financial investments	68	312
Increase in bad debt provision	1,537	395
Interest expense	636	740
Lease liability interest expense	50	589
Movement in recognised employee retirement benefits	(588)	(634)
Depreciation	3,329	4,669
Amortisation of intangibles	693	692
(Gain)/loss on disposal of property, plant and equipment	(54)	1,294
Exchange gain	139	93
	1,081	4,713

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

26. CASH FLOWS (continued)

	2021	2020
Changes in operating assets		
Debt securities	(3,983)	(5,534)
Mortgage loans	123	133
Deposits	(4,260)	1,010
Receivables and other assets	(1,705)	(2,597)
	(9,825)	(6,988)
Debt securities		
Purchases	(15,880)	(13,430)
Proceeds on maturities and disposals	11,897	7,896
	(3,983)	(5,534)
Changes in operating liabilities		
Claims in the course of settlement, net of reinsurance	(79)	1,162
Amounts payable to related parties	(1,813)	3,198
Other liabilities and payables	(1,334)	2,538
	(3,226)	6,898

26.2 Investing activities

	2021	2020
Property, plant and equipment		
Purchases	(596)	(1,355)
Disposal proceeds	54	209
	(542)	(1,146)

Amounts expressed in Barbados dollars $000's

26. CASH FLOWS (continued)

26.3 Financing activities

	2021	2020
Loan payable		
Advances	-	-
Repayments	(3,430)	(3,428)
	(3,430)	(3,428)

27. LOAN PAYABLE

	2021	2020
Loan payable	16,378	19,816

On May 24, 2019 the company entered into a $24,000 loan agreement with CIBC FirstCaribbean International Bank (Barbados) Limited. The loan matures on July 31, 2024 and bears interest at the rate of 3.50% per annum. It is repayable in quarterly instalments of $857 plus accrued interest. CIBC FirstCaribbean International Bank (Barbados) Limited can request repayment on demand.

The loan is secured by a guarantee from the parent company, Sagicor Life Inc.

28. NOTE PAYABLE

	2021	2020
Note payable	25,000	25,000

On December 18, 2019 the company entered into a $25,000 Surplus Debenture agreement with its parent company Sagicor Life Inc., which was approved by the Financial Services Commission. The Financial Services Commission approved the amount of $25,000 to be included as contributed regulatory capital for the company. See note 32.1.

The Surplus Debenture bears interest at the rate of 0.00% per annum and is repayable in part or in full on demand subject to approval by the Financial Services Commission.

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

29. RELATED PARTY TRANSACTIONS

29.1 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:

	2021	2020
Compensation		
Salaries, directors' fees and other short-term benefits	2,577	2,352
Pension and other retirement benefits	126	112
	2,703	2,464

29.2 Other related party transactions

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

	2021	2020
Premium income	3,155	2,940
Management fees	-	(141)
Investment income	156	497
Interest expense	-	-
Rental expense	(123)	(95)

Amounts payable to related parties amounted to $1,519 (2020 payable to $3,180) and are interest free with no stated terms of repayment. Premiums receivable amounted to $1,887 (2020 - $1,314).

30. FINANCIAL RISK

The company's activities of issuing insurance contracts, investing insurance premium and deposit receipts in a variety of financial and other assets, 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 notes 30 and 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 the company 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 risks are associated primarily with financial investments and reinsurance assets.

Credit risk from financial investments is minimised through
- holding a diversified portfolio of investments,
- purchasing quality securities
- advancing loans only after careful assessment of the borrower and obtaining collateral,
- placing deposits with financial institutions with a strong capital base.
- placing limits on the amount of exposure in relation to any one borrower.

Investment portfolio assets are mostly unsecured except for securities purchased under agreement to resell for which title to the securities is transferred to the company for the duration of each agreement.

Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

For mortgage loans, the collateral is real estate property, and the approved loan limit is 75% to 95% of collateral value.

The company may foreclose on overdue mortgage loans by repossessing the pledged asset and seek to dispose of the pledged asset by sale.

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.1 Credit risk (continued)

Rating of financial assets

The company's credit rating model (note 3.2) applies a rating scale to three categories of exposures:

- Investment portfolios, comprising debt securities, deposits, securities purchased for re-sale, and cash;
- Lending portfolios, comprising mortgage loans;
- Reinsurance exposures, comprise realistic disaster scenarios for property and casualty insurance (see note 31.3).

For lending portfolios, the three default ratings of 8, 9 and 10 are utilised, while for investment portfolios and reinsurance assets, one default rating (8) is utilised.

In sections 30.2 and 30.3 below, we set out various credit risks and exposures in accordance of assets measured in accordance with IFRS 9.

30.2 Credit risk exposure – financial assets subject to impairment

The total credit risk exposure of the company at year end is summarised in the following table. For assets measured at FVOCI or amortised cost, credit risk exposure is the gross carrying amount. For assets measured at FVTPL, the company's credit risk exposure is the carrying amount.

	2021	2020
Investment portfolios:		
Debt securities at amortised cost	90,327	81,403
Money market securities at FVOCI	9,659	12,825
Deposits at amortised cost	23,266	18,967
	123,252	**113,195**
Lending portfolios:		
Mortgage loans at amortised cost	706	829
	706	**829**
Cash	57,291	57,744
Reinsurance assets	13,802	12,118
Receivables (premium, accounts and miscellaneous)	30,193	29,909
Total financial statement exposures	**225,244**	**213,795**

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

Financial assets carried at amortised cost or FVOCI are subject to credit impairment losses which are recognised in the statement of income.

The following tables contain analyses of the credit risk exposure of financial investments subject to an ECL allowance.

	Debt securities – Amortised Cost				
	2021				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	49,866	-	-	-	49,866
Non-investment	7,606	14,770	-	17,848	40,224
Watch	158	-	-	402	560
Default	-	-	-	-	-
Unrated	-	-	-	-	-
Gross carrying amount	57,630	14,770	-	18,250	90,650
Loss allowance	(32)	(243)	-	(48)	(323)
Carrying amount	57,598	14,527	-	18,202	90,327

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

The following tables contain analyses of the credit risk exposure of financial investments subject to an ECL allowance.

	Debt securities – Amortised Cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	40,876	-	-	-	40,876
Non-investment	7,333	14,279	-	16,989	38,601
Watch	158	-	-	496	654
Default	-	-	2,667	-	2,667
Unrated	-	-	-	-	-
Gross carrying amount	48,367	14,279	2,667	17,485	82,798
Loss allowance	(61)	(323)	(955)	(56)	(1,395)
Carrying amount	48,306	13,956	1,712	17,429	81,403

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

	Mortgage loans – amortised cost				
	2021				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Non-investment	708	-	-	-	708
Watch	-	-	14	-	14
Gross carrying amount	708	-	14	-	722
Loss allowance	(16)	-	-	-	(16)
Carrying amount	692	-	14	-	706

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

	Mortgage loans – amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Non-investment	833	-	-	-	833
Watch	-	-	16	-	16
Gross carrying amount	833	-	16	-	849
Loss allowance	(20)	-	-	-	(20)
Carrying amount	813	-	16	-	829

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

	Deposits – amortised cost				
	2021				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	16,011	-	-	-	16,011
Non-investment	6,847	-	-	-	6,847
Watch	421	-	-	-	421
Gross carrying amount	23,279	-	-	-	23,279
Loss allowance	(13)	-	-	-	(13)
Carrying amount	23,266	-	-	-	23,266

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

	Deposits – amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	14,859	-	-	-	14,859
Non-investment	3,714	-	-	-	3,714
Watch	412	-	-	-	412
Gross carrying amount	18,985	-	-	-	18,985
Loss allowance	(18)	-	-	-	(18)
Carrying amount	18,967	-	-	-	18,967

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

Money Market Funds – FVOCI

	2021				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	2,601	-	-	-	2,601
Non-investment	7,059	-	-	-	7,059
Gross carrying amount	9,660	-	-	-	9,660
Loss allowance	(1)	-	-	-	(1)
Carrying amount	9,659	-	-	-	9,659

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.2 Credit risk exposure – financial assets subject to impairment (continued)

	Money Market Funds – FVOCI				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
December 31:					
Credit grade:					
Investment	2,649	-	-	-	2,649
Non-investment	10,178	-	-	-	10,178
Gross carrying amount	12,827	-	-	-	12,827
Loss allowance	(2)	-	-	-	(2)
Carrying amount	12,825	-	-	-	12,825

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements;

The following tables contain analyses of the movement of loss allowances from January 1, 2021 to December 31, 2021 in respect of financial investments subject to impairment.

	Debt securities – amortised cost				
	2021				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance at January 1, 2021	61	323	955	56	1,395
Transfers:					
Transfer from Stage 1 to Stage 2	(2)	2	-	-	-
Transfer from Stage 2 to Stage 1	13	(13)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Debt securities originated or purchased	2	-	-	-	2
Debt securities fully derecognised	(18)	-	-	-	(18)
Changes to inputs used in ECL calculation	(24)	(69)	(955)	(8)	(1,056)
Loss allowance at December 31, 2021	32	243	-	48	323
Credit impairment gain recorded in statement of income					1,072

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

	Debt securities – amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance at January 1, 2020	44	467	-	55	566
Transfers:					-
Transfer from Stage 1 to Stage 2	(4)	4	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(442)	442	-	-
Debt securities originated or purchased	5	-	-	-	5
Debt securities fully derecognised	(1)	-	-		(1)
Changes to inputs used in ECL calculation	17	294	513	1	825
Loss allowance at December 31, 2020	61	323	955	56	1,395
Credit impairment gain recorded in statement of income					(837)

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

	Mortgage loans – amortised cost				
	2021				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance at January 1, 2021	20	-	-	-	20
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Mortgage Loan fully derecognised	(4)	-	-	-	(4)
Changes to inputs used in ECL calculation	-	-	-	-	-
Effect of exchange rate changes	-	-	-	-	-
Loss allowance at December 31, 2021	16	-	-	-	16
Credit impairment gain recorded in statement of income					4

	Mortgage loans – amortised cost				
	2020				
	ECL Staging			POCI	Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL		
Loss allowance at January 1, 2020	20	-	-	-	20
Transfers:					
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Changes to inputs used in ECL calculation	-	-	-	-	-
Effect of exchange rate changes	-	-	-	-	-
Loss allowance at December 31, 2020	20	-	-	-	20
Credit impairment gain recorded in statement of income					-

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

	Deposits - amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance at January 1, 2021	18	-	-	-	18
Deposits originated or purchased					
Deposits fully derecognised	1	-	-	-	1
Changes to inputs used in ECL calculation	(6)	-	-	-	(6)
Loss allowance at December 31, 2021	13	-	-	-	13
Credit impairment gain recorded in statement of income					5

	Deposits - amortised cost				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance at January 1, 2020	7	-	-	-	7
Deposits originated or purchased	17	-	-	-	17
Changes to inputs used in ECL calculation	(6)	-	-	-	(6)
Effect of exchange rate changes	-	-	-	-	-
Loss allowance at December 31, 2020	18	-	-	-	18
Credit impairment loss recorded in statement of income					(11)

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

	Money Market Funds – FVOCI				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance at January 1, 2021	2	-	-	-	2
Funds originated or purchased					
Funds fully derecognised	-	-	-	-	-
Changes to inputs used in ECL calculation	(1)	-	-	-	(1)
Loss allowance at December 31, 2021	1	-	-	-	1
Credit impairment gain recorded in statement of income					1

	Money Market Funds – FVOCI				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Loss allowance at January 1, 2020	-	-	-	-	-
Funds originated or purchased	2	-	-	-	2
Changes to inputs used in ECL calculation	-	-	-	-	-
Effect of exchange rate changes	-	-	-	-	-
Loss allowance at December 31, 2020	2	-	-	-	2
Credit impairment loss recorded in statement of income					(2)

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

(a) Economic variable assumptions

The macroeconomic indicators for all sectors were updated to produce regressions which reasonably explain the relationship between the respective default rates and the macroeconomic variables.

The GBP USD and NZD USD currency pairs were introduced to enhance the explanation of the default rates in the respective sectors. This was considered critical since currency risk and sovereign risk vary among currency pairs and currency shocks can result in major losses for companies and impact their ability to satisfy their debt and consequently result in defaults.

In addition to the currency pairs, it is noted that market indices such as the S&P 500 Financial Index and the Dow Jones Industrial Average Index have demonstrated to have a stronger correlation to the performance of our investments in the financial and industrial sectors.

The inclusion of the additional variables in the model has improved the robustness of the model.

A comparison of the sensitivity analyses using the old and updated models produced, especially for the financial sector, a more reliable and supportable fit between the default rate and the macroeconomic variables.

The company has selected three economic factors which provide the overall macroeconomic environment in considering forward looking information for base, upside and downside forecasts.

These are as follows:

Amounts expressed in Barbados dollars $000's

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30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

(a) Economic variable assumptions

GDP Growth (USA)	2022	2023	2024
Base	3.5%	2.6%	1.9%
Upside	5.0%	3.0%	1.0%
Downside	1.1%	1.6%	1.8%

World GDP	2022	2023	2024
Base	4.9%	3.6%	3.4%
Upside	7.4%	5.4%	5.1%
Downside	2.6%	2.6%	2.4%

WTI Oil Prices/10	2022	2023	2024
Base	$14.72	$13.58	$12.80
Upside	$18.78	$18.78	$18.78
Downside	$6.17	$5.69	$5.37

DOW Jones Industrial Average Index - EPS	2022	2023	2024
Base	$3,881.88	$4,265.78	$4,265.78
Upside	$5,767.02	$6,337.36	$6,337.36
Downside	$2,276.08	$2,501.78	$2,501.16

S&P 500 Financial Index - EPS	2022	2023	2024
Base	$87.86	$97.96	$97.96
Upside	$132.58	$147.82	$147.82
Downside	$57.60	$64.22	$64.22

GBP/USD	2022	2023	2024
Base	$1.3496	$1.3490	$1.3541
Upside	$1.4612	$1.5166	$1.5718
Downside	$1.2379	$1.1813	$1.1364

NZD/USD	2022	2023	2024
Base	$0.6751	$0.6663	$0.6559
Upside	$0.7447	$0.7658	$0.7778
Downside	$0.6055	$0.5667	$0.5340

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

(a) Economic variable assumptions (continued)

Barbados	**Expected state for the next 12 months**	
	Scenario	**State**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Stable
	Upside	Stable
	Downside	Super Negative

Trinidad & Tobago	**Expected state for the next 12 months**	
	Scenario	**State**
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative
GDP growth	Base	Negative
	Upside	Stable
	Downside	Super Negative

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

(b) Loss given default (LGD)

From the inception of IFRS 9, the company has used the LGD for sovereigns as provided by Moody's. The 45% LGD in Moody's current report represents the losses derived using the average trading prices method for US denominated external debt. Due to the limited trading activity and the small percentage of US denominated sovereign debt in our portfolio we do not believe it is appropriate to use the average trading price method. An analysis of this calculation shows that this LGD includes losses for places such as Greece, Russia and African countries and does not truly reflect a Caribbean experience.

Sagicor General's sovereign exposure is primarily in the Caribbean region where bond markets are very thinly traded. For the majority of our sovereign exposures an internal valuation method is used to produce accurate fixed income prices. To determine the accurate fair value for disclosure purposes in financial reporting, we use the present value of the bond's expected cash flows.

Our analysis showed that using Moody's NPV method results in a loss given default (LGD) of approximately 35% regardless of the inclusion of members CARICOM solely or all global defaults. Furthermore, Barbados, the most recent defaulted bond issuer in the Caribbean suffered a maximum loss of approximately 36% on the restructured domestic debt which is in line with the LGD using the NPV method.

In light of the above, we adopted the NPV method for determining the LGD for Caribbean Sovereigns and reduced the LGD to 35% as derived from the calculation.

The ECL impact of changes in LGD rates is summarised as follows:

	2021			
			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in threshold**	**Increase in value**	**Decrease in value**
Investments - Corporate Debts	53%	(- /+ 5) %	26	(26)
Investments - Sovereign Debts (excluding Government of Barbados)	35%	(- /+ 5) %	9	(9)

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.3 Credit impairment losses – financial assets subject to impairment (continued)

(b) Loss given default (LGD) (continued)

2020				
			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in threshold**	**Increase in value**	**Decrease in value**
Investments - Corporate Debts	53%	(- /+ 5) %	126	(126)
Investments - Sovereign Debts (excluding Government of Barbados)	35%	(- /+ 5) %	11	(11)

(c) Scenario design

The weightings assigned to each economic scenario as at December 31, 2021 are set out in the following table.

	Base – 80% Upside – 10% Downside – 10%		**Base – 80% Upside – 10% Downside – 10%**	
	Increase in ECL		**Decrease in ECL**	
	2021	**2020**	**2021**	**2020**
Investments - excluding Government of Barbados	21	11	(21)	(11)
Lending products	1	12	(1)	(11)

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.4 Gross Carrying Values – financial investments subject to impairment

The following tables explain the movement in the gross carrying amounts of investments and in the ECL classifications for the year. Gross carrying amounts represent the maximum exposure to credit risk.

	Debt securities – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2021	48,367	14,279	2,667	17,485	82,798
Transfers:					
Transfer from Stage 1 to Stage 2	(4,474)	4,474	-	-	0
Transfer from Stage 2 to Stage 1	3,794	(3,794)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
New financial assets originated or purchased	16,158	-	-	-	16,158
Financial assets fully derecognised during the period	(6,044)	-	-	(2)	(6,046)
Changes in principal and interest	(171)	(189)	(2,667)	767	(2,260)
Gross carrying amount as at December 31, 2021	57,630	14,770	0	18,250	90,650

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Debt securities – amortised cost				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2020	53,484	2,941	-	16,713	73,138
Transfers:					
Transfer from Stage 1 to Stage 2	(10,337)	10,337	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(2,583)	2,583	-	-
New financial assets originated or purchased	10,639	-	-	-	10,639
Financial assets fully derecognised during the period	(7,421)	-	-	-	(7,421)
Changes in principal and interest	2,002	3,584	84	772	6,442
Gross carrying amount as at December 31, 2020	48,367	14,279	2,667	17,485	82,798

	Mortgages – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2021	833	-	16	-	849
Financial assets fully derecognised during the period	-	-	-	-	-
Changes in principle and interest	(125)	-	(2)	-	(127)
Gross carrying amount as at December 31, 2021	708	-	14	-	722

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Mortgages – amortised cost				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2020	966	-	16	-	982
Financial assets fully derecognised during the period	(133)	-	-	-	(133)
Gross carrying amount as at December 31, 2020	833	-	16	-	849

	Deposits – amortised cost				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2021	18,985	-	-	-	18,985
New financial assets originated or purchased	6,154	-	-	-	6,154
Financial assets fully derecognised during the period	(2,013)	-	-	-	(2,013)
Changes in principal and interest	153	-	-	-	153
Gross carrying amount as at December 31, 2021	23,279	-	-	-	23,279

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Deposits – amortised cost				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2020	20,010	-	-	-	20,010
New financial assets originated or purchased	18,397	-	-	-	18,397
Financial assets fully derecognised during the period	(19,420)	-	-	-	(19,420)
Changes in principal and interest	(2)	-	-	-	(2)
Gross carrying amount as at December 31, 2020	18,985	-	-	-	18,985

	Money Market Funds - FVOCI				
	2021				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2021	12,825	-	-	-	12,825
New financial assets originated or purchased	-	-	-	-	-
Financial assets fully derecognised during the period	-	-	-	-	-
Changes in principal and interest	(3,166)	-	-	-	(3,166)
Gross carrying amount as at December 31, 2021	9,659				9,659

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.4 Gross Carrying Values – financial investments subject to impairment (continued)

	Money Market Funds – FVOCI				
	2020				
	ECL Staging				
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	POCI	Total
Gross carrying amount as at January 1, 2020	10,052	-	-	-	10,052
New financial assets originated or purchased	52,890				52,890
Financial assets fully derecognised during the period	(50,119)	-	-	-	(50,119)
Changes in principal and interest	2	-	-	-	2
Gross carrying amount as at December 31, 2020	12,825	-	-	-	12,825

30.5 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.

Amounts expressed in Barbados dollars $000's

30.5 Liquidity risk (continued)

2021	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:				
Due to re-insurers and premium tax	16,795	-	-	16,795
Accounts payable and accrued liabilities	7,401	-	-	7,401
Note payable	25,000	-	-	25,000
Lease liability	252	40	-	292
Loan payable	16,378	-	-	16,378
Total financial liabilities	65,826	40	-	65,866

2020	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:				
Due to re-insurers and premium tax	16,620	-	-	16,620
Accounts payable and accrued liabilities	16,498	-	-	16,498
Notes payable	25,000	-	-	25,000
Lease liability	453	302	-	755
Loan payable	19,816	-	-	19,816
Total financial liabilities	78,387	302	-	78,689

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.5 Liquidity risk

(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
2021				
Policyholders' liabilities	36,214	31,063	6,098	73,375
2020				
Policyholders' liabilities	42,395	27,929	1,446	71,770

(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.

2021	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Debt securities	5,239	19,210	65,878	90,327
Mortgage loans	77	382	247	706
Deposits	22,890	376	-	23,266
Reinsurance assets	13,802	-	-	13,802
Premiums in the course of collection	29,239	-	-	29,239
Miscellaneous assets and receivables	1,407	-	-	1,407
Cash resources	57,291	-	-	57,291
Total	129,945	19,968	66,125	216,038

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.5 Liquidity risk (continued)

2020	**Maturing within 1 year**	**Maturing 1 to 5 years**	**Maturing after 5 years**	**Total**
Debt securities	2,060	25,111	54,232	81,403
Mortgage loans	141	373	315	829
Deposits	18,645	322	-	18,967
Reinsurance assets	12,118	-	-	12,118
Premiums in the course of collection	26,886	-	-	26,886
Miscellaneous assets and receivables	3,612	-	-	3,612
Cash resources	57,744	-	-	57,744
Total	121,206	25,806	54,547	201,559

30.5 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.

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.6 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.

2021	**Exposure within 1 year**	**Exposure 1 to 5 years**	**Exposure after 5 years**	**Not exposed to interest**	**Total**
Policyholders' liabilities	-	-	-	73,375	73,375
Due to re-insurer and premium tax	-	-	-	16,795	16,795
Lease liabilities	252	40	-	-	292
Note payable	25,000	-	-	-	25,000
Loan payable	16,378	-	-	-	16,378
Accounts payable and accrued liabilities	-	-	-	7,401	7,401
Total	41,630	40	-	97,571	139,241

2020					
Policyholders' liabilities	-	-	-	71,770	71,770
Due to re-insurer and premium tax	-	-	-	16,620	16,620
Lease liabilities	453	302	-	-	755
Note payable	25,000	-	-	-	25,000
Loan payable	19,816	-	-	-	19,816
Accounts payable and accrued liabilities	-	-	-	8,211	8,211
Total	45,269	302	-	96,601	142,172

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.6 Interest rate risk (continued)

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

2021	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities	5,064	18,994	65,315	954	90,327
Mortgage loans	77	382	247	-	706
Deposits	22,771	375	-	120	23,266
Reinsurance assets	-	-	-	44,158	44,158
Premiums in the course of collection	-	-	-	29,239	29,239
Miscellaneous assets and receivables	-	-	-	1,407	1,407
Cash resources	-	-	-	57,291	57,291
Total	27,912	19,751	65,562	133,169	246,394

2020	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Debt securities	1,855	24,746	53,794	1,008	81,403
Mortgage loans	141	373	315	-	829
Deposits	18,558	318	-	91	18,967
Reinsurance assets	-	-	-	42,197	42,197
Premiums in the course of collection	-	-	-	26,886	26,886
Miscellaneous assets and receivables	-	-	-	3,612	3,612
Cash resources	-	-	-	57,744	57,744
Total	20,554	25,437	54,109	131,538	231,638

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.6 Interest rate risk (continued)

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

	2021	2020
Debt securities	4.0%	4.1%
Mortgage loans	4.7%	4.5%
Deposits	1.1%	1.8%

Sensitivity

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

30.7 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.

30. FINANCIAL RISK (continued)

30.7 Foreign exchange risk (continued)

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

	Barbados$ 000 equivalents of balances denominated in:			
2021	**Barbados**	**Trinidad**	**Other currencies**	**Total**
ASSETS				
Financial investments	30,500	83,111	11,182	124,793
Reinsurance assets	23,720	17,008	3,430	44,158
Miscellaneous assets and receivables	18,455	7,953	4,238	30,646
Cash resources	13,991	12,409	30,891	57,291
Total financial and insurance assets	86,666	120,481	49,741	256,888
LIABILITIES				
Policyholders' liabilities	47,076	22,947	3,352	73,375
Note payable	-	-	25,000	25,000
Lease liabilities	19	273	-	292
Loan payable	16,378	-	-	16,378
Accounts payable and accrued liabilities	15,934	11,359	4,524	31,817
Total financial and insurance liabilities	79,407	34,579	32,876	146,862
Net position	7,259	85,902	16,865	110,026

2020				
ASSETS				
Financial investments	38,418	63,324	13,176	114,918
Reinsurance assets	21,918	17,570	2,709	42,197
Miscellaneous assets and receivables	18,551	8,752	3,195	30,498
Cash resources	4,953	24,750	28,041	57,744
Total financial and insurance assets	83,840	114,396	47,121	245,357
LIABILITIES				
Policyholders' liabilities	41,484	26,692	3,594	71,770
Notes payable	-	-	25,000	25,000
Lease liabilities	238	517	-	755
Loan payable	19,816	-	-	19,816
Accounts payable and accrued liabilities	14,467	16,902	1,794	33,163
Total financial and insurance liabilities	76,005	44,111	30,388	150,504
Net position	7,835	70,285	16,733	94,853

30. FINANCIAL RISK (continued)

30.7 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.

30.8 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.

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.8 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 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

	Level 1	Level 2	Level 3	Total
2021				
Equity securities	835	-	-	835
	835	-	-	835

	Level 1	Level 2	Level 3	Total
2020				
Equity securities	894	-	-	894
	894	-	-	894

There were no transfers occurring in 2021 or 2020 between levels 1, 2 and 3.

Amounts expressed in Barbados dollars $000's

30. FINANCIAL RISK (continued)

30.8 Fair value of financial instruments (continued)

b) Financial instruments carried at amortised cost

	Level 1	Level 2	Level 3	Total
2021				
Debt securities	-	14,107	77,695	91,802
Mortgage loans	-	-	692	692
	-	14,107	78,387	92,494

	Level 1	Level 2	Level 3	Total
2020				
Debt securities	-	20,739	62,222	82,961
Mortgage loans	-	-	814	814
	-	20,739	63,036	83,775

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

	Carrying value	Effect of a 20% change
Equity securities:		
Listed on Caribbean stock exchanges and markets	835	167

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

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.

Amounts expressed in Barbados dollars $000's

31. INSURANCE RISK (continued)

31.2 Claims risk

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

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

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

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

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

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

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

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

	Gross	Net
2021		
Property business	18,469,828	3,565,155
Motor business	1,001,702	1,001,702
Accident and liability business	6,896,336	6,248,014
Sums insured	**26,367,866**	**10,814,871**

Amounts expressed in Barbados dollars $000's

31. INSURANCE RISK (continued)

31.2 Claims risk (continued)

	Gross	Net
2020		
Property business	18,007,346	3,345,887
Motor business	993,210	993,210
Accident and liability business	6,880,376	6,336,147
Sums insured	**25,880,932**	**10,675,244**

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 2021 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	601,079	10,000
Earthquake of magnitude 5.0 on the Richter scale affecting Trinidad:		
Used assumption of this event having a 250 year return period	1,032,074	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.

Amounts expressed in Barbados dollars $000's

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	• maximum retention of $9,000 (2020 - $9,000) for a single non-catastrophic event; • maximum retention of $10,000 (2020 - $10,000) for a catastrophic event; • quota share retention to a maximum of 20% in respect of the treaty limits; • quota share retention is further reduced to a maximum of $750 (2020 - $750) per risk.
Motor and liability risks	• maximum retention of $1,500 for a single event; • treaty limits apply.
Miscellaneous accident risks	• maximum retention of $150 for a single event; • treaty limits apply.
Engineering business risks	• maximum retention of $1,000 for a single risk; • treaty limits apply for material damage and for liability claims.
Marine risks	• maximum retention of $150 for a single event; • treaty limits apply.
Bond risks	• 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	• 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

Amounts expressed in Barbados dollars $000's

31.3 Reinsurance risk (continued

Reinsurance balances and the effects of reinsurance ceded on income are disclosed at notes 8, 12.1, 12.2, 16, 18 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	911,371	56.0
		2	Low risk	674,687	42.0
		3	Moderate risk	27,095	2.0
	Non-investment grade	4	Acceptable risk	-	-
		5	Average risk	-	-
	Watch	6	Higher risk	-	-
		7	Special mention	-	-
Default		8	Substandard	-	-
		9	Doubtful	-	-
		10	Loss	-	-
			TOTALS	1,613,153	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.

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

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:

	2021	2020
Equity	58,384	46,648
Surplus notes (note 28)	25,000	25,000
Total capital resources	83,384	71,648

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.

The Financial Services Commission has approved the Surplus Debenture in the amount of $25,000 (note 28) to be included as part of the company's regulatory contributed capital.

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.

For the year ended December 31, 2021 Amounts expressed in Barbados dollars $000's

33. LEASE LIABILITIES

The lease liabilities recognised are as follows:

	2021	2020
Current lease liabilities	252	493
Non-current lease liabilities	40	262
	292	755

The lease liabilities relate to the following right-of-use assets:

	2021	2020
Land & buildings	244	617
Motor vehicles	19	35
Total right-of-use assets[1] (note 5)	263	652

[1]Included in property, plant and equipment

34. IMPACT OF COVID-19

On March 11, 2020, the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. This pandemic has affected many countries and all levels of society and has affected our economic environment in significant ways. The COVID-19 situation continues to evolve and many of the markets in which Sagicor operates have implemented public health safety protocols. At various stages during the year, most Caribbean countries have shut down air and sea traffic. Similar procedures have also been applied in the United States, Canada and elsewhere. The COVID-19 pandemic has caused significant economic and financial turmoil and uncertainty, both in the U.S. and around the world, and has fuelled concerns that have led to a global recession.

In response to the changing economic environment, the company has considered the impact of this environment and has performed reviews and updated its assumptions, including those related to asset impairment, where necessary. The company has made significant adjustments to ECLs to recognize the increased credit risk associated with the fall-out in relation to its borrowing and investment portfolios, driven by the downturn in the economy. Changes in the economic outlook data have been reported in note 30.3 on credit risk and impairment.

ADVISORS AND BANKERS NOTICE OF MEETING

ADVISORS AND BANKERS

APPOINTED ACTUARY

Eckler Ltd.

AUDITOR

PricewaterhouseCoopers SRL

COUNSEL

Sir Richard Cheltenham, QC, Ph.D.

BANKERS

CIBC First Caribbean International Bank Limited

First Citizens Bank (Barbados) Limited

The Bank of Nova Scotia

RBC Royal Bank (Barbados) Limited

RBC Royal Bank (Trinidad and Tobago) Limited

Republic Bank Limited

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the TWENTY FOURTH 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, June 23, 2022 at 10:30 a.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, 2021.

2. To elect Directors:-

   Dr M. Patricia Downes-Grant and Mr J. Edward Clarke are the Directors whose terms of office expire at the close of this meeting 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 25, 2022

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, Cecil F de Caires Building, Wildey, St. Michael, Barbados, not less than twenty-four hours before the meeting. A form of Proxy is enclosed for your convenience.

SAGICOR GENERAL INSURANCE INC.
COMPANY NO. 42724

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 Sixth Annual General Meeting of the Shareholders of Sagicor General Insurance Inc. (hereinafter called the "Company") to be held on June 23, 2022 at 10:30 a.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 Cecil F de Caires Building, Wildey, St. Michael 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 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 AUDITOR'S REPORT

The Financial Statements of the Company for the year ended December 31, 2021 and the Auditor's Report thereon, are included in the 2021 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 currently consists of six (6) 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:

Dr. M. Patricia Downes-Grant was elected as a director at the Annual Meeting of Shareholders held on July 25, 2019 for a term of three years.

Mr. J. Edward Clarke was elected as a director at the Annual Meeting of Shareholders held on July 25, 2019 for a term of three years.

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

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

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

APPOINTMENT OF AUDITORS

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

DISCRETIONARY AUTHORITY

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

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

No Directors' statement is submitted pursuant to Section 71(2) of the Companies Act.

No Auditors' statement is submitted pursuant to Section 163(1) of the Companies Act.

Date: May 25, 2022.

Althea C. Hazzard
Corporate Secretary

Althea C. Hazzard
Corporate Secretary

HOME

MARINE

MOTOR

TRAVEL

Sagicor
GENERAL