Sagicor Group Jamaica Limited

Financial Statements
31 December 2020

Sagicor Group Jamaica Limited

Index

31 December 2020

Sagicor Group

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APPOINTED ACTUARY'S REPORT
TO THE SHAREHOLDERS
AND POLICYHOLDERS

I have valued the policy actuarial liabilities of Sagicor Life Jamaica Limited and Sagicor Life of the Cayman Islands Ltd. for the consolidated statement of financial position at 31 December 2020, and the change in the consolidated income statement for the year then ended, in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

The valuations of the Sagicor Life Jamaica Limited and the Sagicor Life of the Cayman Islands Ltd. business were conducted using the Policy Premium Method assuming best-estimate assumptions together with margins for adverse deviations in accordance with the Actuarial Regulations, 2001. The valuation has been carried out in accordance with the International Financial Reporting Standard 4, Insurance Contracts and the results satisfy the liability adequacy tests as required by this standard. The valuation also complies with the Caribbean Actuarial Association's Practice Standards for Long-term Insurance Business (APS2) and for General Actuarial Practice (APS0).

In my opinion, the amount of the policy actuarial liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly represent the results of the valuation.

JANET SHARP, FSA, MAAA, CERA
APPOINTED ACTUARY FOR SAGICOR LIFE JAMAICA LIMITED AND
SAGICOR LIFE OF THE CAYMAN ISLANDS LTD

26 FEBRUARY 2021

Independent auditor's report

To the Members of Sagicor Group Jamaica Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Sagicor Group Jamaica Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2020, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- The Consolidated statement of financial position as at 31 December 2020;
- The Consolidated income statement for the year ended 31 December 2020;
- The Consolidated statement of comprehensive income for the year ended 31 December 2020;
- The Consolidated statement of changes in equity for the year ended 31 December 2020;
- The Consolidated statement of cash flows for the year ended 31 December 2020;
- The Company statement of financial position as at 31 December 2020;
- The Company statement of comprehensive income for the year ended 31 December 2020;
- The Company statement of changes in equity for the year ended 31 December 2020;
- The Company statement of cash flows for the year ended 31 December 2020; and
- The notes to the financial statements, which include a summary of 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 A*uditor's responsibilities for the audit of the consolidated and stand-alone 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.

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Independence
We are independent of the Group 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.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The context of our audit is set by the Group's major occurrences and business activities for 2020. One of the most significant events in 2020 was the impact of the Novel Coronavirus (COVID 19) on the results of the Group's operations and on the valuation and determination of the recoverable amounts of some of the Group's assets. The areas most impacted by COVID 19 include revaluation gains/losses on investments recognised in profit or loss and other comprehensive income (OCI), goodwill impairment, impairment of the Group's investment in associated company and expected credit losses (ECLs) recognised on the investment and the loan portfolios. There are no new Key Audit Matters (KAMs) this year.

We determined the scope of our audit by considering the internal organisation of the Group and identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group comprised 21 reporting components of which we selected 11, which represent the principal business units within the Group and are located in Jamaica, Cayman Islands and Costa Rica. Full scope audits were performed for 8 components, while audits of one or more financial statements line items were performed for 3 components. The audit work performed covered 99% of the Group's total assets and 98% of total revenue. For one reporting component located in Jamaica, and one in Costa Rica, we used component auditors from a non-PwC firm, familiar with the local laws and regulations to perform this audit work.

The Group's businesses are organised into four primary business segments being Individual Lines, Employee Benefits, Commercial Banking, Investment Banking and a collective business segment, Other. Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other.

pwc

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

Key audit matter	How our audit addressed the key audit matter
Actuarial methodologies and assumptions used in the valuation of insurance contract liabilities and annuity insurance contracts (Group) *See notes 2 (q-r), 3 (b)(i) and 32 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2020, total reserves for life insurance and annuity contracts account for $90.8 billion or 25% of total liabilities of the Group. We focused on this area as it involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities. The key inputs used to estimate these long-term liabilities included: ● Economic assumptions such as investment return and associated discount rates; and ● Operating assumptions such as mortality, lapses and persistency (including consideration of policyholder behaviour) and operating expenses. Management uses qualified internal actuaries to assist in determining these assumptions and in valuing the actuarial liabilities. In determining the actuarial liabilities, management's experts did not make an explicit assumption for deaths related to COVID 19 as the pandemic was deemed to be a shock event.	Our approach to addressing the matter involved the following procedures, amongst others: ● Updated our understanding for any changes impacting the assumptions, with a focus on mortality, contract lapses, investment return and associated discount rates, and operating expenses, all of which are based on entity experience or published industry studies. ● Evaluated, with the assistance of our own actuarial expert, the methodologies and assumptions utilized by management's actuaries considering industry and component specific facts and circumstances. ● Tested the policy master file for completeness and accuracy of the underlying data utilized by management as inputs to the actuarial valuation. ● Tested a sample of contracts to assess whether contract features corresponded to the data file as part of our reliability of data tests. ● Challenged management's assertion that COVID 19 is a shock event by examining the current mortality rate for COVID 19 and by considering perspectives on mortality improvements, based on medical advances. The results of our procedures indicated that significant estimates and assumptions used by management were not unreasonable, and that the methodologies used were actuarially established, accepted and appropriate in the circumstance and consistent with prior years.

Key audit matter	How our audit addressed the key audit matter
Valuation of incurred but not reported (IBNR) claims for property & casualty contracts (Group) *See notes 2 (q), 3 (b)(i) and 34 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2020, total incurred but not reported reserves account for $1.8 billion or 0.5% of total liabilities of the Group. The methodologies and assumptions utilized to develop IBNR reserves involve a significant degree of judgement. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions. Management uses qualified external actuaries to assist in determining the valuation of IBNR claims. We focused on this area because there are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims underlying these methods and the values determined are subject to complex calculations.	Our approach to addressing the matter involved the following procedures, amongst others: ● Tested the completeness, accuracy and reliability of the underlying data utilized by management, and their external actuarial experts to support the actuarial valuation. ● Performed, with the assistance of our own valuation experts, a methods and assumptions analysis of the actuarial valuation performed by the Group's actuary. ● Evaluated the assumptions used by management and assessed the methodologies used for appropriateness and consistency with established actuarial practice and methodologies used in the prior year. The results of our procedures indicated that significant estimates and assumptions used by management were not unreasonable, and that the methodologies used were actuarially established, accepted and appropriate in the circumstance and consistent with prior years.

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments" – Probabilities of Default, Forward Looking Assumptions & Significant Increase in Credit Risk (Group) *See notes 2 (f), 3 (b)(iv), 8, 10 and 48 (d) to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2020, loans and advances, net of provision for credit losses, totaled $87.8 billion on the Group's consolidated statement of financial position. The Group's debt securities measured at amortised cost and fair value through other comprehensive income (FVTOCI) totaled $259.0 billion. Overall, the above exposures represent 71% of total assets in aggregate. The impairment recorded under the IFRS 9 ECL model amounted to $1.0 billion and $600 million for loans and advances and $616 million for debt securities. The IFRS 9 ECL impairment model takes into account reasonable and supportable forward looking information as well as probabilities of default (PDs). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve month and the lifetime PDs are determined differently for loans and advances and debt securities. For loans and advances, management determined PDs are developed based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. Various scenarios were identified, and weightings assigned using macro-economic factors as well as management's experience and judgement.	Our approach to addressing the matter involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions and tested the mathematical integrity of the model. • Evaluated the design and tested the operating effectiveness of the relevant processes and controls for the forward looking information and SICR in the ECL determination by discussions with management, inspection of the evaluation, review and approval of key assumptions, judgments and forward-looking assumptions, prior to them being incorporated within the ECL model. • Evaluated, with the assistance of our specialists, for both loans and advances and debt securities, the appropriateness of management's judgements pertaining to forward looking information, including macro-economic factors and the basis of the multiple economic scenarios used. Sensitised the various inputs and assumptions as part of our reasonableness tests. • Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward looking information, including macro-economic factors, impacting the weighting of the scenarios due to the negative impact of COVID 19. Loans and advances: • Tested the completeness and accuracy of the historical data used on a sample basis by agreeing the details of the customer payment profile to source documents. • Reperformed, on a sample basis, the staging of loans with reference to days past due and agreed this to the ECL model. • Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents.

Key audit matter	How our audit addressed the key audit matter
For debt securities, including sovereign and corporate investment securities, PDs are developed with reference to external data collated by Standard & Poor's (S&P) with specific adjustments for industry and country specific risks, where necessary. Management also performs scenario analysis to determine the impact of future economic conditions on PDs in the countries and industries where the Group holds debt securities. A macro-economic indicator is determined, which is statistically linked to the credit risk of the sovereign exposure and/or corporate exposure. The unprecedented economic impact of COVID 19 resulted in a significant increase in credit risk (SICR) for a number of borrowers (both loans and advances and debt securities) who migrated from Stage 1 to Stage 2 based on an assessment of the industry in which the borrower operates and other relevant factors. In the event of a 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). Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macro-economic conditions. Additional adjustments to the base, best case and worst case scenario weightings were required as a result of the COVID 19 pandemic. We focused on this area, because of the complexity of the techniques used to determine PDs, the number of significant judgements made by management regarding possible future economic scenarios and the impact of COVID 19 on credit risk.	Debt Securities: • Tested the reliability of source data used to determine the PD in the model by corroborating the data to external public information, where available. • Tested the critical data fields used in the ECL model for the PD determination, such as the credit rating and date of default if any, and type of debt security by tracing data back to source documents. SICR (Loans and advances and debt securities): • For debt securities only, tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the Group stage migration applied to borrowers. • Performed an independent qualitative assessment for a sample of borrowers to determine whether there was any adverse public information affecting the criteria used to perform the staging. • Inspected the financial statements of a sample of borrowers to determine whether there was any significant downturn in financial performance before and during the pandemic. This aided in assessing management's staging for borrowers, particularly for those who requested forbearance as a result of COVID 19. Changes to weighting scenarios for forward looking information: • Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. • Sensitized the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter

Goodwill impairment (Group)
See notes 2 (m)(i), 3 (b)(v) and 17 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.
 	
The total carrying value of goodwill is $3.6 billion or 0.7% of total assets as at 31 December 2020. The Group recorded a goodwill impairment charge of $1.2 billion in arriving at net profit for the year ended 31 December 2020.
 	
Management performed goodwill impairment assessments using the Fair Value Less Costs to Sell approach (FVLCS) to derive the recoverable amount for the life insurance industry related Cash Generating Units (CGUs) and the Value-in-Use approach (VIU) to derive the recoverable amount for the non-life insurance industry related CGUs, as these are considered the higher value model in each of these components. The VIU approach is based on discounted cash flows and FVLCS is based on the capitalized earnings approach. In performing the assessments, management were assisted by valuation experts where required.
 	
We focused on this area as the determination of the carrying value of goodwill requires management judgement and estimation, and the assessment remains sensitive to reasonably possible changes in key assumptions being:
 	
• earnings multiples (FVLCS method);
• earnings growth rates (VIU method); and
• discount rates (VIU method).
 	
The judgement involved in determining the impact of COVID 19 on the key assumptions also caused us to focus on this area.
	Our approach to addressing the matter involved the following procedures, amongst others:
	
	• Updated our understanding of management's approaches to performing their annual impairment assessments. These were consistent with the prior year.
	
	• Evaluated management's future cash flow forecasts and updated our understanding of the process by which they were developed. Compared previous forecasts to actual results to assess the performance of the businesses and the extent to which reliance can be placed on management's ability to forecast. Confirmed that the forecasts used in the valuation models were consistent with the Board approved business plan, and that the key assumptions were subject to oversight from the Board of Directors.
	
	• Tested the assumptions (including the impact of COVID 19) and methodologies used, in particular those relating to the earnings multiples, earnings growth rates and discount rates as follows. We were assisted by our valuations experts in executing the procedures:
	  ○ Evaluated these assumptions with reference to valuations and performance forecasts of similar companies;
	  ○ Determined the levels of reduction in average earnings and forecast cash flows that would be required to eliminate the existing headroom and show signs of impairment;
	  ○ Compared the key assumptions to externally derived data where available, including industry betas, equity and market risk premiums, risk free rates, macro-economic indicators and industry growth rates; and
	  ○ Applied sensitivities in evaluating the Directors' assessment of the planned growth rate in cash flows.
	
	• Tested the valuation model calculations for mathematical accuracy.
	
	Based on the work performed, management's assumptions and recorded impairment charge were, in our view, not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for the Group's shareholding in associated company (Group) *See notes 2 (b) and 15 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* During the financial year, Playa Hotels & Resorts, an associated company of the Group, incurred losses as a result of travel restrictions and property closures, due mainly to the effects of COVID 19. Additionally, at various points during the financial year, the market capitalisation for the Group's shareholdings was below its carrying value, as determined using equity accounting. These were considered to be indicators of potential impairment, which required further consideration by management, as to whether a formal impairment assessment was required. The Group's investment in associated company is carried at $15.8 billion in the statement of financial position at the reporting date. Management concluded that an impairment assessment was required and performed a VIU calculation to determine a value for the recoverable amount, as required by IAS 36, "Impairment of non-financial assets". Based on the assessment, impairment charges of $4.5 billion were recognised in net profit. We focused on this due to its subjectivity and the sensitivity to changes in inputs, as the performance of VIU calculations involves the use of a number of estimates including earnings before interest, taxes, depreciation and amortisation (EBITDA), discount rates and terminal growth rates. The judgement involved in determining the impact of COVID 19 on the key assumptions also caused us to focus on this area.	Our approach to addressing the matter involved the following procedures, amongst others. In all our procedures, the impact of COVID 19 was a key consideration. • Examined management's assessment of the forecast performance of its investment and compared underlying financial data used in the assessment to audited financial statements and evaluated key assumptions such as occupancy levels against industry forecast data. Performed inquiries with key management of the Group and of the associated company regarding its forecast earnings, occupancy levels, leverage and cost of capital. We were assisted by our expert in executing these procedures. • Evaluated management's VIU calculation with the assistance of our valuation expert. This included evaluating management's assumptions in relation to future EBITDA, discount rates and terminal growth rates by forming our own independent expectation, referencing historical entity performance information as well as economic and statistical data. Based on the work performed, management's assumptions and recorded impairment charge were, in our view, not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Sagicor Group Jamaica Limited Annual Report (Annual Report) (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 Group and 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 Group or 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 consolidated and stand-alone 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 Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Garfield Reece.

PricewaterhouseCoopers
Chartered Accountants
Kingston, Jamaica
12 March 2021

Sagicor Group Jamaica Limited

Consolidated Statement of Financial Position

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	2019
		$'000	$'000
ASSETS			
Cash resources	6	21,852,129	13,966,477
Cash reserve at Central Bank	7	10,511,693	11,139,755
Financial investments	8	213,722,216	188,707,833
Derivative financial instruments	9	-	35,005
Loans and leases, after allowance for credit losses	10	87,843,528	84,996,376
Pledged assets	11	87,142,938	80,167,044
Investment properties	12	1,389,305	3,355,590
Investment in joint venture	13	683,234	436,493
Investment in associated company	15	15,844,876	24,509,615
Intangible assets	17	6,657,681	8,275,993
Property, plant and equipment	18	18,400,856	20,133,831
Right-of-use assets	44	2,488,231	2,910,614
Reinsurance contracts	34	3,400,819	2,052,051
Retirement benefit assets	19	1,187,248	863,638
Deferred income taxes	20	1,005,526	848,631
Taxation recoverable	21	2,438,233	2,264,183
Other assets	22	16,126,060	15,335,895
TOTAL ASSETS		**490,694,573**	**459,999,024**

The accompanying notes on pages 12 – 197 form an integral part of these financial statements.

Sagicor Group Jamaica Limited

Consolidated Statement of Financial Position (Continued)

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders Equity Attributable to:			
Stockholders' of the Company			
Share capital	24	8,991,044	8,848,274
Other equity reserves	25	11,207,518	6,886,530
Capital redemption reserve		3,121,572	3,121,572
Special investment reserve		496,446	463,413
Loan loss reserve		(1,347,635)	(850,784)
Retained earnings reserve		4,565,904	3,949,667
Retained earnings		79,349,157	68,832,882
		106,384,006	91,251,554
Non-Controlling Interests	56	20,462,993	29,672,714
Total Equity		**126,846,999**	**120,924,268**
Liabilities			
Deposit and security liabilities	29	207,358,482	180,170,778
Derivative financial instruments	9	-	35,005
Loans payable	30	10,689,746	14,375,012
Deferred income taxes	20	2,493,349	1,605,692
Taxation payable		1,687,589	135,054
Retirement benefit obligations	19	3,706,366	3,344,834
Lease liabilities	44	2,780,860	3,081,573
Other liabilities	31	15,434,188	19,335,837
Policyholders' Funds			
Life and health insurance contracts liabilities	32	90,777,722	91,441,962
Investment contracts liabilities	33	17,430,421	14,531,020
Property and casualty insurance contracts and other policy liabilities	34	11,488,851	11,017,989
		119,696,994	116,990,971
Total Liabilities		**363,847,574**	**339,074,756**
TOTAL EQUITY AND LIABILITIES		**490,694,573**	**459,999,024**

Approved for issue by the Board of Directors on 10 March 2021 and signed on its behalf by:

Peter Melhado **Chairman**

Christopher Zacca **Director**

The accompanying notes on pages 12 -197 form an integral part of these financial statements.

Sagicor Group Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue:			
Gross premium revenue	36	54,831,777	48,375,350
Insurance premium ceded to reinsurers	36	(4,452,618)	(1,861,255)
Net premium revenue	36	50,379,159	46,514,095
Interest income earned from financial assets measured at amortised cost and FVTOCI	37	22,749,903	21,293,405
Net gain on de-recognition of financial assets measured at amortised cost	37	1,172,382	1,765,187
Net gain on de-recognition of financial assets measured at FVTOCI	37	3,076,669	2,830,155
Income earned and capital gains from assets measured at FVTPL and other investment income	37	(2,022,302)	6,928,815
Investment income	37	24,976,652	32,817,562
Interest expense	37	(5,027,695)	(5,105,745)
Credit impairment losses	37/48(d)	(1,694,349)	(799,179)
Net Investment Income	37	18,254,608	26,912,638
Hotel revenue	38	2,427,344	5,274,284
Fees and other income	39	13,511,711	13,898,953
Total revenue, net of reinsurance, interest expense and credit losses		**84,572,822**	**92,599,970**
Benefits:			
Insurance benefits incurred		34,068,218	29,581,922
Insurance benefits reinsured		(1,323,112)	(474,382)
Net insurance benefits	40	32,745,106	29,107,540
Net movement in actuarial liabilities	32(b)	(4,058,410)	8,947,285
Expenses:			
Administration expenses	41	21,794,562	20,158,377
Commissions and sales expenses	42	6,922,150	6,093,805
Hotel expenses	38	2,086,482	4,139,370
Depreciation and amortisation	17/18	2,870,006	2,708,419
Other taxes and levies	43(a)	746,827	643,539
		34,420,027	33,743,510
		63,106,723	**71,798,335**
Share of profit from joint venture	13	310,860	14,624
Impairment charge on Goodwill	17	(1,231,913)	-
Loss on dilution of interest in associate	15	(391,296)	-
Impairment loss in associate	15	(4,508,146)	-
Share of loss from associate	15	(5,467,297)	(98,662)
Profit before Taxation		**10,178,307**	**20,717,597**
Taxation	43(b)	(5,693,527)	(5,253,971)
NET PROFIT		4,484,780	**15,463,626**
Attributable to:			
Stockholders of the parent company		13,780,163	15,650,304
Non-controlling interests	56	(9,295,383)	(186,678)
		4,484,780	**15,463,626**
Earnings per stock unit for profit attributable to the stockholders of the parent company during the year:			
Basic and fully diluted	45	3.53	4.01

The accompanying notes on pages 12 -197 form an integral part of these financial statements.

Sagicor Group Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Net profit for the year		**4,484,780**	**15,463,626**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised gains on securities designated as FVTOCI		6,367,726	8,758,394
Share of joint venture and associate unrealised (losses)/gains on securities designated as FVTOCI		(15,626)	28,537
		6,352,100	8,786,931
Currency translation -			
Currency translation of foreign subsidiaries		1,789,222	672,636
Currency translation of associate and joint venture		2,141,735	1,075,613
Retranslation of foreign operations recycled on dilution of associate		(74,043)	-
		3,856,914	1,748,249
Gains recycled to the income statement on sale and maturity of FVTOCI securities		(2,881,119)	(897,904)
Provision for expected credit losses on securities designated as FVTOCI		451,314	742,264
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities		(39,103)	(1,523,248)
Change in actuarial liabilities recognised in other comprehensive income	32 (b)	(742,148)	(1,495,784)
Share of fair value losses on interest rate swap recycled on dilution of associate company	15	24,237	-
Share of fair value losses on interest rate swap of associate		(140,616)	(410,058)
		(3,327,435)	(3,584,730)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)			
Unrealised (losses)/ gains on OOP		(1,758,219)	558,307
Share of unrealised losses on OOP of associate and joint venture		(245,447)	(742,763)
		(2,003,666)	(184,456)
Unrealised (losses)/gains on FVTOCI equities		(21,144)	2,241
Re-measurements of retirement benefits obligations	19	73,122	571,628
Re-measurements of retirement benefits obligations of associate		(2,799)	(16,676)
Total other comprehensive income recognised directly in stockholders' equity, net of taxes		4,927,092	7,323,187
Total Comprehensive Income		**9,411,872**	**22,786,813**
Attributable to:			
Stockholders of the parent company		18,354,711	22,737,047
Non-controlling interests		(8,942,839)	49,766
		9,411,872	**22,786,813**

Items in the statement above are stated net of taxes. The income tax relating to each component of other comprehensive income is disclosed in Note 43(c).

Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Capital Redemption Reserve	Special Investment Reserve	Loan Loss Reserve	Retained Earnings Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Grand Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at January 1, 2020		8,848,274	6,886,530	3,121,572	463,413	(850,784)	3,949,667	68,832,882	91,251,554	29,672,714	120,924,268
Total comprehensive income for the year			4,462,563					13,892,148	18,354,711	(8,942,839)	9,411,872
Transactions with owners -											
Employee stock option plan											
- value of services provided		-	26,015	-	-	-	-	-	26,015	-	26,015
- options exercised/expired		-	(8,210)	-	-	-	-	-	(8,210)	-	(8,210)
Dividends	27	-	-	-	-	-	-	(3,304,558)	(3,304,558)	(251,549)	(3,556,107)
Treasury shares	26	142,770	-	-	-	-	-	(78,276)	64,494	-	64,494
Acquisition of Advantage General Insurance		-	-	-	-	-	-	-	-	(15,333)	(15,333)
Total transactions with owners		142,770	17,805	-	-	-	-	(3,382,834)	(3,222,259)	(266,882)	(3,489,141)
Transfers between reserves -											
From special investment reserve	2(o)	-	-	-	33,033	-	-	(33,033)	-	-	-
To retained earnings	2(o)	-	(159,380)	-	-	-	-	159,380	-	-	-
From loan loss reserves		-	-	-	-	(496,851)	-	496,851	-	-	-
To retained earnings reserves		-	-	-	-	-	616,237	(616,237)	-	-	-
Total transfers between reserves		-	(159,380)	-	33,033	(496,851)	616,237	6,961	-	-	-
Balance at December 31, 2020		**8,991,044**	**11,207,518**	**3,121,572**	**496,446**	**(1,347,635)**	**4,565,904**	**79,349,157**	**106,384,006**	**20,462,993**	**126,846,999**

Sagicor Group Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Capital Redemption Reserve	Special Investment Reserve	Loan Loss Reserve	Retained Earnings Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	Grand Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at January 1, 2019		8,863,302	291,989	1,706,872	434,488	(878,881)	2,732,305	61,189,933	74,340,008	27,354,811	101,694,819
Total comprehensive income for the year		-	6,603,946					16,133,101	22,737,047	49,766	22,786,813
Transactions with owners -											
Employee stock option plan											
- value of services provided		-	30,986	-	-	-	-	-	30,986	-	30,986
- options exercised/expired		-	(24,876)	-	-	-	-	-	(24,876)	-	(24,876)
Dividends	27	-	-	-	-	-	-	(5,624,115)	(5,624,115)	-	(5,624,115)
Treasury shares	26	(15,028)	-	-	-	-	-	(192,468)	(207,496)	-	(207,496)
Acquisition of Advantage General Insurance		-	-	-	-	-	-	-	-	2,071,415	2,071,415
Acquisition of Bailey Williams Limited		-	-	-	-	-	-	-	-	196,722	196,722
Total transactions with owners		(15,028)	6,110	-	-	-	-	(5,816,583)	(5,825,501)	2,268,137	(3,557,364)
Transfers between reserves -											
To special investment reserve	2(o)	-	-	-	28,925	-	-	(28,925)	-	-	-
To retained earnings	2(o)	-	(15,515)	-	-	-	-	15,515	-	-	-
To capital redemption reserves		-	-	1,414,700	-	-	-	(1,414,700)	-	-	-
To loan loss reserves		-	-	-	-	28,097	-	(28,097)	-	-	-
To retained earnings reserves		-	-	-	-	-	1,217,362	(1,217,362)	-	-	-
Total transfers between reserves		-	(15,515)	1,414,700	28,925	28,097	1,217,362	(2,673,569)	-	-	-
Balance at December 31, 2019		**8,848,274**	**6,886,530**	**3,121,572**	**463,413**	**(850,784)**	**3,949,667**	**68,832,882**	**91,251,554**	**29,672,714**	**120,924,268**

Sagicor Group Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	2019
		$'000	$'000
Net profit		**4,484,780**	**15,463,626**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46	(12,941,826)	(35,741,351)
Interest and dividends received		24,863,848	21,097,987
Interest paid		(5,097,414)	(4,932,875)
Income and asset taxes paid		(5,128,554)	(6,304,769)
Net cash generated from / (used in) operating activities		**6,180,834**	**(10,417,382)**
Cash Flows from Investing Activities			
Net cash outflows on acquisition of Advantage General Insurance Company and Bailey Williams Limited		-	(4,355,569)
Disposal of investment property	12	1,641,079	166,571
Acquisition of Property, plant and equipment	18	(1,041,576)	(1,016,648)
Proceeds from disposal of property, plant and equipment		137,542	844,944
Purchase of intangible assets, net	17	(308,160)	(392,414)
Net cash generated from / (used in) investing activities		**428,885**	**(4,753,116)**
Cash Flows from Financing Activities			
Redemption of preference shares		**-**	(1,414,700)
Deposits and securities liabilities		13,958,897	24,082,586
Finance lease repayment		(469,842)	(386,673)
(Purchase)/disposal of treasury shares, net		64,494	(207,496)
Dividend paid to minority interest		(251,549)	-
Dividends paid to stockholders	27	(562,930)	(5,624,115)
Net cash generated from financing activities		**12,739,070**	**16,449,602**
Effect of exchange rate on cash and cash equivalents		681,659	397,843
Increase in cash and cash equivalents		20,030,448	1,676,947
Cash and cash equivalents at beginning of year		**17,205,528**	**15,528,581**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	37,235,976	**17,205,528**

The accompanying notes on pages 12 –197 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Company Statement of Financial Position

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS:			
Cash resources	6	233,623	424,666
Financial investments	8	1,233,920	610,474
Investment in subsidiaries	16	72,444,299	72,444,299
Investment in joint venture	13	414,267	414,267
Intangible assets	17	228,453	453,884
Property, plant and equipment	18	144,289	210,949
Deferred income taxes	20	222,825	149,667
Taxation recoverable	21	51,539	49,210
Other assets	22	819,030	865,376
TOTAL ASSETS		75,792,245	75,622,792
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity Attributable to Stockholders' of the Company			
Share capital	24	8,991,044	8,848,274
Equity reserves		28,300,910	28,283,013
Retained earnings		19,037,318	21,431,725
		56,329,272	58,563,012
Liabilities:			
Bank overdraft	29	-	12,311
Promissory notes	29	15,685,639	12,627,383
Other liabilities	31	3,777,334	4,420,086
Total Liabilities		19,462,973	17,059,780
TOTAL EQUITY AND LIABILITIES		75,792,245	75,622,792

Approved for issue by the Board of Directors on 10 March 2021 and signed on its behalf by:

Peter Melhado **Chairman** **Christopher Zacca** **Director**

The accompanying notes on pages 12 – 197 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue:			
Investment income	37	1,878,236	6,650,615
Interest and net investment expense	37	(345,008)	(367,153)
Net Investment Income	37	1,533,228	6,283,462
Management fees	39	226,275	304,771
Other income	39	37,909	10,843
Total revenue, net of interest and other investment expense		**1,797,412**	**6,599,076**
Expenses:			
Administration expenses	41	620,940	647,585
Depreciation	18	89,094	102,990
Amortisation of intangible assets	17	250,420	333,108
Asset tax		-	-
		960,454	**1,083,683**
Profit before Taxation:		836,958	5,515,393
Taxation	43(a)	73,193	61,681
NET PROFIT		**910,151**	**5,577,074**
Other Comprehensive Income, net of taxes:			
Unrealised gains on FVTOCI		92	2,047
Total Comprehensive Income		**910,243**	**5,579,121**

The accompanying notes on pages 12 – 197 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Reserves (Note 25)	Retained Earnings	Grand Total
		$'000	$'000	$'000	$'000
Balance at 31 December 2018		8,863,302	28,274,853	21,478,765	58,616,920
Total comprehensive income		-	2,047	5,577,074	5,579,121
Dividends paid to owners of parent	27	-	-	(5,624,114)	(5,624,114)
Transfer of treasury shares	26	456,053	-	-	456,053
Purchase of treasury shares	26	(471,081)	-	-	(471,081)
Employee stock options		-	6,113	-	6,113
		(15,028)	8,160	(47,040)	(53,908)
Balance at 31 December 2019		8,848,274	28,283,013	21,431,725	58,563,012
Total comprehensive income		-	92	910,151	910,243
Dividends paid to owners of parent	27	-	-	(3,304,558)	(3,304,558)
Transfer of treasury shares	26	397,682	-	-	397,682
Purchase of treasury shares	26	(254,912)	-	-	(254,912)
Employee stock options	26	-	17,805	-	17,805
		142,770	17,897	(2,394,407)	(2,233,740)
Balance at 31 December 2020		8,991,044	28,300,910	19,037,318	56,329,272

The accompanying notes on pages 12 – 197 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Company Statement of Cash Flows

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	2019
		$'000	$'000
Net profit		**910,151**	**5,577,074**
Adjustments for:			
Items not affecting cash and changes to policyholders' funds:			
Adjustments to reconcile net profit to net cash provided by operating activities	46	(1,859,273)	(5,926,872)
Interest and dividend received		1,872,489	6,659,325
Interest paid		(28,378)	(230,056)
Net cash generated from operating activities		**894,989**	**6,079,471**
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	18	(22,434)	(40,715)
Proceeds from disposal of property, plant and equipment		-	29
Purchase of intangible assets	18	(24,989)	(164,833)
Net cash used in investing activities		**(47,423)**	**(205,519)**
Cash Flows from Financing Activities			
Securities liabilities		-	(769,944)
(Purchase)/disposal of treasury shares		142,767	(15,022)
Dividends paid to stockholders	32	(562,930)	(5,624,114)
Net cash used in financing activities		**(420,163)**	**(6,409,080)**
Effect of exchange rate on cash and cash equivalents		6,459	3,198
Increase/(decrease) in cash and cash equivalents		433,862	(531,930)
Cash and cash equivalents at beginning of year		**415,395**	**947,325**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**849,257**	**415,395**

The accompanying notes on pages 12 – 197 form an integral part of these financial statements

Sagicor Group Jamaica Limited

Notes to the Financial Statements

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Sagicor Group Jamaica Limited (SGJ, the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2019 – 32.45%) owned by LOJ Holdings Limited (LOJH) which is also incorporated and domiciled in Jamaica and 16.66% owned by Sagicor Life Inc. (SLI) which is domiciled in Barbados. Both LOJH and SLI are wholly owned by Sagicor Financial Company Limited (Sagicor), the ultimate parent company, which is incorporated and domiciled in Bermuda. Sagicor has an overall interest of 49.11% (2019 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 30.22% (2019 – 30.20%) holding.

The registered office of the company is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

(b) The company, its subsidiaries, joint venture and associate all have co-terminous year ends. The company's subsidiaries, joint venture and associate, which together with the company are referred to as "the Group", are as follows:

Subsidiaries, Joint Venture and Associate	Principal Activities	Incorporated In	Holding
Sagicor Life Jamaica Limited	Life insurance, health insurance annuities, retirement products, pension administration and investment services	Jamaica	100%
• Bailey Williams Limited	Real estate development	Jamaica	70%
Sagicor Investments Jamaica Limited	Investment banking	Jamaica	100%
• Phoenix Equity Holdings Limited	Holding Company	Barbados	100%
• Advantage General Insurance Company Limited	General insurance	Jamaica	60%
Sagicor Bank Jamaica Limited	Commercial banking	Jamaica	100%
Sagicor Securities Jamaica Limited	Securities trading	Jamaica	100%
Grupo Sagicor G.S., G.A. and subsidiary	Group insurance and general insurance	Costa Rica	50%
Sagicor Re Insurance Ltd.	Property and casualty insurance (captive)	Grand Cayman	100%
Employee Benefits Administrator Limited	Pension administration services	Jamaica	100%
Sagicor Property Services Limited	Property management, real estate sales and rentals	Jamaica	100%
Sagicor Pooled Investment Funds Limited	Pension fund management	Jamaica	100%
Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	100%
Sagicor International Administrators Limited	Group insurance administration	Jamaica	100%
Sagicor Real Estate X Fund Limited (i)	Real estate investment	St. Lucia	29.31%
• X Fund Properties Limited	Hospitality and real estate investment	Jamaica	100%
• X Fund Properties LLC	Hospitality	USA	100%
• Jamziv MoBay Jamaica Portfolio Limited (JAMZIV)	Holding Company	Jamaica	60.81%
• Playa Hotels & Resorts N.V. (Playa)	Hospitality	Netherlands	(14.87%, 15.49%-2019)
Travel Cash Jamaica Limited	Microfinance	Jamaica	51%
Sagicor Cayman Limited	Holding Company	Grand Cayman	100%
• Sagicor Investments (Cayman) Ltd.	Investment banking	Grand Cayman	100%
• Sagicor Life of the Cayman Islands Ltd.	Life insurance	Grand Cayman	100%
• Sagicor Insurance Managers Limited	Captives management	Grand Cayman	100%

(i) Sagicor Real Estate X Fund Limited owns 51.86% of Jamziv Montego Bay Portfolio Jamaica Limited, (Jamziv Jamaica Limited) and X Fund Properties Limited owns 8.95%. Together Sagicor X Fund Group owns 60.81% of Jamziv Jamaica Limited, which in turn holds 14.87% (2019: 15.49%) of Playa.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income (FVTOCI) 'securities, derivatives, investment property, certain property, plant and equipment, defined benefit pension plans where plan assets are measured at fair value and financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to existing standards effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.

Amendment to IAS 1 and IAS 8 on definition of material, (effective for annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. There was no significant impact from the adoption of this amendment during the year.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions, (effective for annual periods beginning on or after 1 June 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 28 May 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. There was no impact to the Group on adoption of this amendment.

Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39 –(effective for annual periods beginning on or after 1 January 2020) - The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries There was no impact to the Group on adoption of this standard,

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020) - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
• increasing the prominence of stewardship in the objective of financial reporting
• reinstating prudence as a component of neutrality
• defining a reporting entity, which may be a legal entity, or a portion of an entity
• revising the definitions of an asset and a liability
• removing the probability threshold for recognition and adding guidance on derecognition
• adding guidance on different measurement basis, and
• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the Framework. There was no impact to the Group on adoption of this standard.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IFRS 17, 'Insurance contracts', (effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4 which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of discount probability–weighted cash flows, an explicit risk adjustment, and a contract service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. This IFRS provides a common global insurance accounting standard leading to consistency in recognition, measurement, presentation and disclosure. The standard applies to annual periods beginning on or after 1 January 1 January 2023. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' 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. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Sagicor Group Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

All material intra-group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group uses the acquisition method of accounting when control over entities and insurance businesses is obtained by the Group. The cost of an acquisition is measured as the fair value of the identifiable assets given, the equity instruments issued and the liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition (negative goodwill). Any non-controlling interest balances represent the equity in a subsidiary not attributable to Sagicor's interests.

On an acquisition by acquisition basis, the Group recognises at the date of acquisition the components of any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. The latter option is only available if the non-controlling interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation.

Non- controlling interest balances are increased/decreased by the non-controlling interest's proportionate share of changes in equity after the date of acquisition. Investments in subsidiaries are stated in the company's financial statements at cost less impairment.

(i) Change in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity, Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Associates and Joint Ventures

The investments in associated companies where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in associated companies and joint ventures are originally recorded at cost and include intangible assets identified on acquisition. The Group recognises in income its share of associate and joint venture companies' post acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group recognises in other comprehensive income, its share of post acquisition other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Pension and investment funds

Insurers have issued deposit administration and units linked contracts in which full return of the assets supporting these contracts accrues directly to the contract-holders. As these contracts are not operated under separate legal trusts, they have been consolidated in these financial statements.

The Group also manages a number of segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these accrue directly to the unit-holders. The assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group is acting as principal and has significant exposure to variable returns.

(iv) Employees share ownership plans (ESOP)

The Group operates two ESOP Trusts which acquire SGJ shares on the open market. The Trusts hold the shares on behalf of employees. Until transfer to employees, shares held by the Trusts are accounted for as treasury shares. All dividends received by the Trusts are applied towards the future purchase of Sagicor Group Jamaica Limited shares.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group President and CEO.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is the company's functional currency.

(ii) Transactions and balances

Transactions denominated in a foreign currency or transactions that require settlement in a foreign currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary financial instruments items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at which the Group trades in foreign currency.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments and when part of shadow accounting. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as FVTOCI financial assets, are included in the fair value reserve in other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(iii) Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of stockholders' equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations is taken to stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Cash and cash equivalents
For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), bank balances, investment securities, reverse repurchase agreements and bank overdrafts.

(f) Financial assets
(i) Classification of financial assets
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 FVTOCI 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 FVTOCI or at FVTPL. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provision of the instrument. Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Classification of debt instruments
Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

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

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Classification of financial assets

Classification of debt instruments (continued)
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 (SPPI), such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Measured at fair value through other comprehensive income
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVTOCI). Movement in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments carrying value, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net Investment income. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Measured at fair value through profit and loss
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Interest income on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised and presented in the income statement within "Income earned from FVTPL Instruments' in the period earned. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Held for trading securities 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. Derivatives are also classified as held for trading unless designated as hedges. Assets held for trading are measured at FVTPL.

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

- The past experience on how the cash flows of these assets were collected;
- How the asset's performance is evaluated and reported to key management;
- How risks are assessed and managed and how managers are compensated;
- How the Group intends to generate profits from holding a portfolio of assets; and
- The historical and future expectations of asset sales within a portfolio.

SPPI
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows are SPPI. In making this assessment, the Group 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 asset is classified and measured at FVTPL.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(i) Unit linked funds fair value model

The Group's liabilities include unit linked funds which are components of insurance contracts issued or unit linked investment contracts issued with terms that the full investment return earned on the backing assets accrue to the contract-holders. As these liabilities are accounted for at FVTPL, the financial assets backing these liabilities are consequently classified as and measured at FVTPL.

(ii) Embedded derivatives

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(iii) Impairment of financial assets measured at amortised cost and FVTOCI

IFRS 9's impairment model requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost and FVTOCI and off-statement of financial position 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 is recognised are considered to be '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 and are therefore considered to be 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 Group 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 delinquency, 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.

(iv) Purchased or originated credit-impaired assets

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. Theses financial assets are credit-impaired on initial recognition. The Group calculates the credit adjusted effective interest rate, which is calculated based on the fair value at origination of the financial asset instead of its gross carrying amount and incorporates the impact of ECLs in estimated future cash flows. This rate is used to calculate interest revenue and amortised cost. Their ECL is always measured on a lifetime basis, but they do not carry a day-1 loss.

(v) Definition of default

The Group determines that a financial instrument is in default, 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.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(vi) 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.

(vii) 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; and
- 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

ECLs 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 estimated forward looking economic and 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. 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.

The PD, LGD and EAD models which support these determinations are reviewed periodically during the year. 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, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole 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.

One key difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 and Stage 2 ECLs also incorporate different exposure at default which is based on the amortizing schedule for non-revolving assets. 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 have been updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL 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 ECLs 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 ECLs 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.

Sagicor Group Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets (continued)

(ix) The general approach to recognising and measuring ECL (continued)

Measurement (continued)

For a revolving commitment, the Group 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 ECLs 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.

Forward looking information
The estimation and application of forward-looking information requires 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 have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a period up to three years, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis. The base scenario reflects the most likely outcome and is assigned with the highest weighting.

The weightings assigned to each economic scenario were as follows:

	Base	Upside	Downside
December 31, 2019:			
Sagicor Group Jamaica - investments portfolios	80%	10%	10%
Sagicor Group Jamaica - lending portfolios	75%	15%	10%
December 31, 2020:			
Sagicor Group Jamaica - investments portfolios	80%	10%	10%
Sagicor Group Jamaica – Other lending portfolios	75%	10%	15%
Sagicor Group Jamaica – Tourism & Entertainment lending portfolios	65%	10%	25%

Impairment of financial assets measured at amortised cost and FVTOCI, recognize impairment gains and losses are recognised in the statement of profit and loss. Unrealised gains and losses arising from changes in fair value on FVTOCI assets are measured in other comprehensive income and the loss allowance is recycled to profit and loss as gains or losses on maturity or disposal. When the asset is sold, the cumulative gain or loss is also reclassified to profit or loss on maturity or disposal.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial assets(continued)

(x) Interest income and interest earned on assets measured at fair value through profit and loss
Interest income is earned based on the interest rate before allowances. Interest earned on assets measured at fair value through profit and loss is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the interest rate.

(xi) Modification of loans
The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay; or
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan; or
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate; or
- Change in the currency the loan is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

(g) Investment properties

Investment property consists of freehold land and freehold properties which are held for rental income and/or capital appreciation.

Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values determined by independent valuers, with the appreciation or depreciation in value being taken to investment income. Transfers to or from investment property are recorded when there is a change in use of the property. Transfers to owner-occupied property or to real estate developed for resale are recorded at the fair value at the date of change in use. Transfers from owner-occupied property are recorded at their fair value at the date of change in use.

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Group. In such circumstances, the property is accounted for as an investment property if the Group's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as owner-occupied. Rental income is recognised on an accrual basis.

2. Summary of Significant Accounting Policies (Continued)

(h) Leases

(i) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. Where these exist, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, 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.

To determine the incremental borrowing rate, the Group:

I. where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
II. uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sagicor Life Jamaica Limited, which does not have recent third party financing; and
III. makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability;
ii. any lease payments made at or before the commencement date less any lease incentives received
iii. any initial direct costs; and
iv. restoration costs.

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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2. Summary of Significant Accounting Policies (Continued)

(h) Leases (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating from existing locations would be onerous.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(i) Acceptances, guarantees, indemnities, letter of credit and undertakings

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
(i) The amount of the loss allowance; and
(ii) The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contract that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Assets carried at amortised cost loans and advances and provisions for credit losses

(j) Provision for credit losses determined under the Bank of Jamaica regulatory requirements

The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to preserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the Bank of Jamaica regulatory requirements comprises a "specific provision", a "special provision" and a "general provision". The specific and special provisions are determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

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2. Summary of Significant Accounting Policies (Continued)

(j) Provision for credit losses determined under the Bank of Jamaica regulatory requirements (continued)

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of the estimated net loss of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

In respect of loans that are considered sub-standard for reasons other than being non-performing, a special provision is established for the greater of 1% of the amounts outstanding or 20% of the estimated net loss. A general provision is established for all loans (other than loans for which specific and special provisions were established) at 1% of the amounts outstanding.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Property, plant and equipment

Freehold land and buildings owned and used by the Group are treated as owner-occupied properties. These properties are stated at their fair values based on valuations by external valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amounts arising from the revaluation of owner-occupied properties are included in the investment and fair value reserves. Decreases that offset previous increases of the same asset are charged against the investment and fair value reserves. All other reductions are taken directly to the income statement.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates are as follows:

Freehold buildings	2.5%
Leasehold improvements	Period of lease, not to exceed ten years
Computer equipment	20 - 33⅓%
Furniture	10%
Other equipment	15- 50%
Motor vehicles	20%
Leased assets	Shorter of period of lease or useful life of asset
Land is not depreciated	

2. Summary of Significant Accounting Policies (Continued)

(k) Property, plant and equipment (continued)

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

(l) Real estate developed for sale

Construction in progress for resale is classified as real estate held for resale and is valued at the lower of cost and net realisable value. Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

(m) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries or associates and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, as, in the case of a bargain purchase, the difference is recognised as negative goodwill directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Contractual customer relationships

This asset represents the present value of the benefit to the Group from customer lists, contracts, or customers relationships that can be identified separately and measured reliably. Customer relationships include those of insurance and banking customer relationships with an estimated useful life of 10 to 20 years.

(iii) Trademarks and licences

Trademarks and licences are shown at historical cost. They have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful life.

(iv) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful life of three years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Intangible assets with indefinite useful lives are assessed for impairment annually, or more frequently if events change or in circumstances which indicate a potential impairment.

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(i) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality sovereign bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

Past-service costs are recognised immediately in the income statement.

For the defined contribution plan, the Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are charged to the income statement in the period to which they relate.

(ii) Other post-retirement benefit obligations

The Group provides supplementary health, dental and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end date.

2. Summary of Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

(iv) Share-based compensation

The Group operates equity-settled, share-based compensation plans namely; Long-term Incentive Plan (LTI) and Staff Share Purchase Plan (SSPP).

Share options

Senior Executives of the Group participate in a Long-term Incentive Plan (LTI) for Share Options. Shares are purchased on the market and held in trust by the LTI Trust until they are transferred to Executives. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity reserve for share based compensation over the remaining vesting period. Proceeds received net of any directly attributable transaction costs are paid to the trust on transfer of share options being exercised. Any cost to the Group beyond the exercise price of the options is reported in equity as provided for under IFRS 2.

Share grants

Senior Executives of the Group participate in a Long-term Incentive Plan for stock grants. Grants earned have a vesting period of four years after which they will expire. The market value of the shares issued at grant date is recognised as an expense in the measurement year to which the grants relate.

Share purchase plan

Non – Executive employees of the Group are eligible to purchase shares in the Sagicor Group Jamaica Limited at a discount under a share purchase plan.

(v) Bonus Plans

Annual Incentives Plan for Bonus

Senior Executives of the Group participate in an Annual Incentive plan for bonus which is paid on company and individual performance against a balanced score card.

Productivity bonus

The Group recognises a liability and an expense for productivity bonuses as profit-sharing, paid to Non- Executive administrative staff based on a formula that takes into consideration the profit attributable to stockholders. The Group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary separation. Benefits falling due more than twelve months after the year end date are discounted to present value.

2. Summary of Significant Accounting Policies (Continued)

(o) Share capital, reserves and transfers

Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(i) Share issuance cost

Incremental costs directly attributable to the issue of new shares or options are shown in stockholders' equity as a deduction from the proceeds.

(ii) Mandatorily redeemable preference shares are classified as liabilities.

(iii) Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the company's Board of Directors.

Dividends for the year that are declared after the year end date are dealt with in the subsequent events note.

(iv) Treasury Stock

Sagicor Group Jamaica Limited shares held by Group member companies or the Long-term Incentive Trust (LTI) and Staff Share Purchase Trust (SSPP) are carried as treasury stock on consolidation and reported in stockholders' equity.

(v) Reserve and transfers

Special investment reserve

Unrealised gains on investment properties are recorded in the income statement under IFRS. Regulatory reserve requirements are met through the following:

- Net unrealised gains brought forward at the beginning of each year are transferred to the special Investment reserve from retained earnings at 10%.
- Net unrealised gains earned during the year are transferred from retained earnings to the special investment reserve at 10%.

Transfers to retained earnings

Unrealised gains on certain quoted equities were recorded in the investment and fair value reserves under IFRS. Regulatory reserve requirements are met by transferring the following:

- Net unrealised gains brought forward at the beginning of each year are transferred from the investment and fair value reserves to retained earnings at 25%.
- Net unrealised gains earned during the year are transferred from the investment and fair value reserves to the retained earnings at 25%.

2. Summary of Significant Accounting Policies (Continued)

(p) Financial liabilities

(xii) Classification

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at fair value through profit or loss (FVTPL). Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The financial liabilities described under the unit linked fair value model are classified and measured at FVTPL as the Group is obligated to provide investment returns to the unit holder in direct proportion to the investment returns on a specific portfolio of assets, which are also carried at FVTPL. Derivative financial liabilities are carried at FVTPL. All other financial liabilities are carried at amortised cost. Financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

During the ordinary course of business, the Group issues investment contracts or otherwise assumes financial liabilities that expose the Group to financial risk. The recognition and measurement of the Group's principal types of financial liabilities are disclosed in the following paragraphs.

Deposit liabilities

Deposits are recognised initially at fair value and are subsequently measured at amortised cost using the effective yield method plus or minus transaction costs.

Loans and other debt obligations

Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations 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 loan obligations using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as loans payable and associated cost classified as finance costs. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities and the associated cost is included in interest expense.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Structured products

Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at fair value through profit or loss. The non-derivative elements are stated at amortised cost using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts

(i) Classification
The Group issues policy contracts that transfer insurance risk and/or financial risk from the policyholder.

The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction.

Insurance contracts transfer insurance risk and may also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time. Investment contracts transfer financial risk and no significant insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

A reinsurance contract is an insurance contract in which an insurance entity cedes assumed risks to another insurance entity.

Insurance contracts and investment contracts issued by the Group are summarised below:

(1.1) Property and casualty insurance contracts
Property and casualty insurance contracts are generally one year renewable contracts issued by the insurer covering insurance risks over property, accident and liability. Property insurance contracts provide coverage for the risk of property damage or of loss of property. Commercial property, homeowners' property and certain marine property are common types of risks covered. 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 or financial loss to third parties. Personal accident, employers' liability, public liability, product liability and professional indemnity are common types of casualty insurance.

Written premiums are recognised when due. Premium revenue is recognised as earned on a pro-rated basis over the term of the respective policy coverage. If alternative insurance risk exposure patterns have been established over the term of the policy coverage, then premium revenue is recognised in accordance with the risk exposure. 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 are established for both reported and un-reported claims. Claim reserves represent estimates of future payments of claims and related expenses less anticipated recoveries with respect to insured events that have occurred up to the date of the financial statements.

An insurer may obtain 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 or of the reinsurance contract as appropriate. Reinsurance claim recoveries are established at the time of the recording of the claim liability and are computed on a basis which is consistent with the computation of the claim liability. Profit sharing commission due to the Group is accrued as commission income when there is reasonable certainty of earned profit.

Commissions are recognised on the same basis as premiums earned. At the date of the financial statements, commissions attributable to unearned premiums are recorded as deferred policy acquisition costs. Profit sharing commission payable to reinsurers by the Group arises from contracts between an insurer and a broker; it is accrued on an aggregate basis and it is adjusted to actual in respect of each individual contract when due.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(i) Classification(continued)

(1.2) Health insurance contracts -
Health insurance contracts are generally one year renewable contracts issued by the insurer covering insurance risks for medical expenses of insured persons.

Premium revenue is accrued when due for contracts where the premium is billed monthly. For contracts where the premium is billed annually or semi-annually, 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 are recorded on settlement. Reserves are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for its health insurance risks. The reinsurance ceded premium is expensed on a pro-rata basis over the term of the respective policy coverage or of the reinsurance contract as appropriate.

Commissions payable is recognised on the same basis as premiums earned.

(1.3) Long-term traditional insurance contracts
These contracts are traditional participating and non-participating policies. The Group's participating policies do not have a discretionary participation feature as the amount of additional benefits is not paid at the discretion of the Group.

Long-term traditional insurance contracts are generally issued for fixed terms of five years or more, or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a provision for a minimum number of payments. Other benefits such as disability and waiver of premium on disability may also be included in these contracts. Some contracts may allow for the advance of policy loans to the policyholder and may also allow for dividend withdrawals by the policyholder during the life of the contract.

Premium revenue is recognised when due. Typically, premiums are fixed and are required to be paid within the due period for payment. If premiums are unpaid, either the contract may terminate, an automatic premium loan may settle the premium, or the contract may continue at a reduced value.

Policy benefits are recognised on the notification of death, disability or critical illness, on the termination or maturity date of the contract, on the declaration of a cash bonus or dividend or on the annuity payment date. Policy loans advanced are recorded as financial investments (investments at amortised cost) in the financial statements and are secured by the cash values of the respective policies. Policy bonuses may be "non-cash" and utilised to purchase additional amounts of insurance coverage. Accumulated cash bonuses and dividends are recorded as interest bearing policy balances.

Reserves for future policy liabilities are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claim recoveries are established at the time of claim notification. Commissions payable is recognised on the same basis as earned premiums.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.4) Long-term universal life and unit linked insurance contracts

Universal life and unit linked insurance contracts are generally issued for fixed terms or for the remaining life of the insured. Benefits are typically a death, disability or critical illness benefit, a cash value on termination and/or a monthly annuity. Annuities are generally payable until the death of the beneficiaries with a proviso for a minimum number of payments. Benefits may include amounts for disability or waiver of premium on disability.

Universal life and unit linked contracts have either an interest bearing investment account or unit linked investment accounts. Either gross premiums or gross premiums net of allowances are deposited to the investment accounts. Investment returns are credited to the investment accounts and expenses, not included in the aforementioned allowances, are debited to the investment accounts. Interest bearing investment accounts may include provisions for minimum guaranteed returns or returns based on specified investment indices. Allowances and expense charges are in respect of applicable commissions, cost of insurance, and administrative expenses. Fund withdrawals may be permitted.

Premium revenue is recognised when due and consists of all monies received from the policyholders. Typically, premiums are fixed at the inception of the contract or periodically thereafter, but additional non-recurring premiums may be paid. Policy benefits are recognised on the notification of death, disability or critical illness, on the receipt of a withdrawal request, on the termination or maturity date of the contract, or on the annuity payment date. Reserves for future policy liabilities are recorded as described in Note 2(r).

An insurer may obtain reinsurance coverage for death benefit insurance risks. Typically, coverage is obtained for individual coverage exceeding prescribed limits. The reinsurance premium is expensed when due, which generally coincides with when the policy premium is due. Reinsurance claims recoveries are established at the time of claim notification.
Commissions are generally recognised only on settlement of premiums.

(iii) Liability adequacy test

At each year end date, liability adequacy tests are performed to ensure the adequacy of the 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 benefits.

(iv) Deposit administration and other investment contracts

Deposit administration contracts are issued by an insurer to registered pension schemes for the deposit of pension plan assets with the insurer.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:

- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest; or
- fair value through income where the insurer is obligated to provide investment returns to the pension scheme in direct proportion to the investment returns on specified blocks of assets.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense. In addition, the Group may provide pension administration services to the pension schemes. The Group earns fee income for both pension administration and investment services.

Other investment contracts are recognised initially at fair value and are subsequently stated at amortised cost and are accounted for in the same manner as deposit administration contracts which are similarly classified.

2. Summary of Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(v) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

Actuarial liabilities arising from reinsurance are included as an insurance contract liability.

(r) Actuarial liabilities

(1.1) Life insurance and annuity contracts

The determination of actuarial liabilities of long term insurance contracts has been done using the Policy Premium Method (PPM) of valuation. Under this method, explicit allowance is made for all future benefits and expenses under the policies and expected earned investment income. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves. The actuarial liabilities of health insurance policies and annual renewable group mortgage policies are estimated, in respect of claims that have been incurred but not yet reported or settled.

The process of calculating life insurance and annuity actuarial liabilities for future policy benefits necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields, future expense levels and persistency, including reasonable margins for adverse deviations. As experience unfolds, these resulting provisions for adverse deviations will be included in future income to the extent they are released when they are no longer required to cover adverse experience. Assumptions used to project benefits, expenses and taxes are based on insurer and industry experience and are updated annually.

Net insurance contract liabilities represent the amount which, together with estimated future premiums and net investment income, will be sufficient to pay projected future benefits, policyholder dividends and refunds, taxes (other than income taxes) and expenses on policies in-force net of reinsurance premiums and recoveries. The determination of net insurance liabilities is based on an explicit projection of cash flows using current assumptions plus a margin for adverse deviation for each material cash flow item. Investment returns are projected using the current asset portfolios and projected reinvestment yields. The period used for the projection of cash flows is the policy lifetime for most individual insurance contracts.

2. Summary of Significant Accounting Policies (Continued)

(r) Actuarial liabilities (continued)

The Group segments assets to support liabilities by major product segment and geographic market and establishes investment strategies for each liability segment. Projected net cash flows from these assets and the policy liabilities being supported by these assets are combined with projected cash flows from future asset purchases to determine expected rates of return on these assets for future years. Investment strategies are based on the target investment policies for each segment and the reinvestment returns are derived from current and projected market rates for fixed income investments. Investment return assumptions for each asset class make provision for expected future asset credit losses, expected investment management expenses and a margin for adverse deviation.

Under this methodology, assets of each insurer are selected to back its actuarial liabilities. Changes in the carrying value of these assets may generate corresponding changes in the carrying amount of the associated actuarial liabilities. Some of these assets may be designated as FVTOCI for which unrealised gains or losses in fair value are recorded in other comprehensive income. The fair value reserve for actuarial liabilities has been established in the equity reserves for the accumulation of changes in actuarial liabilities which are recorded in other comprehensive income and which arise from recognised unrealised gains or losses in fair value of securities backing liabilities. This approach is called “Shadow Accounting”.

Certain life insurance policies issued by the insurer contain unit policy side funds. The investment returns on these unitised funds accrue directly to the policies with the insurer assuming no credit risk. Investments held in these side funds are accounted for as financial assets at FVTPL and unit values of each fund are determined by dividing the value of the assets in the fund at the date of the financial statements by the number of units in the fund. The resulting liability is included in actuarial liabilities.

(1.1) Life insurance and annuity contracts

An actuarial valuation is prepared annually. Changes in the policyholders’ liabilities are recorded in the income statement. Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified.

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

(1.2) Health insurance contracts

The actuarial liabilities of health insurance policies and renewable term group mortgage policies are estimated in, respect of claims that have been incurred but not yet reported or settled.

(1.3) Property and casualty insurance contracts

The Group is required to actuarially value its insurance reserves annually. Consequently, provision for claims incurred but not reported (IBNR) as well as the provision for adverse deviations have been independently actuarially determined. The remaining components of the reserves, as below, are determined by management, but are also reviewed by the actuary in determining the overall adequacy of the provision for the company’s insurance liabilities.

(i) Provision for unearned premium

The provision for unearned premium represents that proportion of premiums written in respect of risks to be borne subsequent to the year end, under contracts entered into on or before the date of the statement of financial position.

(ii) Unearned commission

The unearned commission represents the actual commission income on premium ceded on proportional reinsurance contracts relating to the unexpired period of risk carried. The income is deferred as unearned commission reserves, and amortised over the period in which the commissions are expected to be earned. These reserves are calculated on the 24th basis.

2. Summary of Significant Accounting Policies (Continued)

(r) Actuarial liabilities (continued)

(1.3) Property and casualty insurance contracts (continued)

(iii) Claims outstanding
A provision is made to cover the estimated cost of settling claims arising out of events which occurred by the year end and IBNR, less amounts already paid in respect of those claims. This provision is estimated by management (insurance case reserves) and the appointed actuary (IBNR) on the basis of claims admitted and intimated.

(iv) *Claims incurred but not reported*
The reserve for IBNR claims has been calculated by an independent actuary using the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method, the Expected Loss Ratio method and the Claim Count method.

(v) Provision for adverse deviations
This provision reflects considerations relating to the company's claims practices, the underlying data, and the nature of the lines of business and seeks to provide for any unforeseen adverse development in claims liabilities.

(vi) Liability adequacy test
At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the policy liabilities, net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cashflows are compared to the carrying amount of policy liabilities and any deficiency is immediately recognised in profit or loss as unexpired risk provision.

(s) Provisions
Provisions are recognised when the Group has a present 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of Significant Accounting Policies (Continued)

(t) Revenue recognition

Revenues from service contracts with customers consist primarily of management and administration fees earned from third party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans). These service contracts generally impose single performance obligations, each consisting of a series of similar related services to the unitholder or policyholder of each fund or plan. The Group's performance obligations within these service arrangements are generally satisfied over time as the unitholders and policyholders simultaneously receive and consume contracted benefits over time.

The Group also earns revenues for the provision of corporate finance, stockbroking, trust and related services to various customers.

Revenue from service contracts with customers is recognised when (or as) the Group satisfies the performance obligation of the contract. For obligations satisfied over time, revenue is recognised monthly or over some other period. For performance obligations satisfied at a point in time, revenue is recognised at that point in time.

The various fees are billed periodically and are collected either by deduction or within a short period of time.

(i) Premium income

Gross premiums for traditional life and health insurance contracts are recognised as revenue when due. Revenue for universal life products and annuity contributions are recognised when received. When premiums are recognised, the related actuarial liabilities are computed, resulting in benefits and expenses being matched with revenue.

Property and casualty insurance premiums are recognised on a pro-rated basis over the period of the respective policies. Unearned premiums are the proportion of net premiums written in the current year which relate to cover provided in the following year.

Commission payable on premium income and commissions receivable on reinsurance of risks are charged and credit to profit or loss, respectively, over the life of the policies.

Where collection of premium is considered doubtful, or payment is outstanding for more than 90 days, the insurance regulations stipulate that the outstanding premium should be provided for in full. IFRS requires that when premiums become doubtful of collection, they are written down to their recoverable amounts and thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Fee income

Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument. Fee income is recognised on an accrual basis. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan. 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.

The Group charges customers for asset management and other related services using the following approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis.

- Regular fees charged to the customer periodically either directly or by making a deduction from invested funds. Fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

2. Summary of Significant Accounting Policies (Continued)

(t) Revenue recognition (continued)

(iii) Interest income

Jamaican banking regulations stipulate that, where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, interest should be taken into account on the cash basis. See 2 (f) for policies with respect impairment for loan receivable. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

(v) Hotel revenue - Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Sales of services
  Sale of services generated from hotel and other operations are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- Sale of goods
  Sale of goods, mainly from gift shops is recognised when products are sold to customers. Sales are usually in cash or by credit card.

- Interest income
  Interest income is recognised using the effective interest method.

- Gain or loss on sale of investment
  Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment (along with any recycled accumulated unrealised gain/loss from fair value reserves if classified as FVTOCI). Net gains and losses are recognised in revenue.

(u) Interest and commission expense

(i) 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.

(ii) Commission expense

Commissions are expensed over the policy year on the same basis as earned premiums.

2. Summary of Significant Accounting Policies (Continued)

(v) Taxation

(i) Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(w) Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(x) Financial instruments

Financial instruments carried on the statement of financial position include cash resources, investments, securities purchased under resale agreements, loans & leases, other assets, securities sold under repurchase agreements, due to banks and other financial institutions, customer deposits and other liabilities.

The fair values of the Group's and the company's financial instruments are disclosed in the notes to the financial statements.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2. Summary of Significant Accounting Policies (Continued)

(y) Derivative financial instruments and hedging activities

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives for three primary purposes: to create risk management solutions for customers, for proprietary trading purposes, and to manage its own exposure to credit and market risk.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at each statement of financial position. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its interest rate swap as a cash flow hedge. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges, gains and losses relating to the effective portion of changes in the fair value of derivatives are initially recognised in stockholders' equity, in the fair value reserve, and are transferred to the income statement when the forecast cash flows affect the income statement. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in stockholders' equity are recycled to the income statement in the periods when the hedged item affects profit or loss. They are recorded in the revenue or expense lines in which associated with the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in stockholders' equity at that time remains in stockholders' equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in stockholders' equity is immediately transferred to the income statement within net trading income'.

(z) Securities purchased/sold under agreements to resell/repurchase

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised financing transactions and are recorded at the amount at which the securities were acquired or sold plus accrued interest.

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies

(i) Consolidation of related entities
Management assessments were done for Sagicor Pooled Investment Fund and Sagicor Sigma Global Funds to ensure proper application of IFRS 10. A number of significant judgements were used regarding whether or not these entities had met the requirements to be consolidated within the financial statements of the Group and are highlighted below:

- Sagicor Pooled Investment Funds, Sagicor Real Estate X Funds Limited and Sigma Funds
  These are Pooled Investment Funds and Unit Trusts managed by the Group, but which have independent trustees. Determining whether the Group has control over the Pooled Investment Funds and the Unit Trusts requires judgement. This would include a consideration of the trustees' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Unit Trusts.

  Under IFRS 10, the single party substantive removal rights may in isolation be sufficient to conclude that the fund manager is an agent. However, the language in the Trust Deed is not specific on causes for which the manager can be removed. "Good and sufficient reason" envisaged by the Trust Deed may include negligence, poor financial performance and other reasons. However, the Deed also provides for the right for the manager to appeal. This appeal right and the requirement that the removal of the manager must be withheld by the independent party may limit the Trustee's freedom of removing the manager without good grounds for this. Under these circumstances, drawing a conclusion whether the removal rights of the Trustee are substantive rights requires significant judgement. Management considers that the Group does not have control of The Pooled Investment Fund and The Sagicor Sigma Funds. Although there are contractual terms which provide the Group with influence over The Pooled Investment Fund and The Sagicor Sigma Funds, the overall exposure of the Group to the variability of returns of Sagicor Sigma Funds is not sufficient to conclude that the Group has control. Therefore, the Sagicor Sigma Funds have not been consolidated in these financial statements. For Sagicor Real Estate X Funds Limited, the major consideration influencing the control and consolidation determinations is the Group's majority composition of the Board of Directors of Sagicor Real Estate X Funds Limited.

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas of key sources of estimation uncertainty include the following:

(i) Insurance

The ultimate liability arising from claims made under insurance contracts.
There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed for longevity risk.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 49.

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

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3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Pension and post-retirement benefits

The cost of these benefits and the present value of the pension and the other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investments returns. The discount rate represents the interest rate that should be used to determine the present value of estimated future cash outflows required to meet the pension, life insurance and medical benefits as they fall due. The discount rate is based on yields on long term Government of Jamaica and CARICOM bonds. The expected rate of increase of medical costs is based on expected increases in utilisation and general increases in medical expenses above expected price inflation. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on current market conditions.

(iii) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of financial assets

In determining ECL, 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'.

- Establishing staging for debt securities and deposits.

  The Group'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:

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

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Impairment of financial assets (continued)

- Establishing staging for debt securities and deposits.
  The Group uses its internal credit rating model to determine which of the three stages an asset is to be categorised 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 instrument 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 and 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 and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

- Establishing staging for other assets measured at amortised cost, lease receivables, loan commitments and financial guarantee contracts.

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

  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.

  - 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 Jamaica, Cayman Islands and Costa Rica to a lesser extent. 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 long term average performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

3. Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (continued)

(v) Estimated impairment of intangible assets

Goodwill
The assessment of goodwill impairment involves the determination of the recoverable amount of the cash-generating units to which the goodwill has been allocated. Determination of the recoverable amount involves the estimation of future net income of these business units and the expected returns to providers of capital to the business units and the Group as a whole. Determinations of recoverable amounts can be sensitive to certain key inputs such as earnings forecasts, discount rates and terminal value growth rates. Amounts actually recovered from CGUs through either sale or use may differ from the amounts estimated.

Other intangible assets
The assessment of impairment of other intangible assets involves the determination of the intangible asset'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 asset's value in use, estimates are required of future cash flows generated because of the assets.

(vi) Purchase Price Allocation of a business combination
In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

(vii) Novel coronavirus (COVID-19)
The pandemic has caused a contraction in the economies in which the Group operates. The spread of the virus has had a debilitating impact on global travel and on tourism and entertainment products offered in key markets that the Group holds investments. The downturn in global demand has also resulted in depressed oil and gas prices, negatively impacting several investments held by the Group and its customers.

Investment portfolios were impacted by the widening of credit spreads which resulted in significant fall-off in asset prices resulting in significant reduction in investment income and portfolio management fee income. Income was also negatively impacted by waiver or reduction of fees associated with loans and reduction in loan volumes due to contraction in economic activity. The Group has continually monitored the health crisis and the economic impact on customers and trading partners, investments and the effect on the industries in which it operates. The Group recognised that customers may experience difficulties that increase credit losses and reduce premium income. The Group saw positive impact from the extension of moratoriums, payment holidays and other accommodative measures on the delinquency levels of our borrowing and insurance portfolios. Despite these measures, the Group made significant adjustments to ECLs to recognize the increased credit risk associated with impact observed on the economic environment.

4. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the Actuary whose responsibility is to carry out an annual valuation of the policy liabilities of the Insurance Companies in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and stockholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the companies and the insurance policies in force.

The stockholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the stockholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and the report on the policy liabilities.

5. Segmental Financial Information

Management has determined the operating segments based on the reports reviewed by the Group President and CEO that are used to make strategic decisions. The Group President and CEO is considered to be the Chief Operating Decision Maker (CODM).

The Group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The Group is organised into four primary business segments:

(a) Individual Lines - Provides life insurance, health and annuity products to individuals.

(b) Employee Benefits – Provides group life and creditor life, personal accident, group health, group annuities, pension funds investment and administration services and the administration of trust accounts.

(c) Commercial Banking – Comprises of personal banking, retail mortgages, small business (SME's) banking, treasury management and corporate banking.

(d) Investment Banking – Comprises of wealth management products and services offered to retail and institutional clients; including unit trusts, mutual funds, brokerage, asset management and corporate trust.

(e) Other – Comprises property management, captives management, property and casualty insurance, hospitality services, real estate investment and stockholders' funds.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation, retirement benefit assets and obligations.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is profit before taxation.

Segment liabilities that are reviewed by the CODM include policyholders' funds and interest-bearing liabilities.

Costs incurred by the support units of the Group are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Transactions between the operating segments are on normal commercial terms and conditions. There has been no change in the basis of the pricing of transactions over the prior year.

Eliminations comprise inter-company and inter-segment transactions.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2020 or 2019.

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5. Segmental Financial Information (Continued)

	The Group						
	2020						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	27,965,469	28,044,855	13,199,445	6,570,011	8,793,042	-	84,572,822
Revenue from other segments	12,911	-	7,237	(68,184)	144,323	(96,287)	-
Total revenue	27,978,380	28,044,855	13,206,682	6,501,827	8,937,365	(96,287)	84,572,822
Benefits and expenses	(23,446,084)	(20,459,454)	(8,464,670)	(2,199,798)	(9,392,204)	413,910	(63,548,300)
Change in actuarial liabilities	6,329,076	(2,924,451)			-	653,785	4,058,410
Depreciation and amortisation	(213,045)	(188,671)	(619,700)	(113,869)	(1,734,721)	-	(2,870,006)
Asset tax and other taxes	(115,312)	(33,172)	(326,855)	(196,523)	(74,965)		(746,827)
Total benefits and expenses	(17,445,365)	(23,605,748)	(9,411,225)	(2,510,190)	(11,201,890)	1,067,695	(63,106,723)
Share of profit from joint venture	-	310,860	-	-	-	-	310,860
Losses from associate	-	-	-	-	(10,366,739)	-	(10,366,739)
Goodwill impairment	-	-	-	-	(1,231,913)	-	(1,231,913)
Profit before taxation	10,533,015	4,749,967	3,795,457	3,991,637	(13,863,177)	971,408	10,178,307
Taxation	(2,583,405)	(596,345)	(1,336,160)	(1,215,741)	38,124		(5,693,527)
Net profit	7,949,610	4,153,622	2,459,297	2,775,896	(13,825,053)	971,408	4,484,780
Segment assets -							
Intangible assets	1,597,259	612,338	1,173,343	607,229	2,667,512		6,657,681
Other assets	68,996,716	77,989,091	156,371,204	113,105,506	58,435,079	(9,581,588)	465,316,008
	70,593,975	78,601,429	157,544,547	113,712,735	61,102,591	(9,581,588)	471,973,689
Unallocated assets -							
Investments in joint venture (Note 13)							683,234
Investments in associate (Note 15)							15,844,876
Deferred income taxes (Note 20)							1,005,526
Retirement benefits asset (Note 19)							1,187,248
Total assets							490,694,573
Segment liabilities	56,986,655	64,828,654	130,082,377	86,530,345	30,721,557	(11,501,729)	357,647,859
Unallocated liabilities -							
Deferred income taxes (Note 20)							2,493,349
Retirement benefit obligations (Note 19)							3,706,366
Total liabilities							363,847,574
Other segment items:							
Capital expenditure: Computer software (Note17)							308,160
Property, plant and equipment (Note 18)							1,065,666

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5. Segmental Financial Information (Continued)

	The Group						
	2019						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	33,645,272	27,230,885	13,845,188	6,677,286	11,201,339	-	92,599,970
Revenue from other segments	20,385	-	8,268	(28,022)	(570,133)	569,502	-
Total revenue	33,665,657	27,230,885	13,853,456	6,649,264	10,631,206	569,502	92,599,970
Benefits and expenses	(20,401,161)	(20,231,123)	(8,339,100)	(2,207,390)	(8,635,498)	315,180	(59,499,092)
Change in actuarial liabilities	(6,097,521)	(1,979,093)	-	-	-	(870,671)	(8,947,285)
Depreciation and amortisation	(78,985)	(136,797)	(607,577)	(84,798)	(1,800,262)	-	(2,708,419)
Asset tax and other taxes	(97,364)	(33,166)	(281,264)	(180,907)	(50,838)	-	(643,539)
Total benefits and expenses	(26,675,031)	(22,380,179)	(9,227,941)	(2,473,095)	(10,486,598)	(555,491)	(71,798,335)
Share of profit from joint venture	-	14,624	-	-		-	14,624
Share of loss from associate	-	-	-	-	(98,662)	-	(98,662)
Profit before taxation	6,990,626	4,850,706	4,625,515	4,176,169	60,570	14,011	20,717,597
Taxation	(1,619,765)	(562,739)	(1,582,109)	(1,289,717)	(199,641)		(5,253,971)
Net profit	5,370,861	4,287,967	3,043,406	2,886,452	(139,071)	14,011	15,463,626
Segment assets -							
Intangible assets	1,543,770	595,486	1,204,889	551,764	4,380,087		8,275,996
Other assets	66,657,850	71,982,764	136,166,605	99,015,777	59,847,034	(8,605,379)	425,064,654
	68,201,620	72,578,250	137,371,494	99,567,541	64,227,121	(8,605,379)	433,340,647
Unallocated assets -							
Investments in joint venture (Note 13)							436,493
Investments in associate (Note 15)							24,509,615
Deferred income taxes (Note 20)							848,631
Retirement benefits asset (Note 19)							863,638
Total assets							459,999,024
Segment liabilities	57,225,121	59,329,991	117,532,006	80,143,402	29,882,359	(9,988,649)	334,124,230
Unallocated liabilities -							
Deferred income taxes (Note 20)							1,605,692
Retirement benefit obligations (Note 19)							3,344,834
Total liabilities							339,074,756
Other segment items:							
Capital expenditure: Computer software (Note 17)							392,414
Property, plant and equipment (Note 18)							1,016,648

Sagicor Group Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	The Group						
	2020						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers:							
Products transferred at a point in time	-	-	4,668,025	479,591	618,662	-	5,766,278
Products and services transferred over time	76,180	1,260,103	379,514	1,425,493	3,958,314	-	7,099,604
Total included in fees and other revenue	76,180	1,260,103	5,047,539	1,905,084	4,576,976	-	12,865,882

	The Group						
	2019						
	Individual Lines	Employee Benefits	Commercial Banking	Investment Banking	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers:							
Products transferred at a point in time	-	-	4,997,650	1,243,152	1,056,642	-	7,297,424
Products and services transferred over time	57,541	2,021,848	470,243	1,273,756	5,886,916	-	9,710,304
Total included in fees and other revenue	57,541	2,021,848	5,467,893	2,516,888	6,943,558	-	17,007,728

The Group's geographic information:

	Jamaica	Cayman Islands	United States of America	Other	Total
	2020				
	$'000	$'000	$'000	$'000	$'000
Revenue	76,853,461	5,292,017	2,427,344	-	84,572,822
Total assets	426,116,915	30,181,605	33,712,820	683,233	490,694,573
	2019				
	$'000	$'000	$'000	$'000	$'000
Revenue	83,229,658	4,096,028	5,274,284	-	92,599,970
Total assets	387,059,293	27,616,455	44,886,783	436,493	459,999,024

Geographically, the segments are Jamaica, Cayman Islands, United States of America and Other (Costa Rica and St. Lucia).

Segment assets consist of investments that match insurance and banking liabilities, intangible assets and other operating assets such as receivables and cash. They exclude deferred income taxes, retirement benefit assets investments in joint ventures and investment in associates.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements. They exclude items taxation, and retirement benefit liabilities.

Sagicor Group Jamaica Limited

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6. Cash Resources

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balances with banks payable on demand	18,267,971	10,948,123	233,623	424,666
Cash in hand	3,584,158	3,018,354	-	-
Balances as per statement of financial position	21,852,129	13,966,477	233,623	424,666
Restricted cash	(832,930)	(575,594)	-	-
Short term deposits	4,186,193	426,414	-	-
Securities purchased under resale agreement	7,490,326	1,439,884	615,634	3,040
USA Government Treasury Bills and BOJ CD's	4,603,143	2,688,274	-	-
Bank overdrafts (Note 29)	(62,885)	(739,927)	-	(12,311)
Balances as per statement of cash flows	37,235,976	17,205,528	849,257	415,395

Cash and cash equivalents represent deposits and investment securities with original maturities of less than 90 days.

7. Cash Reserves at Central Bank

Minimum cash reserve and liquid asset ratios in respect of deposit liabilities are required to be maintained by Sagicor Bank Jamaica Limited with the Bank of Jamaica. Cash reserves are not available for investment, lending or other use by the Bank.

Bank of Jamaica has reduced the cash reserve requirements of deposit-taking institutions (DTIs) by two percentage points, effective 15 May 2020. The foreign currency cash reserve requirement has been reduced to thirteen per cent (13%) while the domestic currency cash reserve requirement has been reduced to five per cent (5%). The reduction in the domestic currency cash reserve requirement completes the series of reductions that the Bank initiated in 2019 to take it to the statutory minimum of five per cent (5%) of prescribed liabilities. Liquid asset requirements will also fall as a consequence of the reduction in the cash reserve requirement. The foreign currency liquid asset requirement will fall to twenty-seven per cent (27%) while the reduction in the domestic currency cash reserve requirement will cause the overall domestic currency liquid asset requirement to fall to nineteen per cent (19%). No interest is paid on cash reserves.

Sagicor Group Jamaica Limited

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8. Financial Investments

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at fair value through profit or loss – (FVTPL)				
Debt Securities				
Government of Jamaica securities	3,193,349	2,281,779	-	-
Corporate bonds	3,400,753	3,085,480	-	-
Foreign governments securities	465,796	116,725	-	-
Interest receivable	73,898	66,121	-	-
	7,133,796	5,550,105	-	-
Equity Securities				
Unquoted equity	474,644	1,558,879	-	-
Quoted equity	8,849,002	7,402,697	-	-
Unit trust	25,452,023	28,836,010	-	-
	34,775,669	37,797,586	-	-
Total FVPL	41,909,465	43,347,691	-	-
Financial assets at fair value through Other Comprehensive Income (FVTOCI) -				
Debt Securities				
Government of Jamaica securities	88,327,547	69,708,063	-	-
Foreign governments securities	11,286,335	12,643,600	-	-
Corporate bonds	60,817,381	59,742,630	8,954	32,297
Interest receivable	1,897,176	1,683,534	29	309
	162,328,439	143,777,827	8,983	32,606
Equity Securities				
Quoted equities	70,943	100,000	-	-
Unquoted equities	79,124	71,110	-	-
	150,067	171,110	-	-
Total FVTOCI	162,478,506	143,948,937	8,983	32,606
Investments at amortised cost, net of ECL-				
Debt Securities:				
Government of Jamaica securities	70,084,601	66,322,240	51,532	51,588
Foreign governments securities	559,853	516,302	-	-
Corporate bonds	7,163,932	6,905,897	-	-
Promissory notes	210	244,487	-	-
Securities purchased under resale agreement	8,121,406	1,440,973	615,658	3,040
Mortgage loans	3,304,398	2,964,452	-	-
Policy loans	930,717	878,234	-	-
Short term deposits	4,817,590	870,435	557,715	523,178
Interest receivable	1,494,476	1,435,229	32	62
Total investments at amortised cost, net of	96,477,183	81,578,249	1,224,937	577,868
Less Pledged assets (Note 11)	(87,142,938)	(80,167,044)	-	-
Total Financial Investments	213,722,216	188,707,833	1,233,920	610,474

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8. Financial Investments (Continued)

The table below shows the composition of FVTPL securities according to those securities that were mandatorily designated, and those that were designated by election.

	2020			2019		
	Mandatory designation $'000	Designated by election $'000	Total $'000	Mandatory designation $'000	Designated by election $'000	Total $'000
Unit trust and equities	26,538,129	8,237,540	34,775,669	29,856,332	7,941,253	37,797,585
Debt securities	6,683,729	450,067	7,133,796	5,179,609	370,497	5,550,106
	33,221,858	8,687,607	41,909,465	35,035,941	8,311,750	43,347,691

Items pledged as collateral are included in Note 11.

9. Derivative Financial Instruments and Hedging Activity

Derivatives are carried at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis. The fair values are set out below:

	The Group	
	2020	2019
Derivatives – Assets	$'000	$'000
(i) Equity indexed options	-	35,005
Derivatives - Liabilities		
(i) Equity indexed options	-	35,005

(i) Equity indexed options

These derivative instruments give the holder the ability to participate in the upward movement of an equity index while protecting from downward risk and form part of certain structured product contracts with customers (Note 29). Sagicor Investments Jamaica Limited is exposed to credit risk on purchased options only, and only to the extent of the carrying amount, which is their fair value.

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10. Loans and Leases, after Allowance for Credit Losses

	The Group	
	2020	**2019**
	$'000	**$'000**
Gross loans and advances	88,737,066	85,915,825
Less: Allowance for credit losses	(1,937,685)	(1,428,563)
	86,799,381	84,487,262
Loan interest receivable	722,137	223,247
	87,521,518	84,710,509
Lease receivables	322,010	285,867
	87,843,528	84,996,376

The movement in the allowance for credit losses determined under the requirements of IFRS 9 is:

	The Group			
	Loans		Leases	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	1,428,563	1,794,203	215	2,591
Movement during the year -				
Charged against profit during the year	1,432,453	713,207	24	-
Recoveries of bad debts	(353,989)	(329,633)	-	(2,376)
Charged in the income statement (Note 48 (d))	1,078,464	383,574	24	(2,376)
Previously provided for, now written-off	(628,275)	(773,680)	-	-
Currency revaluation adjustment	58,933	24,466	-	-
Balance at end of year	1,937,685	1,428,563	239	215

The provision for credit losses determined under Central Bank regulatory requirements was as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Specific provision	1,125,070	1,205,250
General provision	912,309	890,013
	2,037,379	2,095,263
Excess of regulatory provision over IFRS provision recognised in the Bank reflected in non-distributable loan loss reserve (Note 2(j))	465,802	691,255

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10. Loans and Leases, after Allowance for Credit Losses (Continued)

Lease receivables:

	The Group	
	2020	**2019**
	$'000	**$'000**
Gross investment in finance leases -		
Not later than one year	103,998	135,834
Later than one year and not later than five years	248,044	187,801
	352,042	323,635
Less: Unearned income	(29,793)	(37,553)
Net investment in finance leases	322,249	286,082
Net investment in finance leases -		
Not later than one year	88,619	113,555
Later than one year and not later than five years	233,630	172,527
	322,249	286,082
Less: Provision for credit losses	(239)	(215)
	322,010	285,867

11. Pledged Assets

Assets of the Group are pledged as collateral under repurchase agreements with customers and financial institutions. Mandatory cash reserves and investment securities are also held with the regulators, the Bank of Jamaica and the Financial Services Commission.

	The Group	
	2020	**2019**
	$'000	**$'000**
Investment securities pledged as collateral:		
With regulators	193,990	144,305
Under repurchase agreements (Note 29)	86,549,253	78,037,912
With bank and other financial institutions	399,695	1,984,827
	87,142,938	80,167,044

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12. Investment Properties

	The Group	
	2020	**2019**
	$'000	**$'000**
At beginning of year	3,355,590	2,552,460
Additions during the year (i)	37,629	10,849
Acquired on acquisition of Advantage General	-	734,797
Disposal during the year (ii)	(2,087,593)	(173,800)
Fair value gains	83,679	231,284
At end of year	1,389,305	3,355,590

The investment properties as at 31 December 2020 were valued at current market value by Allison Pitter & Company and NIA Jamaica Langford & Brown, qualified property appraisers and valuers.

(i) Additions during the year related to works done at Anchovy Estate and 85 Hope Road (Sagicor Life Jamaica Limited).

(ii) Disposals during the year related to Jewel Grand Montego Bay Resort and Spa (X Fund), 7, 8 & 11 West Street, 153 & 157 Water Lane and 2 Pechon Street, Kingston (Advantage General Insurance Limited). In 2019, the Group sold 4-6 Trafalgar Road (Advantage General Insurance Limited).

Rental income and repairs and maintenance expenditure in relation to investment properties are disclosed in Note 37.

Fair value hierarchy for Investment Properties in disclosed in Note 47.

13. Investment in Joint Venture

This relates to the group's investment in Sagicor Costa Rica

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance at 1 January	436,493	330,804	414,267	414,267
Share of after tax earnings	310,860	14,624	-	-
Share of movement in other comprehensive income, net of taxation	(64,119)	91,065	-	-
Balance at 31 December	683,234	436,493	414,267	414,267

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13. Investment in Joint Venture (Continued)

The joint venture has share capital consisting solely of common and nominative shares, which is held directly by the Group.

Sagicor Costa Rica, S.A. is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the joint venture.

Summarised Financial Information of Joint Venture

Set out below are the summarised financial information for Grupo Sagicor GS, G.A. and subsidiary. which is accounted for using the equity method.

Summarised Statement of Financial Position

	The Group	
	2020	**2019**
	$'000	**$'000**
Current assets		
Cash and cash equivalents	566,831	122,661
Other current assets	2,643,881	2,255,402
	3,210,712	2,378,063
Non-current assets		
Investments	1,116,211	1,226,121
Other non-current asset	198,725	221,544
	1,314,936	1,447,665
Total Assets	4,525,648	3,825,728
Current liabilities		
Provision for unearned premiums	1,317,451	1,502,935
Other liabilities	1,116,211	1,449,808
	2,433,662	2,952,743
Non Current liabilities		
Notes and loans payable	701,480	-
Other liabilities	24,039	-
	725,519	-
Total Liabilities	3,159,181	2,952,743
Net Assets	1,366,467	872,985

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13. Investment in Joint Venture (Continued)

Summarised Financial Information of Joint Venture (Continued)

Summarised statement of comprehensive income

	The Group	
	2020	**2019**
	$'000	**$'000**
Revenue:		
Net premium revenue	3,198,871	2,352,178
Net investment and other income	277,272	28,827
Total revenue, net	3,476,143	2,381,005
Benefits and expenses:		
Benefits	741,134	1,102,053
Operating expenses	1,855,429	1,176,284
Interest expense	56,043	56,829
Total benefits and expenses	2,652,606	2,335,166
Net profit before taxation	823,537	45,839
Taxation	(201,817)	(16,590)
Net profit after tax for the period	621,720	29,249
Other comprehensive income	(199,843)	164,045
Total comprehensive income	421,877	193,294

Reconciliation of summarised financial information

Opening net assets at 1 January	872,985	661,610
Net profit) after tax for the period	621,720	29,249
Other comprehensive income	(199,843)	164,045
Currency translation	71,605	18,081
Closing net assets	1,366,467	872,985

Reconciliation of the Group's share of 50% net assets –		
Opening net assets at 1 January	436,493	330,804
Share of profits	310,860	14,624
Share of other comprehensive income and other movement	(64,119)	91,065
Carrying value	683,234	436,493

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14. Interest in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 3(a) (ii).

Consolidated Structured Entity

The Group has no consolidated structured entity.

Unconsolidated Structured Entity

The Group established Sagicor Pooled Investment Fund Limited (PIF), Sagicor Sigma Global Unit Trust (twenty-one portfolios), and the Sagicor Select Funds Limited (two portfolios) to provide customers and pension funds with several investment opportunities.

(i) PIF

PIF is a custodian trustee for the assets of the Pooled Pension Investment Funds which are held in trust on behalf of pension funds. The trust has a separate Board of Directors. The administration of the assets in trust is done by one of the Group's subsidiaries, Employee Benefits Administrator Limited. The investment manager of these Funds is also one of the Group's subsidiaries, Sagicor Life Jamaica Limited. Both the administration of the assets and the provision of investment management services entitled the Group to receive management fees based on the assets under management. See critical accounting estimates Note 3 (a) (i) for further details.

The table below shows the total assets of PIF, the Group's exposure in and income arising from involvement with PIF as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the PIF regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis. The Group's exposure to loss arises from the Group's defined benefit pension scheme's investment in units in PIF. The income earned from the Group's interests represents the income earned by the Group's defined benefit pension scheme's investment in units in PIF. Management fees are earned by the Group from its administration and investment management activities.

	The Group	
	2020	**2019**
	$'000	**$'000**
Total assets of PIF	176,933,611	193,507,431
Maximum exposure to loss	19,977,463	22,204,099
Total (loss)/income from the Group's interests	(1,912,550)	2,957,159
Management Fees earned	1,989,060	2,079,707

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the company in the future.

14. Interest in Structured Entities (Continued)

(ii) Sagicor Sigma Global Unit Trust

The Group established the Sagicor Sigma Global Unit Trust to provide customers with investment opportunities. The Unit Trust comprises twenty-one portfolios. See Note 3 (a) (i) for further details.

The Unit Trust has an independent trustee. One of the Group's subsidiaries, Sagicor Investments Jamaica Limited is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

The table below shows the total assets of the Unit Trust, the Group's interest in and income arising from involvement with the Unit Trust, the Group's liability to the Unit Trust in relation to repurchase obligations, as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Unit Trust regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	The Group	
	2020 $'000	**2019 $'000**
Total assets of the Unit Trust	144,415,140	127,923,000
The Group's interest – Carrying value of units held (included in fair value through profit and Loss – Note 8)	25,098,938	28,836,010
Maximum exposure to loss	(25,098,938)	(28,836,010)
Liability to the Unit Trust in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	20,045,556	18,525,160
Liability to the Unit Trust in relation to the purchase of shares in Advantage General Insurance Company Limited	3,671,203	2,262,000
Total income from the Group's interests	2,859,795	2,590,767

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

(iii) Sagicor Select Funds

Sagicor Select Funds consists of two publicly traded companies listed on Jamaica Stock exchange. They are the Financial Select Fund and the Manufacturing and Distribution Select Fund. The objective of these funds is to provide a low cost and effective means of investing in a diverse pool of companies listed on the stock market.

The table below shows the total assets of the Select Funds, the Group's interest in and income arising from involvement with the Entities, the Group's liability to the Funds in relation to repurchase obligations as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Funds regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis

	2020 $'000	**2019 $'000**
Total assets of Funds	7,610,408	9,882,169
The Group's interest – Carrying value of equities held (included in fair value through profit and Loss – Note 8)	161,809	1,319,746
Maximum exposure to loss	(161,809)	(1,319,746)
Liability in relation to repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	114,503	280,000
Total income from the Group's interests	31,045	104,871

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Funds in the future.

15. Investment in Associated Company

Sagicor Group owns 14.87% (2019 – 15.49%) of the 134,496,340 (2019 – 129,121,576) shares outstanding by Playa through its subsidiary company, Jamziv (owned by Sagicor Real Estate X Fund Limited. Based on Sagicor Group's level of investment in, and participation in the decision and policy-making at Playa, Sagicor Real Estate X Fund Group is accounting for its investment in Playa as an associated company from the date of acquisition as required by IAS 28. There were no contingent liabilities relating to the Group's interest in the associated company.

(a) *The investment in associated company is represented as follows:*

	The Group	
	2020	**2019**
	$'000	**$'000**
Investment, beginning of year	24,509,615	24,764,690
Dilution of interest (i)	(441,101)	-
Impairment of associate (ii)	(4,508,146)	-
Share of:		
Net loss after tax for the period	(5,467,297)	(98,662)
Other comprehensive loss	(389,931)	(1,169,497)
Effects of exchange rate changes	2,141,736	1,013,084
Total comprehensive loss	(3,715,492)	(255,075)
Investment, end of year	15,844,876	24,509,615

(i) During 2020 Jamziv's interest at December 31, 2020 in Playa decreased by 0.62% to 14.87% from 15.49% at December 31, 2019. In June 2020, Playa issued additional shares which resulted in an effective dilution in the Group's interest. The following table shows the breakout of the amounts recorded in the income statement.

	2020
	$'000
Group's share of proceeds of new shares issued	419,931
Carrying value of the investment in associate deemed to be disposed of	(861,032)
Loss on dilution of investment in associate	(441,101)
Items recorded in other comprehensive income recycled upon dilution of investment in associate:	
Interest rate swap	(24,237)
Foreign currency translation adjustments	74,042
Total loss on dilution of investment in associate recorded in income statement	(391,296)

Transfers between reserves and retained earnings in Note 25 include $2,709,000 transferred on dilution of associate.

Due to the negative impacts of COVID-19 on projected EBITDA of Playa's hotel operations, the Group recorded an impairment loss in profit or loss, from the resulting decline in Playa's value-in-use. The key assumptions used in the determination of the value in use computation were the EBITDA cash flow forecasts, the discount rate used to discount the cash flows (10.5%) and the revenue growth rate (2.0%). The value-in-use is very sensitive to changes in the key assumptions used. As discussed in Note 57, the Group disposed of its interest in Playa in January of 2021.

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15. Investment in Associated Company (Continued)

(b) *Summarised Financial Information of Associated Company*

(i) Set out below is the summarised financial information for, Playa Hotels & Resorts N.V., which is accounted for using the equity method as at December 31, 2019 and December 31, 2020.

Summary Statement of Financial Position

		The Group	
		2020	**2019**
		$'000	**$'000**
Current assets:	Cash resources	24,495,846	2,745,616
	Other current assets	11,725,086	17,978,880
		36,220,932	20,724,496
Non-current assets:	Property, Plant and equipment, net	245,366,509	254,108,161
	Other non-current assets	19,881,321	14,306,358
		265,247,830	268,414,519
Total Assets		301,468,762	289,139,015
Current liabilities:			
	Loan Payable	12,859,158	8,436,018
	Other current liabilities	22,303,283	29,140,523
		35,162,441	37,576,541
Non-current liabilities:	Loans payable	164,456,512	128,074,172
	Other non-current liabilities	21,952,828	17,036,471
Total Liabilities		221,571,781	182,687,184
Net Assets		79,896,981	106,451,831

Summarised statement of comprehensive income for year 2020 and 2019.

	The Group	
	2020	**2019**
	$'000	**$'000**
Revenue:		
Hotel revenue	49,116,438	84,444,644
Expenses:		
Hotel expenses	(72,278,092)	(81,099,256)
Other net operating expenses	(50,066)	(424,549)
Interest expense	(11,570,345)	(5,849,212)
Total expenses	(83,898,503)	(87,373,017)
Net loss before taxation	(34,782,065)	(2,928,373)
Taxation	88,837	2,284,703
Net loss after tax for the period	(34,693,228)	(643,670)
Other comprehensive income	(895,930)	(4,059,533)
Total comprehensive income	(35,589,158)	(4,703,203)

Reconciliation of the Group's 14.87% (2019:15.49% interest)

Share of net assets	11,880,681	16,448,512
Deemed goodwill and other adjustments	3,964,195	8,061,103
Carrying value	15,844,876	24,509,615

Sagicor Group Jamaica Limited

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15. Investment in Associated Company (Continued)

(c) The carrying values of investment in associated company, Playa Hotels & Resorts N.V. and the values indicated by prices quoted on the National Association of Securities Dealers Automated Quotation ("NASDAQ Indicative Value") as at December 31, 2020 are as follows:

	Carrying Value	NASDAQ Indicative Value	Carrying Value	NASDAQ Indicative Value
	2020	**2020**	**2019**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
The Group	15,844,876	16,863,371	24,509,615	22,037,719

16. Investment in Subsidiaries

Sagicor Life Jamaica Limited

On November 30, 2019 Sagicor Group Jamaica Limited, through its wholly owned subsidiary, Sagicor Life Jamaica Limited acquired a 70% interest in Bailey Williams Limited, at a cost of $459,018,000.

Sagicor Cayman Limited

Sagicor Group Jamaica Limited ("SGJ") the former direct parent company of Sagicor Life of the Cayman Island Limited ("SLC"), took steps to segregate and ring fence SLC's investment business from its life insurance business in accordance with regulatory obligations. To this end, two new companies were incorporated, namely: (a) Sagicor Cayman Limited ("Holdco") and (b) Sagicor Investments (Cayman) Limited ("SIC"). SIC has made an application to CIMA for a licence to carry on its investment business, and now awaits feedback on the outcome of its application.

Holdco which is a wholly owned subsidiary of SGJ is the immediate holding company for both SLC and SIC. The investment and insurance business were separated through a reconstruction agreement between Holdco, SGJ, SLCI and SIC. The transaction became effective on December 31, 2019.

Sagicor Group Jamaica Limited

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17. Intangible Assets

	The Group				
	Goodwill	**Contractual Customer Relationship**	**Trade Names**	**Computer Software**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost -					
At 1 January 2019	3,663,520	4,698,499	806,433	3,247,985	12,416,437
Arising on acquisitions	1,035,721	744,000	124,000	92,147	1,995,868
Additions	-	-	-	392,414	392,414
Translation adjustment	23,107	-	-	104	23,211
At 31 December 2019	4,722,348	5,442,499	930,433	3,732,650	14,827,930
Additions	-	-	-	308,160	308,160
Impairment charge	(1,231,913)	-	-	-	(1,231,913)
Arising on acquisition (i)	23,000	-	-	-	23,000
Translation adjustment	55,660	-	-	274	55,934
At 31 December 2020	3,569,095	5,442,499	930,433	4,041,084	13,983,111
Amortisation -					
At 1 January 2019	-	3,225,758	473,467	2,065,631	5,764,856
Amortisation charge	-	220,602	16,841	549,558	787,001
Translation adjustment	-	-	-	80	80
At 31 December 2019	-	3,446,360	490,308	2,615,269	6,551,937
Amortisation charge	-	267,608	396	505,344	773,348
Translation adjustment	-			145	145
At 31 December 2020	-	3,713,968	490,704	3,120,758	7,325,430
Net Book Value -					
31 December 2019	4,722,348	1,996,139	440,125	1,117,381	8,275,993
31 December 2020	3,569,095	1,728,531	439,729	920,326	6,657,681

	The Company
	Computer Software
	$'000
Cost -	
At 1 January 2019	1,607,816
Additions	164,833
At 31 December 2019	1,772,649
Additions	24,989
At 31 December 2020	**1,797,638**
Amortisation -	
At 1 January 2019	985,657
Amortisation charge	333,108
At 31 December 2019	1,318,765
Amortisation charge	250,420
At 31 December 2020	**1,569,185**
Net Book Value -	
31 December 2019	453,884
31 December 2020	**228,453**

i) This represents an adjustment for the finalised fair value statement of financial position for Advantage General Insurance Limited, which was acquired in the prior year. These adjustments were immaterial and were recorded in the current year

Sagicor Group Jamaica Limited

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17. Intangible Assets (Continued)

The allocation of goodwill to the Group's and the company's Cash Generating Units (CGUs) is as follows:

	The Group	
	2020	**2019**
	$000	**$000**
Sagicor Life Jamaica Individual Lines Division	855,191	855,191
Sagicor Life Jamaica Employee Benefits Division	530,126	530,126
Sagicor Life of the Cayman Islands Individual Lines Division	706,982	654,437
Sagicor Investments Jamaica Limited	186,066	186,066
Sagicor Insurance Managers Limited	42,015	38,900
Travel Cash Jamaica Limited	189,994	189,994
Advantage General Insurance Company	1,058,721	1,035,721
Sagicor Real Estate X - Fund Limited	-	1,231,913
	3,569,095	4,722,348

(i) At 31 December 2020, management tested goodwill and the unamortised balance of other purchased intangibles allocated to all the CGUs as listed in the table above.

(ii) Fair values less costs to sell is used to determine the recoverable amounts of:

Sagicor Life Jamaica Individual Lines Division

Sagicor Life Jamaica Employee Benefits Division

Sagicor Life of the Cayman Islands Individual Lines Division

(iii) These calculations use projected sustainable earnings based on audited earnings and financial budgets approved by management covering a three-year period and the earnings multiples stated below. Value in use calculations are used to determine the recoverable amount of the non-life CGUs:

Sagicor Investments Jamaica Limited

Sagicor Insurance Managers Limited

Travel Cash Jamaica Limited

Advantage General Insurance Company

Sagicor Real Estate X - Fund Limited

These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

During the year, COVID-19 impacted the cash flow projections of the Sagicor Real Estate X - Fund Limited Group, which has operations in the hospitlaity sector, therefore reducing its value in use and necessitating an impairment loss on goodwill, as shown in the movement schedule and the income statement. Sagicor Real Estate X-Fund Limited is included in the Group's "Other" segment in Note 5. The recoverable amount of the goodwill was determined to be nil.

Sagicor Group Jamaica Limited

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17. Intangible Assets (Continued)

Key assumptions used for the impairment calculations are as follows:

	2020			2019		
	Earnings Multiple	**Earnings Growth Rate**	**Discount Rate**	**Earnings Multiple**	**Earnings Growth Rate**	**Discount Rate**
Sagicor Life Jamaica Individual Life Division	10.3		-	10.0	-	-
Sagicor Life Jamaica Employee Benefits Division	10.8		-	10.8	-	-
Sagicor Life of the Cayman Islands Individual Life Division	8.5		-	8.8	-	-
Sagicor Bank Jamaica Limited		5.50%	14.58%	-	5.75%	15.28%
Sagicor Investments Jamaica Limited		5.00%	12.64%	-	4.75%	13.53%
Sagicor Real Estate X - Fund Limited		2.00%	9.00%	-	4.5%	11.03%
Sagicor Insurance Managers Ltd.		2.00%	12.00%	-	2.00%	11.86%
Travel Cash		6.00%	15.19%	-	4.50%	15.00%
Advantage General Insurance Company Limited		4.50%	14.53%	-	5.75%	14.46%

Sagicor Group Jamaica Limited

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18. Property, Plant and Equipment

	The Group				
	Leasehold Buildings & Improvements	**Freehold Land & Buildings**	**Furniture & Equipment**	**Motor Vehicles**	**Total**
Cost or Valuation -	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2019	1,104,020	15,241,568	6,174,519	251,963	22,772,070
Additions	221,164	22,284	700,666	72,534	1,016,648
Arising on acquisitions	21,589	984,756	143,441	1,284	1,151,070
Reclassification	-	-	(1,312)	-	(1,312)
Revaluation adjustments	-	467,493	-	-	467,493
Disposals	-	(758,655)	(6,209)	(46,232)	(811,096)
Translation adjustment	2,002	456,738	73,359	-	532,099
At 31 December 2019	**1,348,775**	**16,414,184**	**7,084,464**	**279,549**	**25,126,972**
Additions	225,775	24,864	745,291	45,646	1,041,576
Reclassification	-	-	23,353	737	24,090
Revaluation adjustments	-	(2,374,475)	-	-	(2,374,475)
Disposals	-	-	(241,398)	(22,918)	(264,316)
Translation adjustment	4,915	1,182,919	(319,996)	-	867,838
At 31 December 2020	**1,579,465**	**15,247,492**	**7,291,714**	**303,014**	**24,421,685**
Accumulated Depreciation -					
At 1 January 2019	624,911	189,538	2,833,677	123,533	3,771,659
Charges for the year	89,200	370,201	862,572	41,814	1,363,787
Relieved on revalued assets	-	(88,095)	-	-	(88,095)
Relieved on disposals	-	(23,760)	(3,527)	(31,066)	(58,353)
Translation adjustment	1,586	(386)	2,943	-	4,143
At 31 December 2019	**715,697**	**447,498**	**3,695,665**	**134,281**	**4,993,141**
Charges for the year	114,891	378,428	962,723	49,104	1,505,146
Relieved on revalued assets	-	(27,319)	-	-	(27,319)
Relieved on disposals	-	-	(106,515)	(13,412)	(119,927)
Translation adjustment	4,170	105,363	(440,440)	695	(330,212)
At 31 December 2020	**834,758**	**903,970**	**4,111,433**	**170,668**	**6,020,829**
Net Book Value -					
31 December 2019	633,078	15,966,686	3,388,799	145,268	20,133,831
31 December 2020	**744,707**	**14,343,522**	**3,180,281**	**132,346**	**18,400,856**

Sagicor Group Jamaica Limited

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18. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvement	**Furniture & Equipment**	**Motor Vehicle**	**Total**
Cost or Valuation -	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2019	33,646	465,404	8,617	507,667
Additions	-	18,875	21,840	40,715
Disposal	-	(330)	(8,617)	(8,947)
At 31 December 2019	33,646	483,949	21,840	539,435
Additions	-	8,434	14,000	22,434
Disposal	-	-	-	-
At 31 December 2020	33,646	492,383	35,840	561,869
Accumulated Depreciation -				
At 1 January 2019	3,738	222,605	2,017	228,360
Charges for the year	3,365	97,436	2,189	102,990
Disposal	-	(114)	(2,750)	(2,864)
At 31 December 2019	7,103	319,927	1,456	328,486
Charges for the year	3,365	80,894	4,835	89,094
Disposal	-	-	-	-
At 31 December 2020	10,468	400,821	6,291	417,580
Net Book Value -				
31 December 2019	26,543	164,022	20,384	210,949
31 December 2020	**23,178**	**91,562**	**29,549**	**144,289**

In accordance with the Group's policy, owner-occupied properties included in Freehold Land and Buildings were independently revalued during the year by professional real estate valuators. The (deficit)/excess of revalued amount below/over the carrying value of these property, plant and equipment, amounting to $2,347,156 (2019 - $569,904,850), has been (debited)/ credited to investment and fair value reserves. If revalued assets of the Group were stated on a historical cost basis, the amounts would be as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Cost	12,388,360	11,522,562
Accumulated depreciation	(1,437,132)	(1,088,098)
Net book value	10,951,228	10,434,464
Carrying value of revalued assets	**14,343,522**	**15,966,686**

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19. Retirement Benefits

	The Group	
	2020	**2019**
	$'000	**$'000**
Retirement benefit assets -		
Pension scheme	1,187,248	863,638
Retirement benefit obligations -		
Pension scheme	-	268,064
Other post-retirement benefits	3,706,366	3,076,770
	3,706,366	3,344,834

Pension schemes comprised the following –

	2020	**2019**
	$'000	**$'000**
Retirement benefit assets	(1,187,248)	(863,638)
Retirement benefit obligations	-	268,064
	(1,187,248)	(595,574)

The Group operates the following pension plans:

(i) Sagicor Life Jamaica Limited operates a hybrid pension plan for its permanent staff. The plan has two sections – a Defined Contribution (DC) section and a Defined Benefit (DB) section, which is funded. The DB section is closed to new members and includes administrative staff joining the company before August 1, 2009, while the DC section includes eligible sales agents and administrative staff joining Sagicor Life Jamaica Limited on or after August 1, 2009. The assets of the plan are held independently of the company's assets in separate trustee administered funds. The benefits for the DB section are based on service and salary, whereas the DC section benefits are based on contributions made by the members and the company, with interest. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2018) was 115%.

(ii) Sagicor Life of the Cayman Islands Ltd. participates in the Cayman Islands Chamber of Commerce Pension Plan. This plan is a money purchase contributory plan covering all the employees in the Cayman Islands. Contributions are vested immediately. The company contributes at a fixed rate of 7% of pensionable earnings.

(iii) Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited jointly operate an open DC pension plan and a closed DB pension plan covering its permanent employees. The assets of these funded plans are held independently of the companies' assets in separate trustee administered funds. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2019) was 170% and 114% for the DB and DC plan, respectively.

(iv) Sagicor Bank Jamaica Limited has a closed DC plan covering all permanent employees (formerly employed to RBC Jamaica Limited) who are not covered under the DC and DB plans it jointly operates with Sagicor Investments Jamaica Limited. The assets of this funded plan are held independently of the company's assets in separate trustee administered funds. The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2019) was 110%.

19. Retirement Benefits (Continued)

(v) Advantage General Insurance Company Limited sponsors a DB scheme, which is open to all employees who have satisfied certain minimum service requirements. The scheme is funded by employee and employer contributions at varying rates. Retirement and other benefits are based on average salary for the last three years of pensionable service.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. In absence of guidance from the regulator, the actuaries have agreed on a minimum employer contribution rate of 0.25% of payroll per annum where plan rules do not specify a minimum. The Trustees of the pension schemes ensure benefits are funded, benefits are paid, assets invested to maximise returns subject to acceptable investment risks while considering the liability profile. Any plan surplus or funding deficiency for the defined benefits plans as determined by independent actuaries annually using the Projected Unit Credit Method are recognised fully as a charge to shareholders' equity.

(a) Pension schemes

The amounts recognised in the statement of financial position are determined as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Present value of funded obligations	25,496,152	27,891,510
Fair value of plan assets	(26,683,400)	(28,487,084)
(Surplus) / deficit of funded plan	(1,187,248)	(595,574)
(Asset) / liability in the balance sheet	(1,187,248)	(595,574)

Movement in the present value of the defined benefit obligations recognised in the statement of financial position:

	The Group	
	2020	**2019**
	$'000	**$'000**
Liability at start of year	27,891,510	23,501,301
Liability assumed on acquisition of subsidiary	-	1,317,726
Current service cost	717,219	567,011
Interest cost	2,063,294	1,640,319
Net expense recognised in income	2,780,513	2,207,330
Re-measurements:		
Gains from changes in financial assumptions	(2,208,027)	(945,224)
(Gains)/losses/ from changes in experience	(2,734,428)	2,020,047
Net (gains)/ losses recognised in other comprehensive income	(4,942,455)	1,074,823
Contributions by the members	781,259	666,278
Value of purchased annuities	946,456	517,456
Benefits paid	(1,961,131)	(1,393,404)
Net Liability, end of year	25,496,152	27,891,510

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19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

Movement in the fair value of plan assets recognised in the statement of financial position:

	The Group	
	2020	**2019**
	$'000	**$'000**
Balance at start of year	28,487,084	23,383,610
Assets assumed on acquisition of subsidiary	-	1,413,234
Contributions made by the employer	531,725	474,989
Contributions by the members	781,259	666,278
Value of purchased annuities	946,456	517,456
Benefits paid	(1,961,131)	(1,386,488)
Interest income on plan assets	2,141,841	1,670,425
Re-measurement:		
(Losses)/Gains from changes in financial assumptions	(309,753)	41,955
(Losses)/Gains from changes in experience	(3,934,081)	1,705,625
Net (losses)/gains recognised in other comprehensive income	(4,243,834)	1,747,580
Balance, end of year	26,683,400	28,487,084

The amounts recognised in the income statements as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Current service cost	717,219	567,011
Interest cost on plan obligation	2,063,294	1,640,319
Interest income on plan assets	(2,141,841)	(1,670,425)
Total, included in staff cost (Note 41 (a))	638,672	536,905

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19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Change in financial assumptions	(1,898,274)	(987,179)
Experience adjustments	1,199,653	314,422
	(698,621)	(672,757)
Deferred tax	178,140	217,222
	(520,481)	(455,535)

The principal actuarial assumptions used were as follows:

	The Group	
	2020	**2019**
Discount rate - J$ benefits	9.00%	7.50%
Discount rate - US$ Indexed benefits	5.00%	5.00%
Inflation	6.00%	4.00%
Expected return on plan assets	9.00%	7.00%
Future salary increases	9.00%	9.00%
Future pension increases	0.50%	0.50%
Minimum Funding Rate (MFR) as a % of payroll	0.25%	0.25%
Average expected remaining working lives (years)	13	13

The weighted average duration of the defined benefit obligation ranges from 31 years (2019 – 31 years) to 41 years (2019 – 41 years).

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

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19. Retirement Benefits (Continued)

(a) Pension schemes (continued)

Pension plan assets are comprised as follows:

	The Group			
	2020		**2019**	
	$'000	**%**	**$'000**	**%**
Equities	8,727,652	33	10,734,170	38
GOJ Bonds	283,476	1	312,223	1
Corporate Bonds	265,225	1	268,130	1
Repurchase Agreements	214,650	1	68,285	-
Real Estate	56,924	-	54,575	-
Leases	-	-	20,063	-
Mortgages and real estate fund	3,791,521	14	4,399,515	15
Money market fund	190,351	1	247,116	1
Fixed income fund	2,486,402	9	2,841,842	10
Foreign currency fund	3,704,870	14	3,351,671	12
Global market fund	827,494	3	802,278	3
Diversified investment fund	104,688	-	2,245	-
Inflation-linked (CPI) fund	622,289	2	551,071	2
	21,275,542	79	23,650,939	83
Value of purchased annuities	5,407,858	21	4,836,145	17
	26,683,400	100	28,487,084	100

The sensitivity of the defined benefit pension obligation to changes in the principal assumptions is as follows:

	The Group Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2020 $'000	**2020 $'000**
Discount rate	1%	(1,022,000)	1,326,326
Future salary increases	1%	466,149	(405,484)
Future pension increases	1%	2,025,130	(1,803,046)
Life expectancy	1 year	90,368	(92,438)

	The Group Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2019 $'000	**2019 $'000**
Discount rate	1%	(1,456,162)	1,930,047
Future salary increases	1%	681,691	(591,051)
Future pension increases	1%	2,516,598	(2,070,737)
Life expectancy	1 year	131,659	(137,142)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

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19. Retirement Benefits (Continued)

(b) Other retirement benefits

In addition to pension benefits, the Group offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries during retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The amounts recognised in the statement of financial position are determined as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Present value of unfunded obligations	3,929,008	3,283,879
Fair value of plan assets	(222,642)	(207,109)
Liability in the statement of financial position	3,706,366	3,076,770

Movement in the amounts recognised in the statement of financial position:

	The Group	
	2020	**2019**
	$'000	**$'000**
Liability at beginning of year	3,283,879	2,968,918
Liability assumed on acquisition of subsidiary	-	296,735
Current service cost	(34,502)	88,656
Interest cost	232,369	209,148
Net expense recognised in income	197,867	297,804
Re-measurement:		
Gains from changes in financial assumptions	(559,568)	(139,807)
(Losses)/Gains from changes in experience	1,142,075	(31,724)
Net (losses)/ gains recognised in other comprehensive income	582,507	(171,531)
Benefits paid	(135,253)	(108,047)
Net Liability, end of year	3,929,000	3,283,879

The principal actuarial assumption used was as follows:

	The Group	
	2020	**2019**
Rate of medical inflation	7%	5%

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19. Retirement Benefits (Continued)

(b) Other retirement benefits (continued)

The amounts recognised in the income statements are as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Current service cost	(34,502)	88,656
Interest cost	232,369	209,148
Interest income on plan assets	(15,533)	(13,549)
Total, included in staff cost (Note 41(a))	182,334	284,255

The amounts recognised in other comprehensive income is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Change in financial assumptions	(559,568)	(139,807)
Experience adjustments	1,142,075	(31,724)
	582,507	(171,531)
Deferred tax	(135,148)	55,438
	447,359	(116,093)

Movement in the fair value of plan assets recognised in the statement of financial position:

	The Group	
	2020	**2019**
	$'000	**$'000**
Balance	207,109	193,560
Interest income on plan assets	15,533	13,549
Balance, end of year	222,642	207,109

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19. Retirement Benefits (Continued)

(b) Other retirement benefits (continued)

The sensitivity of the other retirement benefits obligation to changes in the principal assumptions is as follows:

		The Group Increase/(decrease) in other retirement benefits obligation	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2020 $'000	**2020 $'000**
Discount rate	1%	(521,913)	659,613
Medical cost inflation	1%	602,913	(483,614)
Future salary increases	1%	29,331	(24,280)
Life expectancy	1 year	117,175	(117,183)

		The Group Increase/(decrease) in other retirement benefits obligation	
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		2019 $'000	**2019 $'000**
Discount rate	1%	(422,620)	534,977
Medical cost inflation	1%	372,161	(466,315)
Future salary increases	1%	34,440	(30,371)
Life expectancy	1 year	88,845	(89,855)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

19. Retirement Benefits (Continued)

(c) Plan risks

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks. The Group does not use derivatives to manage its plan risks. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. The Group has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

(i) Investment risk
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term assets with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

(ii) Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liability, although this will be partially offset by an increase in the return on plan's assets which are linked to debt investments.

(iii) Salary risk
The present value of the plan liabilities is calculated in reference to the future salaries of members. Therefore, an increase in the salary of members will increase the plan's liability.

(iv) Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

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20. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of:

(a) 25% for the company (Sagicor Group Jamaica Limited);

(b) 25% for Sagicor Life Jamaica Limited and Sagicor Property Services Limited;

(c) 33⅓% for Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited, Employee Benefits Administrator Limited, Sagicor Insurance Brokers Limited, Sagicor Insurance Administrators Limited Sagicor Securities Jamaica Limited and Advantage General Insurance Company Limited; and

(d) 1% for the subsidiaries incorporated in St. Lucia.

The subsidiaries incorporated in Grand Cayman operate under a zero tax regime.

Deferred tax assets and liabilities, net recognised on the statement of financial position are as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets, net	(1,005,526)	(848,631)	(222,825)	(149,667)
Deferred income tax assets, liability	2,493,349	1,605,692	-	-

The amounts shown in the statement of financial position included the following:

	The Group			
	Deferred tax assets		Deferred tax liabilities	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets/liabilities to be recovered after more than 12 months	(1,234,728)	(1,322,525)	2,468,615	400,366

	The Company	
	2020	**2019**
	$'000	**$'000**
Deferred tax assets to be recovered after more than 12 months	(225,746)	(184,230)
Deferred tax liabilities to be settled after more than 12 months	2,421	34,011

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20. Deferred Income Taxes (Continued)

Net deferred income tax assets and liabilities are attributable to the following items:

	The Group			
	Net deferred tax assets		Net deferred tax liabilities	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Property, plant and equipment	(248,298)	(157,236)	-	-
Tax losses unused	(96)	(74,214)	(386,406)	-
Unrealised foreign exchange losses	(278,461)	(210,050)	(5,972)	-
Impairment losses on loans & investment securities (IFRS 9)	(123,581)	-	-	-
Interest payable	-	-	-	(1,773)
Pensions and other post-retirement benefits	(722,279)	(706,708)	-	-
Other	(125,477)	(107,250)	(28,585)	(12,404)
	(1,498,192)	(1,255,458)	(420,963)	(14,177)
Deferred income tax liabilities -				
Property, plant and equipment	-	-	509,621	452,698
Trading Investment Securities	121,886	-	695,881	413,739
Investment securities at FVTOCI	268,310	220,278	1,629,858	522,401
Unrealised foreign exchange gains	-	-	-	160,798
Pensions and other post-retirement benefits	-	-	54,218	27,869
Tax losses unused	-	-	-	5,901
Impairment losses on loans	-	44,931	-	-
Interest receivable	102,470	141,618	24,734	32,002
Other	-	-	-	4,461
	492,666	406,827	2,914,312	1,619,869
Net deferred taxation asset	(1,005,526)	(848,631)	2,493,349	1,605,692

	The Company	
	2020	2019
	$'000	$'000
Deferred income tax (assets)/liabilities-		
Property, plant and equipment	(225,746)	(184,221)
Impairment losses on loans & investment securities (IFRS 9)	(18)	(9)
Investment securities at FVTOCI	1,960	1,925
Unrealised foreign exchange gains	461	32,086
Interest receivable	518	552
Net deferred tax asset	(222,825)	(149,667)

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20. Deferred Income Taxes (Continued)

The movement in net deferred tax assets is as follows:

	The Group							
	Property, plant and equipment	**Fair value gains**	**Unused tax losses**	**Unrealised foreign exchange gains**	**Loan & investment securities loss provision**	**Post-employment benefits**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2019	(108,466)	(1,331,939)	(893,509)	(408,217)	75,922	(791,657)	52,813	(3,405,053)
Assumed on acquisition of AGIC	-	-	-	-	-	-	(96)	(96)
(Credited)/charged to income statement	(45,342)	45	819,295	198,167	(28,100)	(30,371)	(18,349)	895,345
(Credited)/charged to other comprehensive income	(3,428)	1,552,172	-	-	(2,891)	115,320	-	1,661,173
At 31 December 2019	(157,236)	220,278	(74,214)	(210,050)	44,931	(706,708)	34,368	(848,631)
(Credited)/charged to income statement	(107,530)	116,417	74,118	(68,411)	(173,312)	(55,796)	(57,375)	(271,889)
(Credited)/charged to other comprehensive income	16,468	53,501	-	-	4,800	40,225	-	114,994
At 31 December 2020	(248,298)	390,196	(96)	(278,461)	(123,581)	(722,279)	(23,007)	(1,005,526)

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20. Deferred Income Taxes (Continued

The movement in net deferred tax liabilities is as follows:

	The Group								
	Property, plant and equipment	**Fair value gains**	**Unused tax losses**	**Unrealised foreign exchange gains**	**Interest receivable**	**Interest payable**	**Pension and other post-retirement benefits**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**		**$'000**	**$'000**
At 31 December 2018	381,008	16,137	19,460	(3,157)	407	(1,788)	-	419	412,486
On acquisition of Advantage General Insurance Company	17,797	100,862	-	-	25,847	-	(93,706)	4,462	55,262
(Credited)/charged to income statement (Note 43 (a))	9,186	174,106	133,163	9,058	5,748	15	(35,765)	264,970	560,481
Credited to other comprehensive income (Note 43 (c))	15,026	645,035		-	-	-	157,340	(277,794)	539,607
Foreign Exchange	29,681	-	8,175	-	-	-	-		37,856
At 31 December 2019	452,698	936,140	160,798	5,901	32,002	(1,773)	27,869	(7,943)	1,605,692
On acquisition of subsidiary (i)	289,333	-	-	-	-	-	-	-	289,333
(Credited)/charged to income statement (Note 43 (a))	301,256	196,755	(577,921)	(11,873)	(7,268)	1,773	23,582	(54,883)	(128,579)
Credited to other comprehensive income (Note 43 (c))	(605,411)	1,192,844	-	-	-	-	2,767	31,853	622,053
Foreign Exchange	71,745	-	30,717	-	-	-	-	2,388	104,850
At 31 December 2020	509,621	2,325,739	(386,406)	(5,972)	24,734	-	54,218	(28,585)	2,493,349

In 2020, the fair valued Balance Sheet for Advantage General Insurance Limited at the date of acquisition was based on additional information received after yearend. These adjustments were immaterial.

	The Company	
	2020	**2019**
	$'000	**$'000**
As at 1 January	(149,667)	(88,670)
Credited to the income statement	(73,193)	(61,681)
Tax charged to components in other comprehensive income	35	684
As at 31 December	(222,825)	(149,667)

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21. Taxation Recoverable

Taxes are withheld at 25% from interest payments on Government of Jamaica securities and other local bonds. The Group makes monthly filings to Tax Administration of Jamaica (TAJ) for recovery. Amounts approved by TAJ are refunded as cash or off-set against liabilities. The amounts are expected to be recovered within one year of the financial statements date.

22. Other Assets

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Due from sales representatives	1,850,916	1,331,682	-	-
Real estate developed for resale (i) -				
Opening balance	2,182,226	987,343	-	-
Cost of sales	-	(112,194)	-	-
Amounts acquired	-	697,617	-	-
Additions during the year	1,780,040	609,460	-	-
	3,962,266	2,182,226	-	-
Premiums due and unpaid			-	-
Premiums due and unpaid- Gross	8,322,077	8,218,030		
Premiums due and unpaid- Provision	(4,186,797)	(3,657,220)		
	4,135,280	4,560,810		
Guests Receivables	21,226	188,308	-	
Due from related parties (Note 23)	601,600	1,177,680	24,690	112,908
Service contract assets:				
Due from Government Employees & Other - Administrative Scheme Only Fund and Government Pensioners Administrative Scheme Only Fund	170,869	187,015	-	-
Prepayments	2,944,738	2,696,839	696,322	670,590
Customer settlements accounts/unsettled trades	579,410	832,234	-	-
Legal claim (Note 53)	160,442	142,171	-	-
Deferred commission expense (ii)	132,393	116,375	-	-
Other receivables	1,724,016	2,180,732	98,018	81,878
	16,283,156	15,596,072	819,030	865,376
Provision against doubtful receivables and impairment charge	(157,096)	(260,177)	-	-
	16,126,060	15,335,895	819,030	865,376

(i) Real estate developed for sale relates to the construction of residential and commercial complexes.

(ii) Deferred commission expense

The analysis of the deferred commission expense is as follows:

	2020 $'000	**2019 $'000**
Arising on acquisition of subsidiary /Opening balance	116,375	130,599
Commissions paid during year	148,411	180,389
Recognised in the income statement during the year	(132,393)	(194,613)
Balance at end of year	132,393	116,375

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23. Related Party Balances and Transactions

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

Related companies include the ultimate parent company, the parent company, fellow subsidiaries and the Group's joint venture and associated company. Related parties also include directors, key management and companies for which the Group and its parent company provide management services (the Pooled Investment Funds, the Sagicor Sigma Funds and the Sagicor Select Funds). Pan-Jamaican Investment Trust Limited is a related party by virtue of being a shareholder with significant influence over the parent company.

(a) The statement of financial position includes the following balances with related parties and companies:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Due from related companies -				
Ultimate parent company	88,846	698,273	-	-
Subsidiaries	-	-	24,685	112,908
Other related companies	389,027	393,569	5	-
Other managed funds	123,727	85,838	-	-
	601,600	1,177,680	24,690	112,908
Due to related companies -				
Parent company	63,595	684,020	-	-
Subsidiaries – other liabilities	-	-	3,586,021	4,116,456
Other related companies	24,376	861,481	-	-
Managed funds	51,844	1,076,667	-	-
	139,815	2,622,168	3,586,021	4,116,456
Financial investments-				
Short term deposits			130,839	-
Securities purchased under resale agreements	-	-	615,658	-
Ultimate parent company	2,013,065	2,631,301	-	-
Sagicor Select Funds	161,809	1,319,746		
Sigma Units	25,098,938	28,836,010		
Deposit and Security Liabilities-				
Promissory loans				
Ultimate Parent company	1,739,451	-	1,632,480	-
Subsidiaries	-	-	12,927,887	12,627,383
BW Shareholders	23,500	46,800	-	-
SGJ Shareholders -Note 29(iv)	1,125,272	-	1,125,272	-
Other managed funds	4,406,319	2,262,000	-	-
	7,294,542	2,308,800	15,685,639	12,627,383

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23. Related Party Balances and Transactions (Continued)

(b) The balances below resulted from transactions with related parties and companies as follows:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Directors, key management and other related parties-				
Securities sold under agreements to repurchase	(17,091,206)	(4,037,892)	-	-
Customer deposits	(9,338,584)	(4,011,625)	-	-
Loans	1,452,089	956,338	-	-

(c) The income statement includes the following transactions with related parties and companies. Income earned from the PIF, attributed to the Group's pension schemes, as well as income earned from the Sagicor Sigma Global Unit Trust and the Sagicor Select Funds are disclosed in Note 14.

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Ultimate parent company & subsidiaries -			-	-
Gain / (loss) on disposal of Jewel Grande Montego Bay	(388,449)	-	-	-
Interest income	115,302	10,080	-	-
Interest expense	44,504	1,073	-	-
Shared service fees	266,125	325,298	-	-
			-	-
Sagicor Pooled Investment Funds -			-	-
Lease rental expense	501,398	379,295	-	-
Management fee income	1,241,778	1,398,519	-	-
Administration fee income	691,610	681,188	-	-
Directors and key management personnel -				
Interest expense	5,310	4,987	-	-
Interest income	13,992	26,044	-	-

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23. Related Party Balances and Transactions (Continued)

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
Other related parties -	**$'000**	**$'000**	**$'000**	**$'000**
Management fees Income- subsidiaries	-	-	226,275	356,971
Management fees expense - subsidiaries	-	-	(52,200)	(52,200)
Interest expense - subsidiaries	-	-	(345,008)	(367,153)
Dividend income - subsidiaries	-	-	1,846,125	6,624,115
Service fee income	2,866,532	2,835,394		
Interest expense	(340,003)	(346,889)		
Interest income	270,322	59,964	3,099	-
Key management compensation -				
Salaries and other short term benefits	611,279	519,274	-	-
Share based payments	168,376	103,621	-	-
Contributions to pensions and insurance schemes	27,970	27,946	-	-
Directors' emoluments -				
Fees	134,177	134,658	35,090	36,364
Other expenses	2,816	13,095	743	3,984
Management remuneration (included in key management compensation)	224,644	176,549	-	-
	361,637	324,302	35,833	40,348

24. Share Capital

	The Group and The Company	
	2020	**2019**
	$'000	**$'000**
Authorised:		
13,598,340,000 (2019 – 13,598,340,000)		
Ordinary shares		
Issued and fully paid:		
3,905,634,916 ordinary stock units at no par	9,161,065	9,161,065
Treasury shares (Note 26)	(170,021)	(312,791)
	8,991,044	8,848,274

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25. Equity Reserves

				The Group
	Stock Options Reserve	**Investment & Fair Value Reserves**	**Currency Translation Reserve**	**Equity Owners' Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 December 2019	**30,194**	**1,841,292**	**5,015,044**	**6,886,530**
Net gains recycled to revenue on disposal and maturity of FVTOCI securities		(2,830,158)		(2,830,158)
Net unrealised gains on FVTOCI securities		7,558,797		7,558,797
Net unrealised losses on revaluation of owner-occupied properties		(498,781)		(498,781)
Retirement Benefit Obligation		(499)		(499)
Net gains on Interest Rate Swap		(20,744)		(20,744)
Deferred tax on unrealised capital gains and impairment		(1,113,705)		(1,113,705)
Provision for expected credit losses -IFRS 9 on FVTOCI securities		487,906		487,906
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities		(39,103)		(39,103)
Shadow accounting	-	(742,148)		(742,148)
Currency translation	-		1,660,998	1,660,998
Total comprehensive income for the year	**-**	**2,801,565**	**1,660,998**	**4,462,563**
Transactions with owners -				
Employee share option scheme -value of services provided	26,015	-	-	26,015
- employee stock grants and options exercised / expired	(8,210)	-	-	(8,210)
Total transactions with owners	17,805	-	-	17,805
Transfers between reserves -				
To retained earnings	-	(159,380)	-	(159,380)
Total transfers between reserves	-	(159,380)	-	(159,380)
Balance at 31 December 2020	**47,999**	**4,483,477**	**6,676,042**	**11,207,518**

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25. Equity Reserves (Continued)

	The Group			
	Stock Options Reserve	**Investment & Fair Value Reserves**	**Currency Translation Reserve**	**Equity Owners' Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 31 December 2018	**24,084**	**(4,065,268)**	**4,333,173**	**291,989**
Net gains recycled to revenue on disposal and maturity of FVTOCI securities	-	(897,904)	-	(897,904)
Net unrealised gains on FVTOCI securities		11,043,949	-	11,043,949
Net unrealised losses on revaluation of owner-occupied properties	-	327,038	-	327,038
Retirement Benefit Obligation		(2,972)		(2,972)
Net gains on Interest Rate Swap		(73,085)	-	(73,085)
Deferred tax on unrealised capital gains and impairment	-	(1,917,498)	-	(1,917,498)
Provision for expected credit losses -IFRS 9 on FVTOCI securities	-	461,579	-	461,579
Expected credit losses recycled to the Income Statement on sale and maturity of FVTOCI securities	-	(1,523,248)	-	(1,523,248)
Shadow accounting		(1,495,784)	-	(1,495,784)
Currency translation		-	681,871	681,871
Total comprehensive income for the year	-	5,922,075	681,871	6,603,946
Transactions with owners -				
Employee share option scheme -value of services provided	30,986	-	-	30,986
- employee stock grants and options exercised / expired	(24,876)	-	-	(24,876)
Total transactions with owners	6,110	-	-	6,110
Transfers between reserves -				
To retained earnings		(15,515)	-	(15,515)
Total transfers between reserves	-	(15,515)	-	(15,515)
Balance at 31 December 2019	30,194	1,841,292	5,015,044	6,886,530

25. Equity Reserves (Continued)

(a) Investment and fair value reserves include the following:

(i) Owner Occupied Properties and Fair value Reserves (FVTOCI) - This represents the unrealised surplus or deficit on the re-measurement of securities classified as FVTOCI and the revaluation of property, plant and equipment.

(ii) Currency Translation Reserve –This represents the unrealised foreign exchange gains and losses on the translation of subsidiaries, associate and joint venture with functional currencies other than the Jamaican dollar.

(b) Special Investment Reserve - This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001.

(c) Loan Loss Reserve - This is a non-distributable reserve representing the excess of the allowance for impairment losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS.

(d) Retained earnings reserve - Section 2 of the Banking Act of 1992 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers. Transfers to the retained earnings reserve are made at the discretion of the subsidiary's Board of Directors. Such transfers must be notified to the Bank of Jamaica.

Reserve fund (included as a part of retained earnings reserve) - This fund is maintained in accordance with the Banking Act 1992 which requires that a minimum of 15% of the net profit of the banking subsidiary as defined by the Act be transferred annually to the reserve fund until the amount of the fund is 50% of the paid-up share capital of the subsidiary, and thereafter 10% of the net profit until the amount of the fund is equal to the paid-up capital of the subsidiary.

(e) The provision of section 62 (1) (d) of The Companies Act 2004, requires the transfer from retained earnings to the capital redemption reserve fund a sum equal to the amount of the redeemable preference shares redeemed otherwise than out of the proceed of a fresh issue.

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26. Stock Options and Grants

Long-term Incentive plan

The Group offers stock grants and stock options to senior executives as part of its long-term incentive plan. The Group has set aside 150,000,000 of its authorised but un-issued shares at no par value for the stock grants and stock options.

In January 2007, the Group introduced a new Long Term Incentive (LTI) plan which replaced the previous Stock Option plan. Under the LTI plan, executives are entitled but not obliged to purchase the Group stock at a pre-specified price at some future date. The options are granted each year on the date of the Board of Directors Human Resources Committee meeting following the performance year at which the stock option awards are approved. Stock options vest in 4 equal installments beginning the first December 31 following the grant date and for the next three December 31st dates thereafter (25% per year). Options are not exercisable after the expiration of 7 years from the date of grant. The number of stock options in each stock option award is calculated based on the LTI opportunity via stock options (percentage of applicable salary) divided by the Black-Scholes value of a stock option of Sagicor Group Jamaica Limited stock on 31 March of the measurement year. The exercise price of the options is the closing bid price on 31 March of the measurement year.

Details of the combined share options outstanding are as follows:

	Sagicor Group Jamaica Limited			
	2020		2019	
	Options (thousands)	Weighted Average exercise price in $ per share	Options (thousands)	Weighted Average exercise price in $ per share
At beginning of year	9,600	23.44	14,614	15.00
Measurement year – 2018 awarded 2019	-	-	3,375	36.45
Measurement year – 2019 awarded 2020	3,429	39.99	-	-
Expired	(1,689)	13.97	(1,215)	25.52
Exercised	(307)	37.08	(7,174)	12.00
At end of year	11,033	29.65	9,600	23.44
Exercisable at the end of the period	6,636	25.79	5,742	18.98

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26. Stock Options and Grants (Continued)

Stock options outstanding at the end of the year have the following expiry dates and exercise prices:

	2020		2019	
Expiry Date	**Exercise Price**	**No. of Outstanding Options 000's**	**Exercise Price**	**No. of Outstanding Options 000's**
March 2020	-	-	10.75	374
March 2021	7.11	275	7.11	275
March 2022	9.50	431	9.50	426
March 2023	10.49	1,443	10.49	2,253
March 2024	23.65	1,058	23.65	1,352
March 2025	34.10	1,777	34.10	1,910
March 2026	36.45	2,790	36.45	3,009
March 2027	39.99	3,259	-	-
	30.71	11,033	23.44	9,600

For options outstanding at the end of the year, exercise prices range from $7.11 to $39.99 (2019 - $7.11 to $36.45). The remaining contractual terms range from 3 months to 7 years (2019 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $58.72 (2019 - $40.51) and the Group's share of the cost of these options was $2,968,000 (2019 - $4,740,000).

The stock options reserve balance at the year-end represents the accumulated fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares. The fair value of the options granted during the year as determined using the Black-Scholes valuation model was $34,298,000. The significant inputs into the model were:

	2020	**2019**
Share Price	$47.95	$39.99
Dividend Yield	2.19%	3.33%
Standard Deviation	31%	27%
Risk Free ratio	4.43%	4.60%
Expected Volatility period	7 Years	7 Years

The Sagicor Group Jamaica Limited recognised cumulative expenses of $26,015,000 in the Stock Option Reserves (2019 – $30,190,000) and share options expense of $27,714,000 (2019 - $17,197,000) in the income statement.

In 2019, the Sagicor Group Jamaica Board HR & Compensation Committee approved the amendment to the termination rules in the Sagicor Group Jamaica LTI Plan to conform with those in the SFC Plan. This amendment relates to the Accelerated Vesting under certain circumstances.

The Group also has in place a share purchase plan which enables its administrative and sales staff to purchase a pool of Sagicor Group Jamaica Limited shares at a predetermined discount rate of the closing bid price on December 31 each year. During 2020, the Staff Share Purchase Plan Trust purchased 5,000,000 shares. The Group recognizes an expense in respect of Staff Share Purchase Plan shares at the point at which the shares are transferred to staff, when the Subsidiary Companies recognize their share of the cost of those shares in the income statement.

The Sagicor Group Jamaica Limited has not been issuing new shares to fulfill its obligations under these plans but instead the LTI and the Staff Share Purchase Plan Trust bought SGJ's shares on the open market. The total number of treasury shares held by the Group at year end was 3,312,941 (2019 4,902,851) at a cost of $170,021,000 (2019 - $312,792,000).

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27. Dividends

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
First interim dividend – 40 cents per share (2019 – 79 cents per share)	1,562,240	3,085,452
Second interim dividend – 45 cents per share (2019 – 65 cents per share)	1,742,318	2,538,662
	3,304,558	5,624,114

Dividends represented a dividend per stock unit of $0.85 (2019 $1.44). There were no dividends declared subsequent to the year end. In April 2020, the Bank of Jamaica (BoJ) announced a pre-emptive monetary policy strategy aimed at preserving liquidity and granting certain levels of regulatory relief. As part of this strategy, the BoJ requested that Financial Holding Companies suspend the payment of dividends to shareholders, subsequently excluding shareholders holding less than 1% of the ordinary shares of the Company. During the year the Group issued $2,741,628,000 of Promissory Notes (Note 29) as consideration for dividends payable to shareholders holding over 1% of the ordinary shares of the Company, with the expectation that these Notes will be repaid once the moratorium on dividends is lifted.

28. Net Profit

	2020	**2019**
	$'000	**$'000**
(i) Net profit attributable to stockholders of Sagicor Group Jamaica Limited, dealt with in the financial statements of:		
The company	910,151	5,577,074
Less dividends from subsidiaries	(1,846,125)	(6,624,115)
The subsidiaries, associate and joint venture	14,716,137	16,697,345
	13,780,163	15,650,304

29. Deposit and Security Liabilities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Securities sold under repurchase agreements	79,400,370	67,970,120	-	-
Shareholders loan – Bailey Williams Limited	23,500	46,800	-	-
Due to banks and other financial institutions (i)	3,871,821	6,221,569	-	12,311
Customer deposits and other accounts	120,569,698	105,036,943	-	-
Structured products (ii)	-	895,346	-	-
Promissory notes (iii)	3,493,093	-	15,685,639	12,627,383
	207,358,482	180,170,778	15,685,639	12,639,694

Current portion:	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deposit and Security Liabilities	198,452,768	176,051,116	12,927,887	12,639,694

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29. Deposit and Security Liabilities (Continued)

			The Group		The Company	
	Interest Rate (%)	**Maturity Year**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
(I) Due to banks and other financial institutions:						
Development Bank of Jamaica Limited (a)	various	various	1,792,425	1,715,942	-	-
National Housing Trust (NHT) (b)	various	various	2,016,511	1,697,949	-	-
Citibank N.A. (c)	2.8	2020	-	655,986	-	-
MF & G Trust & Finance Ltd (d)	13.0	2020	-	496	-	-
Jefferies LLC (e)	2.29-2.3	On demand	-	1,050,257	-	-
Morgan Stanley Smith Barney (f)	2.30-2.75	On demand	-	361,012	-	-
Bank overdraft:						
National Commercial Bank Jamaica Limited (g)	21.25	2020	62,885	739,927	-	-
Sagicor Bank Jamaica Limited (g)	28	2020		-	-	12,311
			3,871,821	6,221,569	-	12,311

(a) Development Bank of Jamaica Limited (DBJ)
The agreement allows DBJ, at its absolute discretion, to approve J$ financing to Sagicor Bank Jamaica Limited (SBJ) for on-lending to customers for developmental projects which meet the criteria of DBJ and on such terms and conditions as DBJ may stipulate.

Funds disbursed to SBJ bear interest at DBJ's lending rate prevailing at the date of approval of each disbursement unless otherwise carried by DBJ and are extended to the client at a maximum spread as stipulated by DBJ.

(b) National Housing Trust (NHT)
This is a third-party financing agreement between Sagicor Life Jamaica Limited, Sagicor Bank Jamaica Limited and the National Housing Trust and attracts interest at rates ranging from 0.759% to 7%.

(c) Citibank N.A. Jamaica Branch
This represented an unsecured short-term inter-bank borrowing with an interest rate of 2.8% and was repaid in January 2020.

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29. Deposit and Security Liabilities (Continued)

(d) MF&G Trust & Finance Limited.
This represented amounts under lease facilities. The facilities attract interest rate at 13%. These leases were repaid in February 2020.

(e) Jefferies LLC
This represented amounts due to the broker for securities purchased by under margin loan facilities. The facilities attracted interest rates ranging from 2.29% to 2.30%. These loans were repayable on demand and secured by International Corporate bonds and were repaid during 2020.

(f) Morgan Stanley Smith Barney
This represented amounts due to the broker for securities purchased under margin loan facilities. The facilities were payable on demand and attracted interest rates ranging from 2.30% to 2.75%. The facilities were secured by International Corporate bonds and were repaid in 2020.

(g) Bank Overdrafts
The bank overdraft balances represent book overdrafts at year end.

The Group has not had any defaults of principal, interest or other breaches with respect to its liabilities during the year.

(ii) Structured products

	2020	2019
	$'000	$'000
Principal protected notes -		
With interest guaranteed	-	895,346
	-	895,346

Principal Protected Notes
Principal protected notes comprise a fixed income element with or without an interest guarantee (included above) and an equity indexed option element disclosed in Note 9. These notes entitle the holders to participate in any positive returns on the equity indexed options and they also include a principal protection feature. If the return on the index is negative, the holder will obtain the principal invested for notes with no interest guarantee and principal invested plus interest for notes with an interest guarantee. The notes matured in May 2020 and June 2020.

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29. Deposit and Security Liabilities (Continued)

(iii) Promissory notes

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Sagicor Life Jamaica Limited (i)	-	-	10,943,851	10,679,972
Sagicor Securities Jamaica Limited (ii)	-	-	668,378	661,750
Sagicor Investment Jamaica Limited (iii)	-	-	1,315,658	1,285,661
Ultimate parent (iv)	1,632,480	-	1,632,480	-
Shareholders (iv)	1,125,272	-	1,125,272	-
Other managed funds	735,341	-	-	-
	3,493,093	-	15,685,639	12,627,383

Items (i) to (iii) represent promissory notes that have been issued by the Sagicor Group Jamaica Limited with respect to the corporate reorganization of the Group.

(i) These promissory notes are due by Sagicor Group Jamaica Limited to a subsidiary, Sagicor Life Jamaica Limited, as consideration for the value of Sagicor Investment Jamaica Limited, Sagicor Life of the Cayman Island, Sagicor Re Insurance Limited and other small subsidiaries whose ownership was transferred from the previous parent company, Sagicor Life Jamaica Limited to the holding company, Sagicor Group Jamaica Limited. The promissory notes are unsecured and attract interest at 2% per annum maturing in December 2021 and November 2021.

(ii) This promissory note is due by Sagicor Group Jamaica Limited to a subsidiary, Sagicor Securities Jamaica Limited, whose ownership was transferred from Sagicor Bank Jamaica Limited to Sagicor Group Jamaica Limited. The promissory note issued to Sagicor Securities Jamaica Limited is unsecured and attracts interest at 1% per annum maturing in June 2021.

(iii) This promissory note was issued by Sagicor Group Jamaica Limited to Sagicor Investment Jamaica Limited as consideration for the value of Sagicor Bank Jamaica Limited whose ownership was transferred from Sagicor Investment Jamaica Limited to Sagicor Group Jamaica Limited. The promissory note is unsecured with interest at 3% per annum and matures in May 2021.

(iv) These promissory notes were issued by Sagicor Group Jamaica Limited to shareholders holding more than 1% of the Company as consideration for dividends prohibited from payment by order by the Bank of Jamaica. The promissory notes are unsecured with interest at 5% per annum and are eligible for repayment once the Bank of Jamaica lifts the moratorium on dividend payments.

Sagicor Group Jamaica Limited

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30. Loans Payable

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
(a) Mortgage Notes – X Fund Property LLC:				
2025 at 4.9%	6,527,465	6,062,226	-	-
(b) Notes – Sagicor X Fund Real Estate Limited:				
(i) Tranche C – 2021 at 4.75%	311,682	279,866	-	-
(c) Fixed Rate Notes – X Fund Property Limited:				
(i) Tranche B – 2020 at 5%	-	563,965	-	-
(ii) Tranche B – 2048 at 9% (issued October 29, 2018)	478,066	476,889	-	-
(iii) Tranche D – 2020 at 8.75%	-	1,343,405	-	-
(iv) Tranche E – 2021 at 8%	458,634	456,481		
(v) Tranche E – 2026 at 4.27 to 10%	579,499	611,002	-	-
	1,516,199	3,451,742	-	-
(d) Key Money – X Fund Property Limited	135,855	148,644	-	-
(e) Long Term Loan (Tranche B)- Sagicor Investment Jamaica Limited (SIJL)				
(i) Repayable over varying periods and mature August 16, 2024 at 6.75%	2,198,545	2,198,545	-	-
(f) Short Term Loan Tranche A- Sagicor Investment Jamaica Limited (SIJL)				
(i) Repayable on September 16, 2020 at 5%	-	2,233,989	-	-
Total loans payable	**10,689,746**	**14,375,012**	**-**	**-**
Current loans payable	**2,076,972**	**4,307,727**	**-**	**-**

30. Loans Payable (Continued)

(a) Mortgage Note - US Dollars

The mortgage note of US$48,736,586 is recorded at fair value at acquisition and is secured by the investment in hotel property. Interest on the mortgage note is paid monthly through maturity at which time the outstanding principal is due and payable. The subsidiary may prepay the mortgage note prior to the maturity date only in conjunction with the sale of a property or as a result of casualty or condemnation. The note is payable on October 6, 2025 and attracts a fixed rate interest of 4.9%.

The mortgage note contains a debt service coverage ratio covenant and, upon failing to meet the debt service coverage ratio, substantially all the cash flows from the hotel must be directed to accounts controlled by the lender. As at December 31, 2020, the subsidiary was not in compliance with the debt service coverage ratio covenant.

(b) (i) *Tranche C – US Dollars*

The 4.75% US dollar note pays interest quarterly. The loan which will mature May 16, 2021 is secured by a debenture over units in the Sigma Real Estate Portfolio and any bonus units issued upon or in respect thereof.

In 2020, the subsidiary failed to meet its debt covenants for minimum interest coverage and maximum debt to earnings before interest, taxed, depreciation and amortization (EBIDA) ratio. There were no penalties incurred for this breach.

(c) Fixed Rate Notes

These notes were issued under four tranches with fixed coupon ranging from 4.27% to 11% and tenures of 2 to 40 years. The notes are secured by Jamziv (which holds the Playa shares) allocated to X Fund Properties Limited.

In 2020, the subsidiary failed to meet its minimum interest coverage ratio. As a result, the non-current portion of the loans were reclassified to current. There were no penalties incurred for this breach.

(d) Key Money

This note is interest free with annual forgiveness of debt over ten years, if contain conditions are met.

(e) This loan was arranged by The Jamaica Central Securities Depository (Trustee) to SIJL on 16 August 2019 amounting to $2.18 billion at an interest rate of 6.75% and is repayable 16 August 2024. Entities which financed the borrowing include related parties.

This bond Tranche A was arranged by The Jamaica Central Securities Depository (Trustee) to SIJL to finance the acquisition of Advantage General Insurance on 16 August 2019 amounting to $2.22 billion at an interest rate of 5% and was repaid on 16 September 2020. Entities which financed the borrowing include related parties.

Sagicor Group Jamaica Limited

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31. Other Liabilities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Legal claim payable (Note 53)	160,442	142,171	-	-
Premiums not applied	3,998,414	3,939,358	-	-
Accounts payable and accruals	2,416,168	4,588,445	40,079	158,374
Accrued vacation	372,216	350,517	-	-
Dividends payable	220,533	213,230	146,047	138,744
Due to related parties (Note 23)	139,815	2,622,168	3,586,021	4,116,456
Due to brokers and agents	1,212,661	932,884	-	-
Bonus payable	721,559	638,728	-	-
Reinsurance payable	1,360,496	1,138,344	-	-
Mortgage principal and real estate payables	117,599	112,888	-	-
Customer settlement accounts	1,793,531	1,322,303	-	-
Guest Deposits	70,838	193,900		
Regulatory fees and Statutory payables	640,961	640,830	-	-
Items in course of payment	466,776	440,917	-	-
Cheques issued but uncashed	724,894	696,786	-	-
Unearned reinsurance commissions	677,716	461,508	-	-
Miscellaneous	339,569	900,860	5,187	6,512
	15,434,188	19,335,837	3,777,334	4,420,086

The analysis of the movement in deferred commission income is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Balance at the beginning of the year	461,508	12,313
Arising on acquisition of subsidiary	-	274,366
Commission received during the year	1,509,896	286,843
Amounts recognised in income during the year	(1,293,688)	(112,014)
Balance at end of year	677,716	461,508

Other liabilities are due for settlement within one year.

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32. Life and Health Insurance Contract Liabilities

The note below details the Group's liabilities under insurance contracts arise from the operations of its life insurance subsidiaries.

(a) Composition by line of business is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Group annuities	55,704,694	50,017,977
Group insurance	4,782,626	4,188,044
Individual insurance	30,290,402	37,235,941
Total	90,777,722	91,441,962

(b) Movements in insurance liabilities:

	The Group			
	2020			
	Group Annuities	**Individual Insurance**	**Group Insurance**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	50,017,977	37,235,941	4,188,044	91,441,962
Change in assumed investment yields and inflation rate	591,322	2,644,563	5,698	3,241,583
Change due to the issuance of new policies and the decrements on in-force policies	4,888,601	(93,072)	191,757	4,987,286
Change due to other actuarial assumptions	(2,330,105)	(10,185,395)	228,221	(12,287,279)
Normal changes in policyholders' liabilities recorded to income statement	3,149,818	(7,633,904)	425,676	(4,058,410)
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	226,363	515,785	-	742,148
Foreign currency translation	2,310,536	172,580	168,906	2,652,022
Balance at end of year	55,704,694	30,290,402	4,782,626	90,777,722

Sagicor Group Jamaica Limited

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32. Life and Health Insurance Contract Liabilities (Continued)

(b) Movements in insurance liabilities:

	The Group			
	2019			
	Group Annuities	**Individual Insurance**	**Group Insurance**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	45,870,027	30,032,747	4,059,258	79,962,032
Change in assumed investment yields and inflation rate	685,952	1,346,689	(18,212)	2,014,429
Change due to the issuance of new policies and the decrements on in-force policies	3,464,049	8,489,336	283,811	12,237,196
Change due to other actuarial assumptions	(1,667,815)	(3,438,942)	(197,583)	(5,304,340)
Normal changes in policyholders' liabilities recorded to income statement:	2,482,186	6,397,083	68,016	8,947,285
Changes in actuarial liabilities recorded in Other Comprehensive Income (shadow accounting)	808,382	687,403	-	1,495,785
Foreign currency translation	857,382	118,708	60,770	1,036,860
Balance at end of year	50,017,977	37,235,941	4,188,044	91,441,962

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32. Life and Health Insurance Contract Liabilities (Continued)

(c) Investment and other assets supporting policyholders' and other liabilities:

	The Group 2020				
	Insurance	**Annuities and Deposit Administration Funds**	**Other Liabilities**	**Capital and Surplus**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Equities, Derivatives and Unit Trusts	26,538,129	-	-	8,387,607	34,925,736
Investment properties	-	-	-	1,389,305	1,389,305
Fixed income securities	40,400,946	64,186,808	200,064,495	45,811,711	350,463,960
Mortgages	-	1,051,570	-	2,267,424	3,318,994
Other assets	3,002,443	-	49,066,176	48,527,960	100,596,579
	69,941,518	65,238,378	249,130,671	106,384,006	490,694,573

	The Group 2019				
	Insurance	**Annuities and Deposit Administration Funds**	**Other Liabilities**	**Capital and Surplus**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Equities, Derivatives and Unit Trusts	29,856,332	-	-	8,147,366	38,003,698
Investment properties	-	-	-	3,355,590	3,355,590
Fixed income securities	37,061,610	57,918,588	173,007,051	44,949,158	312,936,407
Mortgages	-	1,051,338	-	1,914,815	2,966,153
Other assets	3,253,444	-	66,653,074	32,830,658	102,737,176
	70,171,386	58,969,926	239,660,125	91,197,587	459,999,024

32. Life and Health Insurance Contract Liabilities (Continued)

(d) Policy assumptions

At each date for valuation of actuarial liabilities, the Appointed Actuary of each insurer reviews the assumptions made at the last valuation date. The Appointed Actuary tests the validity of each assumption by reference to current data, the Group's experience and where appropriate, changes the assumptions for the current valuation.

Insurance and investment contract liabilities have two major assumptions, best estimate assumptions and provisions for adverse deviation assumptions.

A similar process of review and assessment is conducted in the determination of margins for adverse deviations.

Life Insurance and Annuity Contracts

(i) Best estimate assumptions
Assumptions cover the lifetime of the policies and are made for many variables including mortality, morbidity, investment yields, rates of policy termination (lapse and persistency), operating expenses and certain taxes.

(ii) Mortality and morbidity
The assumptions are based on past Group and industry experience. For individual life policies the Group bases its assumption on the Canadian Institute of Actuaries 97-04 male and female aggregate mortality tables which are 21 year select and ultimate mortality tables. For accidental death and dismemberment benefits the Group bases its assumptions on the 1959 Accidental Death Benefit table for rider benefits and the Canadian Population Accident 1990-1992 sex distinct table for coupon products. Critical illness incidence rates are based on British population sex-distinct incidence rates developed by the Institute of Actuaries. Group annuitant mortality is based on the Society of Actuaries 1994 Group Annuitant male and female basic mortality tables with projection scale AA for improvements in mortality. Individual Annuitant mortality is based on the Society of Actuaries 2012 Individual Annuitant male and female Period mortality tables with projection scale G2 beyond 2012 for improvements in mortality.

(iii) Investment yields
The Group broadly matches assets and liabilities by line of business. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's investment policy to determine expected rates of return on these assets for all future years. The gross long term ultimate reinvestment rate (after 20 years) is based on expectations of risk-free government bond yields. The gross rate is adjusted to take into account investment expenses and asset default. Assumptions taking into account inflation are that real returns after 30 years will be between 2.0% and 3.2% (2019: 2.0% and 3.3%).

32. Life and Health Insurance Contract Liabilities (Continued)

(iv) Lapses and persistency
Lapses relate to termination of policies due to non-payment of premiums. Surrender and withdrawals relate to voluntary termination of policies by policyholders. Policy termination assumptions are based on the Group's own experience and vary by type of product. Lapse rates in the first year of a policy range between 4% and 24% of insurance amounts issued. Lapse rates after 20 policy years are assumed to be between 0% and 9.5% of insurance amounts in force. Partial withdrawal rates average about 16.0% (2019: 16.0%) of fund values available from policies in force.

(v) Policy expenses
Policy maintenance expenses are derived from the Group's own internal cost studies projected into the future with an allowance for inflation. All expenses, including overhead, are functionally allocated by line of business, between the administration of the business and the acquisition of the business. All expenses related to the administration of the business are used to determine the policy maintenance unit costs. No expenses related to the acquisition of the business are included in the unit expense assumption used in the valuation of the actuarial liabilities. Interest sensitive and Universal life policies are assumed to be twice as costly to administer as traditional life policies. The inflation assumption is kept consistent with the investment assumption. The initial inflation rate declines over the life of the policies such that real returns after 30 years are between 2.0% and 3.2% (2019: 2.0% and 3.3%).

(vi) Provision for adverse deviation assumptions
To recognise the uncertainty in establishing best estimate assumptions, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the Appointed Actuary is required to include a margin for adverse deviation in each assumption. The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Canadian Institute of Actuaries standards indicate that margins are to be between 5% and 20% of the best estimate assumptions or between 2% and 8% of annuitant mortality best estimate assumptions. The Group uses margins for each assumption at the middle of the range, taking into account the risk profiles of the business.

(vii) Changes in assumptions
Every financial year, the expectations of the Group with respect to the best estimate assumptions and the margins for adverse deviation described above are reviewed. All assumptions are updated as appropriate to reflect the circumstances of the Group.

Health Insurance Contracts
The outstanding liabilities for health insurance claims incurred but not yet reported and for claims reported but not yet paid are determined by statistical methods using expected loss ratios which have been derived from recent historical data. No material claim settlements are anticipated after one year from the statement of financial position date.

33. Investment Contract Liabilities

	The Group	
	2020	**2019**
	$'000	**$'000**
Amortised cost -		
Amounts on deposit		
Guaranteed Investor liabilities	11,705,043	9,546,065
Other policyholders' savings plans	3,503,968	3,152,720
Total amounts on deposit	15,209,011	12,698,785
Deposit administration fund	1,493,579	1,253,588
Other investment contracts	727,831	578,647
	17,430,421	14,531,020

The maturity value of these financial liabilities is determined by the fair value of the linked assets, at maturity date. There will be no difference between the carrying amount and the maturity amount at the maturity date.

The fair value of financial liabilities at amortised cost is based on a discounted cash flow valuation technique. This discount rate is determined by current market assessment of the time value of money and risk specific to the liability.

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34. Property and Casualty Insurance Contract and Other Policy Liabilities

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life and health claims payable	4,592,042	(1,007,013)	3,585,029	3,796,228	(516,439)	3,279,789
Property and casualty claims payable and IBNR	3,276,186	(709,878)	2,566,308	3,499,587	(113,226)	3,386,361
Total Policy Benefit Payable	7,868,228	(1,716,891)	6,151,337	7,295,815	(629,665)	6,666,150
Provision for unearned premiums	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382
Policy dividends and other funds on deposit	865,127	-	865,127	880,406	-	880,406
Balance at 31 December	11,488,851	(3,400,819)	8,088,032	11,017,989	(2,052,051)	8,965,938

Movement in policy benefit payable:

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at 1 January	7,295,815	(629,665)	6,666,150	3,233,869	(587,465)	2,646,404
Arising on acquisition of subsidiary (i)	(251,000)	-	(251,000)	3,599,568	(46,647)	3,552,921
Policy benefits incurred	34,068,218	(1,323,112)	32,745,106	29,581,922	(474,382)	29,107,540
Policy benefits paid	(33,274,021)	246,751	(33,027,270)	(29,119,544)	478,829	(28,640,715)
Effect of exchange rates	29,216	(10,865)	18,351	-	-	-
Balance at 31 December	7,868,228	(1,716,891)	6,151,337	7,295,815	(629,665)	6,666,150

(i) In 2020, the fair valued Balance Sheet for Advantage General Insurance Limited at the date of acquisition was based on additional information received after yearend. These adjustments were immaterial.

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34. Property and Casualty Insurance Contract and Other Policy Liabilities (Continued)

Movement in provision for unearned premiums:

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at 1 January	2,841,768	(1,422,386)	1,419,382	186,434	(178,186)	8,248
Arising on acquisition of subsidiary	-	-	-	2,960,189	(1,016,435)	1,943,754
Premiums written during the year	6,122,466	(3,859,314)	2,263,152	1,725,744	(1,190,620)	535,124
Premiums earned during the year	(6,220,611)	3,608,961	(2,611,650)	(2,037,551)	969,522	(1,068,029)
Effects of exchange rate changes	11,873	(11,189)	684	6,952	(6,667)	285
Balance at 31 December	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382

Analysis of gross unearned premium

	The Group					
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Liability	88,341	(56,907)	31,434	61,894	(39,992)	21,902
Motor	2,007,315	(1,041,341)	965,974	2,194,700	(1,045,653)	1,149,047
Pecuniary loss	-	-	-	1,207	(575)	632
Property	659,840	(585,680)	74,160	583,967	(336,924)	247,801
	2,755,496	(1,683,928)	1,071,568	2,841,768	(1,422,386)	1,419,382

35. Collateralised Reversed Repurchase Agreements

At December 31, 2020, the Group held $1,133,672,000 (2019 – $1,507,500,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. None of the collateral for reverse repurchase agreements for the Group was repledged.

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36. Premium Income

	2020		
	Gross Premiums	**Reinsurance Premiums**	**Net premiums**
Group insurance -			
Group creditor life	909,127	-	909,127
Group health	11,915,270	(406,205)	11,509,065
Group life	2,480,771	(79,388)	2,401,383
	15,305,168	(485,593)	14,819,575
Individual insurance -			
Individual life -			
Insurance premium	17,109,706	(358,064)	16,751,642
Segregated funds contributions	10,541,191	-	10,541,191
Individual health	544,988	-	544,988
Individual annuities	29,301	-	29,301
	28,225,186	(358,064)	27,867,122
Group annuities	5,080,812	-	5,080,812
Property and casualty	6,220,611	(3,608,961)	2,611,650
Net premiums	54,831,777	(4,452,618)	50,379,159

	2019		
	Gross Premiums	**Reinsurance Premiums**	**Net premiums**
Group insurance -			
Group creditor life	812,771	-	812,771
Group health	11,204,820	(473,965)	10,730,855
Group life	2,454,176	(79,895)	2,374,281
	14,471,767	(553,860)	13,917,907
Individual insurance -			
Individual life -			
Insurance premium	15,946,465	(337,873)	15,608,592
Segregated funds contributions	10,092,472	-	10,092,472
Individual health	554,953	-	554,953
Individual annuities	209,265	-	209,265
	26,803,155	(337,873)	26,465,282
Group annuities	5,062,877	-	5,062,877
Property and casualty	2,037,551	(969,522)	1,068,029
Net premiums	48,375,350	(1,861,255)	46,514,095

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37. Net Investment Income

	The Group		
	2020	**2020**	**2020**
	Amortised	**FVTOCI**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	6,317,803	6,671,372	12,989,175
Mortgage loans	915,018	-	915,018
Policy loans	111,897	-	111,897
Loans and finance leases	8,542,781	-	8,542,781
Securities purchased for re-sale	113,905	-	113,905
Deposits	77,127	-	77,127
Total Interest Income	16,078,531	6,671,372	22,749,903
Net gain on de-recognition of financial assets measured at FVTOCI			3,076,669
Net gain on derecognition of financial assets measured at amortised cost			1,172,382
			26,998,954
FVTPL investments:			
Interest income			380,849
Dividend income			134,544
Unrealised losses on financial assets			(2,709,520)
Net gain on de-recognition of financial assets			220,140
			(1,973,987)
Investment properties:			
Unrealised gains			83,679
Realised losses			(408,885)
Rental Income			310,563
Direct expenses			-
			(14,643)

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37. Net Investment Income (Continued)

Other investment income	251,321
Other direct investment expense	(284,993)
	(33,672)
Net losses and capital gains/(losses) from assets measured at FVTPL & Other Investment Income	(2,022,302)
Total Investment Income	24,976,652
Interest expense -	
Customer deposits, repurchase liabilities and investment contracts	(3,683,982)
Due to banks and other financial institutions	(1,087,959)
Lease Liabilities	(201,181)
Amortisation of loan costs	(54,573)
	(5,027,695)
Credit impairment losses	(1,694,349)
Net investment income	**18,254,608**

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37. Net Investment Income (Continued)

	The Company		
	2020	**2020**	**2020**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	23,967	1,569	25,536
Securities purchased for re-sale	3,099	-	3,099
Deposits	41	-	41
Total interest income	27,107	1,569	28,676

Dividend income	1,846,125
Net gains on de-recognition of financial assets on measured at FVTOCI	3,476
	1,878,277
Credit impairment-adjustment	(41)
	1,878,236
Interest expense -	
Promissory notes	(345,008)
Net investment income	1,533,228

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37. Net Investment Income (Continued)

	The Group		
	2019	**2019**	**2019**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	6,076,074	6,235,600	12,311,674
Mortgage loans	812,572	-	812,572
Policy loans	85,604	-	85,604
Loans and finance leases	7,957,529	-	7,957,529
Securities purchased for re-sale	72,045	-	72,045
Deposits	53,981	-	53,981
Total Interest Income	15,057,805	6,235,600	21,293,405
Net gain on de-recognition of financial assets measured at FVTOCI			2,830,155
Net gain on derecognition of financial assets measured at amortised cost			1,765,187
			25,888,747
FVTPL investments:			
Interest income from			349,040
Dividend income			136,007
Unrealised gains on financial assets			4,852,788
Net gain on de-recognition of financial assets			1,358,821
			6,696,656
Investment properties:			
Unrealised gains			116,998
Realised gains			3,620
Rental Income			92,989
Direct expenses			2,244
			215,851

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37. Net Investment Income (Continued)

Other investment income and expense	
Investment income	21,075
Direct investment expense	(4,767)
	16,308
Income earned and capital gains from assets measured at FVTPL & Other Investment Income	6,928,815
Total Investment Income	32,817,562
Interest expense -	
Customer deposits, repurchase liabilities and investment contracts	(3,613,311)
Due to banks and other financial institutions and loans payable	(1,228,631)
Lease Liabilities	(194,450)
Amortisation of loan costs	(69,353)
	(5,105,745)
Credit impairment losses	(799,179)
Net investment income	**26,912,638**

	The Company		
	2019	**2019**	**2019**
	Amortised cost assets	**FVTOCI assets**	**Total**
	$'000	**$'000**	**$'000**
Interest income -			
Debt securities	1,235	1,841	3,076
Securities purchased for re-sale	1,657	-	1,657
Deposits	21,757	-	21,757
Total interest income	24,649	1,841	26,490

Dividend income	6,624,115
	6,650,605
Credit impairment-adjustment	10
	6,650,615
Interest expense -	(367,153)
Promissory notes	6,283,462

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38. Results from Hotel Operations

Hotel revenues and expenses relate to X Fund Properties LLC, operators of Double Tree Orlando.

	2020 $'000	2019 $'000
Hotel Revenues:		
Rooms	1,724,226	3,824,930
Food and beverage	435,947	1,059,049
Other departments	214,850	333,318
Other	52,321	56,987
	2,427,344	5,274,284
Hotel Expenses:		
Rooms	234,257	431,874
Food and beverage	154,712	543,262
Property operations	286,380	153,785
Franchise expense	90,252	205,310
Sales and marketing	135,563	292,612
Other operated departments	450,962	1,168,848
Staff costs:		
Salaries and benefits	548,378	1,265,526
Payroll taxes	185,978	78,153
	2,086,482	4,139,370

39. Fees and Other Income

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Service contract revenue	9,062,037	11,317,901	-	-
Commission income on insurance and reinsurance contracts	1,373,567	146,770	-	-
Foreign exchange gains	183,796	484,703	36,436	14,715
Other fees and commission income	2,793,670	1,941,493	-	-
Management Fees	-	-	226,275	304,771
Miscellaneous fees & other income	98,641	8,086	1,473	(3,872)
	13,511,711	13,898,953	264,184	315,614

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40. Insurance Benefits and Claims

	The Group			
	2020			2019
	Gross incurred	Reinsured	Net Claims	Net Claims
	$'000	$'000	$'000	$'000
Death and disability	4,984,571	(191,794)	4,792,777	3,782,845
Maturities	130,109	-	130,109	116,161
Surrenders and withdrawals	869,200	-	869,200	819,235
Segregated funds withdrawals	8,771,957	-	8,771,957	7,477,294
Annuities payments	5,677,459	-	5,677,459	5,647,741
Policy dividends and bonuses	92,033	-	92,033	91,989
Health insurance	9,851,693	(252,933)	9,598,760	9,678,191
Property and Casualty	2,663,525	(878,385)	1,785,140	677,281
Other benefits	1,027,671	-	1,027,671	816,803
	34,068,218	(1,323,112)	32,745,106	29,107,540

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41. Administration Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration	230,441	167,740	35,634	13,870
Office accommodation	962,280	942,087	1,777	10,583
Communication and technology	2,784,512	2,288,481	118,073	77,644
Advertising and branding	742,074	905,749	217,909	165,860
Sales convention and incentives	278,741	334,159	-	3,359
Postage, printing and office supplies	347,171	347,688	4	298
Policy stamp duties and reimbursements	80,366	79,705	-	-
Regulators fees	393,123	328,371	8,975	11,604
Directors costs	145,873	147,753	35,833	40,348
Legal and professional fees	543,700	643,834	83,746	208,826
Services outsourced	988,031	824,784	1,125	972
Electronic channels charges	1,358,532	1,474,994	-	-
Commission and fees	66,509	44,748	-	-
Insurance	242,095	227,640	4,320	859
Travel and entertainment	115,794	181,362	2,668	10,730
Bank charges and cash transport	306,970	306,826	1,307	1,307
Other expenses	972,273	985,027	105,471	35,218
Staff costs (a)	11,236,077	9,927,429	4,088	66,107
	21,794,562	20,158,377	620,940	647,585

(a) Staff costs

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Salaries	8,389,316	6,987,613	-	-
Payroll taxes	918,507	728,597	-	-
Pension costs (Note 19)	638,672	536,905	-	-
Other post-retirement benefits (Note 19)	182,334	284,255	-	-
Share based compensation	140,043	337,347	-	-
Restructuring costs	192,900	155,315	-	-
Other	774,305	897,397	4,088	66,107
	11,236,077	9,927,429	4,088	66,107

Other staff costs incurred by the Group associated with its hotel operations are disclosed in Note 38.

42. Commission and Sales Expense

Amount represents commission and bonuses paid to sales representatives in the Life companies.

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43. Taxation

(a) Tax is computed as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current year taxation -				
Dividend income tax @ 15%	2,316	3,673	-	-
Income tax at 33 ⅓%	2,895,865	1,719,260	-	-
Income tax at 25%	3,195,814	2,075,212	-	-
	6,093,995	3,798,145	-	-
Deferred income tax (Note 20) -				
Deferred tax charge/(credit) relating to the origination and reversal of	(400,468)	1,455,826	(73,193)	(61,681)
Taxation	5,693,527	5,253,971	(73,193)	(61,681)
Other taxes:				
Asset tax @ 0.25%	746,601	643,047	-	-
Withholding tax	226	492	-	-
Other taxes	746,827	643,539	-	-

Sagicor Group Jamaica Limited

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43. Taxation (Continued)

Income tax:

1. Income tax at 33⅓% is payable on taxable profits of Sagicor Investments Jamaica Limited, Sagicor Bank Jamaica Limited, Employee Benefits Administrator Limited, Sagicor Insurance Brokers Limited and Sagicor International Administrators Limited.

2. Income tax at 25% is payable on taxable profits of Sagicor Life Jamaica Limited, Sagicor Group Jamaica Limited, AGI and Sagicor Property Services Limited.

Other taxes:

1. Asset taxes

(a) Life Insurance Companies
Life Insurance Companies are subjected to asset tax at a rate of 0.25% (2019 - 0.25%) of total assets less required capital specified by the Financial Services Commission and withholding tax receivables owed by the Commissioner General of Tax Administration Jamaica.

(b) Bank of Jamaica Regulated Companies
Commercial Banks, Building Societies and other deposit taking institutions are subjected to tax of 0.25% (2019 – 0.25%) of total assets less loan loss reserves, withholding tax receivables owed by the Commissioner General of Tax Administration Jamaica and Regulated Capital required by the Bank of Jamaica.

(c) Non- Regulated Entities
These entities are subjected to a fixed rate based on the total value of assets.

Tax Losses:

Subject to the agreement of the Taxpayer Audit and Assessment Department, losses of certain subsidiary companies, available for set off against future taxable profits amount to approximately $690,422,000 (2019 – $181,387,000).

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2019 $'000**	**2019 $'000**
Investment income tax - Dividend income	15,440	24,485	-	-
Tax at 15%	2,316	3,673	-	-
Income tax - Profit before taxation	10,178,307	20,717,597	836,958	5,515,393
Tax at 1%, 21%, 25% & 33⅓%	3,837,194	5,986,112	209,239	1,378,848
Adjusted for:				
Income not subject to income tax (i)	(4,783,744)	(3,365,381)	(469,430)	(1,656,029)
Asset tax not deductible for tax purposes	414,075	198,860	-	-
Expenses not deductible for tax purposes (ii)	6,705,926	2,738,240	103,649	139,388
Subsidiaries taxed at zero rate	(234,812)	(303,921)	-	-
Prior year (over)/under provision	91,293	9,558	-	-
Net effect of other charges and allowances	(338,721)	(13,170)	83,348	76,112
	5,691,211	5,250,298	(73,193)	(61,681)
Taxation expense	5,693,527	5,253,971	(73,193)	(61,681)

(i) This includes income from Annuities, earnings from associated company and joint venture.
(ii) This includes expenses relating to annuities, interest charges, impairment and share of loss from associated company.

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43. Taxation (Continued)

(c) The tax (charge)/credit relating to components of other comprehensive income is as follows:

	The Group					
	2020			2019		
	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000
Fair value (losses)/gains on OCI, net of recycle recycled to income on disposal and maturity of FVTOCI securities	4,696,182	(1,246,345)	3,449,837	10,088,475	(2,197,207)	7,891,268
Provision for expected credit losses -IFRS 9 on FVTOCI securities, net recycled to the Income Statement on sale and maturity of FVTOCI securities	448,864	(36,653)	412,211	(1,061,669)	280,685	(780,984)
Shadow accounting reserve	(742,148)	-	(742,148)	(1,495,784)	-	(1,495,784)
Re-measurement of post-employment benefits	113,315	(42,992)	70,323	827,612	(272,660)	554,952
Unrealised gains/(losses) on owner-occupied properties:	(2,592,609)	588,943	(2,003,666)	(172,858)	(11,598)	(184,456)
Fair value losses on swap of associate	(140,616)	-	(140,616)	(410,058)	-	(410,058)
Share of fair value losses on interest rate swap recycled on dilution of associate company	24,237	-	24,237	-	-	-
Retranslation of foreign operations recycle on dilution of associate	(74,043)	-	(74,043)			
Retranslation of foreign operations	3,930,957	-	3,930,957	1,748,249	-	1,748,249
Other comprehensive income						
Deferred income taxes (Note 20)	5,664,139	(737,047)	4,927,092	9,523,967	(2,200,780)	7,323,187

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44. Leases

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2020	2019
	$'000	$'000
Right-of-use assets		
Buildings	2,429,679	2,852,062
Land	58,552	58,552
	2,488,231	2,910,614
Lease liabilities		
Current	562,477	538,840
Non-current	2,218,383	2,542,733
	2,780,860	3,081,573

Additions to the right-of-use assets during the 2020 financial year were $164,733,000 (2019- $130,574,000).

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2020	2019
	$'000	$'000
Amortization charge of right-of-use assets	591,512	557,631
Interest expense (included in Interest and other interest expense)	201,181	194,185
Expense relating to short-term leases (included in administration expenses)	54,753	64,292

(c) The total cash outflow for leases in 2020 was $665,383,935 (2019- $580,856,639).

(d) As at 31 December 2020, potential future cash outflows of $54,753,000 (2019- $64,292,006) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

(e) During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $144,752,000 (2019- $1,570,733,340).

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45. Earnings per Stock Unit

(i) Basic earnings per stock unit are calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary shares in issue during the year.

	The Group	
	2020	**2019**
Net profit attributable to stockholders ($'000)	13,780,163	15,650,304
Weighted average number of ordinary stock units in issue ('000)	3,902,322	3,900,732
Basic earnings per stock unit ($)	3.53	4.01

(ii) Diluted earnings per stock unit is calculated adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary shares under the following schemes:

(a) An Employee Share Ownership Plan.

(b) Group LTIs - Effective 1 May 2003, the Group instituted a share-based compensation plan for Executives. A new LTI Plan was put in place from January 2007. Shares amounting to 150,000,000 have been set aside to cover share grants and options to Executives.

The Group adopted a policy not to issue new shares to satisfy the benefits promised under the above schemes. Instead, the required shares are being purchased over the Jamaica Stock Exchange in the name of the Staff Share Purchase Trust or the Long-term Incentive Plan.

	The Group	
	2020	**2019**
Net profit attributable to stockholders ($'000)	13,780,163	15,650,304
Weighted average number of ordinary stock units in issue ('000)	3,905,640	3,903,762
Fully diluted earnings per stock unit ($)	3.53	4.01

(iii) The weighted average number of ordinary stock units used in the basic and diluted earnings per stock unit computations may be reconciled as follows:

	The Group	
	2020	**2019**
	'000	**'000**
Weighted average number of ordinary stock units for the purposes of the computation of basic earnings per stock unit	3,902,322	3,900,732
Effect of dilutive potential ordinary stock units – stock options	3,318	3,030
Weighted average number of ordinary stock units for the purposes of the computation of diluted earnings per stock unit	3,905,640	3,903,762

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46. Cash Flows

(a) Adjustments to reconcile net profit to net cash provided by operating activities

		The Group		The Company	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	**$'000**	**$'000**	**$'000**
Adjustments for non-cash items, interest and dividends:					
Depreciation and amortisation		2,870,006	2,708,419	339,514	436,098
Interest and dividend income	37	(23,265,296)	(21,778,323)	(1,874,801)	(6,650,605)
Interest expense and finance costs	37	4,973,122	5,036,392	345,008	367,153
Amortization of cost for preference shares and loans	37	54,573	69,353	-	-
Income tax	43	5,693,527	5,253,971	(73,193)	(61,681)
Other tax expense	43	746,601	643,047	-	-
Gains on disposal of investment securities	37	(4,469,191)	(5,954,163)	(3,476)	-
Fair value (losses)/gains on trading securities	37	2,709,520	(4,852,788)	-	-
Credit impairment losses	37	1,694,349	799,179	41	(10)
Impairment charge on property, plant & equipment		-	14,678	-	-
(Loss)/gain on disposal on Investment property		408,885	(3,620)	-	-
Impairment charge on Land Developed for Resale		-	114,286	-	-
Gains losses on revaluation of investment properties	13	(83,679)	(231,284)	-	-
Losses /(gains) losses on disposal of property, plant and equipment		6,847	(92,175)	-	6,052
Increase in policyholders' funds		2,942,784	1,116,724	-	-
Net movement in actuarial liabilities		(4,058,410)	8,947,285	-	-
Retirement benefit obligations		154,028	231,211	-	-
Effect of exchange gains on foreign currency balances		(183,796)	(484,704)	(41,432)	(20,157)
Dilution loss of associate	15	391,296	-	-	-
Impairment charge on associate	15	4,508,146	-	-	-
Impairment charge on goodwill	17	1,231,913	-	-	-
Share of losses from joint venture and associate		5,156,437	84,038		-
		1,481,662	(8,378,474)	(1,308,339)	(5,923,150)

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46. Cash Flows (Continued)

(a) Adjustments to reconcile net profit to net cash provided by operating activities (continued)

Changes in other operating assets and liabilities:				
Statutory reserves at Bank of Jamaica and restricted cash	370,727	978,223	-	-
Structured products and derivatives	(892,646)	(7,734,471)	-	-
Stock options and grants	17,805	6,110	17,805	6,110
Reinsurance contracts	(1,273,727)	(237,475)	-	-
Due from related parties	(10,997)	(176)	(442,217)	491,311
Other assets	(1,284,944)	(1,099,249)	(44,204)	(137,695)
Other liabilities	(3,425,222)	3,152,907	(112,318)	(363,448)
	(6,499,004)	(4,934,131)	(580,934)	(3,722)

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Net investment purchases:				
Proceeds on sale of investment securities	147,172,859	274,900,224	-	-
Purchase of investment securities	(151,955,082)	(282,991,155)	30,000	-
Loans	(3,106,118)	(14,275,761)	-	-
Lease receivables	(36,143)	(62,054)	-	-
	(7,924,484)	(22,428,746)	30,000	-
	(12,941,826)	(35,741,351)	(1,859,273)	(5,926,872)

(b) Net debt reconciliation

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent bank and other loans, excluding bank overdrafts and amounts included as cash and cash equivalents:

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46. Cash Flows (Continued)

(b) Net debt reconciliation (continued)

	The Group	
	2020	**2019**
	$'000	**$'000**
At January 1,2020	196,732,017	166,667,211
Interest Payable	(708,329)	(604,812)
Bank Overdraft classified as cash and cash equivalent	(739,927)	(1,063)
	195,283,761	166,061,336
Drawdown, net of repayments:		
Redemption of preference shares	-	(1,414,700)
Deposits and securities liabilities	13,958,897	24,082,586
Lease repayments	(469,842)	(386,673)
Non-Cash Movements:		
New leases	169,129	3,468,246
Dividend payable converted to promissory notes	2,741,628	-
Acquired in acquisition Bailey Williams and AGI	-	836,748
Foreign Exchange Impact	8,444,020	2,566,866
Amortization of loan cost	54,573	69,352
Amortization of principal	(31,885)	-
Bank Overdraft classified as cash and cash equivalent	62,885	739,927
Interest payable	615,922	708,329
At December 31,2020	220,829,088	196,732,017

	The Company	
	2020	**2019**
	$'000	**$'000**
At January 1,2020	12,627,383	13,260,219
Interest Payable	(198,190)	(206,344)
	12,429,193	13,053,875
Dividend payable converted to promissory notes	2,741,628	
Drawdown, net of repayments	-	(769,944)
Non-Cash Movements:		
Interest Capitalised	459,115	145,262
Interest payable	55,703	198,190
At December 31,2020	15,685,639	12,627,383

47. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities at fair value through profit or loss are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items.

(ii) Investment securities classified as FVTOCI are measured at fair value by reference to quoted market prices or dealer quotes when available (level 1). If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques.(level 3) Investments in unit trusts are based on prices quoted by the fund managers.(level 2)

(iii) The air value of the interest rate swap is calculated as the present value of the estimated future cash flows. The fair value of currency forward contracts is determined using quoted forward exchange rates. The fair value of the equity indexed options and the exchange traded funds that are shorted are based on quoted prices (level 1). The fair value of the cross currency swap is based on the present value of the net future cash payments and receipts, which fluctuate based on changes in market interest rates and the euro/U.S. dollar exchange rate.

(iv) The fair value of demand deposits and customer accounts with no specific maturity is assumed to be the amount payable on demand at the year end date. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using interest rates for new deposits (level 3).

(v) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(vi) Loans are net of provision for impairment. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received (level 3). Expected cash flows are discounted at current market rates to determine fair value.

Differences between the fair values and the carrying values are accounted for in determining the amount of policyholders' liabilities that must be set aside each year.

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47. Fair Values of Financial Instruments (Continued)

The table below summaries the carrying amount and fair value of financial assets and financial liabilities not presented on the Group's statement of financial position at their fair value:

	The Group			
	Carrying Value 2020 $000	**Fair Value 2020 $000**	**Carrying Value 2019 $000**	**Fair Value 2019 $000**
Financial Assets				
Investments at amortised cost (loans and receivables)	96,477,183	120,874,687	80,707,814	104,056,162
Loans & leases, after allowance for credit losses	87,843,528	88,007,437	84,996,376	86,008,594
Financial Liabilities				
Securities sold under agreements to repurchase	79,400,370	79,400,370	67,970,120	67,970,120
Customer deposits and other accounts	120,569,698	121,376,711	105,932,277	106,408,880
Due to banks and other financial institutions (note 29)	3,895,321	3,895,321	6,268,381	6,385,663
Loans Payable	10,689,746	10,974,863	14,375,012	14,375,012

	The Company			
	Carrying Value 2020 $000	**Fair Value 2020 $000**	**Carrying Value 2019 $000**	**Fair Value 2019 $000**
Financial Assets				
Financial investments – loans and receivables	1,224,937	1,224,937	577,868	577,868

The following table provides an analysis of financial instruments that are measured in the statement of financial position at fair value at 31 December 2020, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

47. Fair Values of Financial Instruments (Continued)

(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 Group 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 Group 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, considering factors such as tenor and currency; 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.

In assessing the fair value of non-traded financial liabilities, the Group 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.

Certain of the Group's liabilities are unit linked, i.e. derive their value from a pool of assets which are carried at fair value. The Group assigns a fair value hierarchy of Level 2 to the contract liability if the liability represents the unadjusted fair value of the underlying pool of 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 FVTOCI securities include corporate and government agency debt instruments. The fair values of these instruments have been derived from December 31 market yields of government instruments of similar durations in the country of issue of the instruments.

Level 3 assets designated as FVTPL include debt securities and equities for which the full income return and capital returns accrue to holders of unit linked liabilities. 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.

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47. Fair Values of Financial Instruments (Continued)

	The Group 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial investments	63,988,906	139,565,449	833,616	204,387,971
Non Financial Assets				
Property, plant & equipment	-	-	14,343,522	14,343,522
Investment properties	-	-	1,389,305	1,389,305
	63,988,906	139,565,449	16,566,443	220,120,798

	The Group 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial investments	66,800,681	120,059,389	436,558	187,296,628
Derivative financial instruments	-	35,005	-	35,005
	66,800,681	120,094,394	436,558	187,331,633
Non Financial Assets				
Property, plant & equipment	-	-	15,966,686	15,966,686
Investment properties	-	-	3,355,590	3,355,590
	66,800,681	**120,094,394**	**19,758,834**	**206,653,909**
Financial Liabilities				
Derivative financial instruments	-	35,005	-	35,005

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47. Fair Values of Financial Instruments (Continued)

Description	Fair value at 2020 $'000	Fair value at 2019 $'000	Unobservable inputs	Range of unobservable inputs 2020 $'000	Range of unobservable inputs 2019 $'000	Relationship of unobservable inputs to fair value
Investment properties	1,389,305	3,355,590	Comparable sale	5%	5%	Increased in comparable sale prices will have direct correlation to the fair value.
Property, plant & equipment	14,343,522	15,966,686	Comparable sale	5%	5%	Increased in comparable sale prices will have a direct correlation to fair value.
Unquoted ordinary equity	833,616	436,558	Adjustments to net assets	10%	10%	Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.
	16,566,443	19,758,834				

Reconciliation of level 3 items –

	The Group 2020 $'000	The Group 2019 $'000
Balance at beginning of year	19,758,834	18,608,425
Total (losses)/ gains – OCI	(1,269,597)	1,012,712
Total losses – income statement	(250,783)	(139,083)
Purchases	415,58	330,982
Transferred in/Assumed on Acquisition	-	1,610,405
Settlements	(2,087,595)	(1,664,607)
Balance at end of year	16,566,443	19,758,834

The gains or losses recorded in the income statement are included in Note 37.

The following table summarizes the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

47. Fair Values of Financial Instruments (Continued)

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position; and
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

48. Insurance and Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group has a risk management framework with clear terms of reference. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management committees and senior managers. Policy frameworks which set out the risk profiles for the Group's risk management, control and business conduct standards for the Group's operations have been put in place. Each policy has a member of Executive Management charged with overseeing compliance with that policy.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees/departments/structures for managing and monitoring risks, as indicated below. Management of the Group's insurance and financial risk for this financial year has been impacted by COVID 19. The changes to the Group's risk management as a result of COVID 19 are discussed for each category of risk.

48. Insurance and Financial Risk Management (Continued)

(i) Board Audit Committee
The Board Audit Committee comprises independent directors. The Committee:

- Oversees how management monitors internal controls, compliance with the Group's risk management policies and adequacy of the risk management framework to risks faced by the Group;
- Reviews the Group's annual and quarterly financial statements, related policies and assumptions and any accompanying reports or statements; and
- Reviews the internal audit function as well as the external auditor's independence, objectivity and effectiveness.

The Board Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

(i) Board Capital Allocation and Investment Committee
The Board Capital Allocation and Investment Committee comprises mainly of independent directors. As part of its Terms of Reference, the Committee:

- Oversees the solvency position of regulated entities in the Group
- Oversees the return on capital employed
- Decides in the allocation of capital within the group
- Considers new capital funding options
- Oversees the Group's financial risk management framework.
- Approves the investment policies within which the Group's investment portfolios are managed;
- Reviews the performance of the Group's investment portfolios;
- Ensures adherence to prudent standards in making investment and lending decisions and in managing investments and loans; and
- Approves new investment projects over certain thresholds, ensuring the required rates of returns are considered.

(iii) Asset/Liability Management (ALM) Committee
The Group has in place an Asset/Liability Management (ALM) Committee. This Committee:

- Monitors the profile of the Group's assets and liabilities;
- Plans, directs and monitors various financial risks including, interest rate risk, equity risk, liquidity risk, currency risk and country risk;
- Provides guidance to the Investment Managers with regards to the appropriateness of investments assigned or purchased to support the liabilities of the various lines of business; and
- Monitors market interest rates and establishes the credited rate for various investment contracts.

(iv) Anti-Money Laundering (AML)
The Group has assigned responsibility for AML and anti-fraud to a designated department. The responsibilities of this department include:

- Maintaining and communicating the AML and Anti-fraud policies and procedures;
- Interrogating financial transactions to identify suspicious and threshold reportable items;
- Coordinating information received from operating departments on reportable items;
- Ensuring that adequate anti-fraud controls are in place; and
- Filing required reports with Management, Board of Directors and Regulatory bodies.

(v) Regulatory Compliance
The Board has assigned responsibility for monitoring regulatory compliance to a designated department. This department maintains a catalogue of all required regulatory filings and follows-up the respective departments to ensure timely submissions. The Department files the required performance reports with management and the Board of Directors.

48. Insurance and Financial Risk Management (Continued)

(vi) Enterprise Risk Management

The Group utilises an Enterprise Risk Management (ERM) framework, including policies and procedures designed to identify, measure and control risk in all business activities. The policies and procedures are reviewed periodically by senior managers and the Board of Directors.

The framework provides for quarterly evaluation of risks by senior management, with reporting to the Board Audit Committee. The risk exposures are prioritised each year and the top twenty (20) risks reported on.

Boards of subsidiary companies and management teams carry similar operating structures where applicable.

The most important types of risk facing the Group are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) Insurance risk

The Group issues both short term and long term contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Insurance companies face under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

With scientific understanding of the COVID-19 virus, medical response, and actions by governments and organizations evolving rapidly, the situation remains fluid. While high correlation in life and health insurance losses is a feature of pandemic risk, the impact of the virus on long term mortality and morbidity risk is not yet quantified. A characteristic of the pandemic is that losses will materialize over time, Sagicor continues to examine its processes for underwriting, product pricing and product management at the policy level, and evaluate and refine internal models and scenario analyses to measure and manage the implied outcomes.

Long term insurance contracts

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the insurer's assessment of the risk. The insurer assesses the likely benefits and cash flows both in establishing the amount of premium payable under the contract and in estimating the statement of financial position liability arising from the contract.

For long-term contracts in-force, the Group has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its policy liabilities. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts

(i) Frequency and severity of claims (continued)
For contracts where death is the insured risk the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant improvement in medical science and social conditions that would increase longevity. At present, these risks do not vary significantly in relation to the location of the risk insured by the group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed return premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The table below presents the Insurance companies concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described below in Note 48 (b). At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group. As was the case in the previous year, the risk is concentrated at the higher value bands. (These tables do not include annuity contracts, for which a separate analysis is reported in following pages).

Individual Life Benefits Assured per Life ($'000)	The Group-2020			
	Total Benefits Insured			
	Before Reinsurance	**%**	**After Reinsurance**	**%**
	$'000		**$'000**	
0 – 200	137,329,661	8	120,008,242	7
200 - 400	131,505,078	7	116,451,048	7
400 - 800	147,705,865	8	138,504,108	8
800 - 1000	121,968,086	7	119,437,264	7
More than 1,000	1,241,196,529	70	1,217,627,991	71
Total	1,779,705,219	100	1,712,028,653	100

Individual Life Benefits Assured per Life ($'000)	The Group-2019			
	Total Benefits Insured			
	Before Reinsurance	**%**	**After Reinsurance**	**%**
	$'000		**$'000**	
0 – 200	127,643,641	8	120,210,656	8
200 - 400	119,454,983	7	113,886,451	7
400 - 800	135,730,232	9	124,629,985	9
800 - 1000	115,303,533	7	109,667,322	7
More than 1,000	1,089,180,318	69	1,059,937,209	69
Total	1,587,312,707	100	1,528,331,623	100

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(i) Frequency and severity of claims (continued)
The table below represents the Insurance company's concentration of insured benefits across five bands of insured benefits per group individual life assured. The benefit insured figured are shown gross and net of reinsurance.

	The Group-2020			
Group Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'000	%
0 - 200	30,957,706	3	21,138,716	2
200 - 400	4,249,267	-	2,696,793	-
400 - 800	970,619	-	539,902	-
800 - 1,000	25,262	-	(141,146)	-
More than 1,000	1,000,081,165	97	984,844,880	98
	1,036,284,019	100	1,009,079,145	100

	The Group-2019			
Group Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance $'000	%	After Reinsurance $'000	%
0 - 200	30,515,443	3	20,616,030	2
200 - 400	3,604,319	-	2,054,993	-
400 - 800	930,945	-	496,850	-
800 - 1,000	26,862	-	26,862	-
More than 1,000	932,821,648	97	918,396,291	98
	967,899,217	100	941,591,026	100

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Long term insurance contracts (continued)

(i) Frequency and severity of claims (continued)

The following tables for the Insurance companies' annuity contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum as if the annuity was in payment at the year end. The greatest risk concentration remains at the highest band, which is consistent with the prior year. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity Payable per annum per annuitant ($'000)	The Group			
	Total Benefits Insured			
	2020	**%**	**2019**	**%**
	$'000		**$'000**	
0 – 20	104,952	2	89,452	2
20 - 40	109,526	2	89,956	2
40 - 80	91,743	2	81,635	2
80 - 100	45,125	1	42,070	1
More than 100	4,711,479	93	4,235,147	93
Total	5,062,825	100	4,538,260	100

For interest-sensitive and unit-linked contracts the Group charges for mortality risks on a monthly basis for all insurance contracts and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk. Delays in implementing increases in charges, and market or regulatory restraints over the extent of any increases may reduce this mitigating effect.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The Group manages these risks through its underwriting strategy and reinsurance arrangements.

(i) Frequency and severity of claims (continued)
The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. The Group reinsures the excess of the insured benefit for new business for standard risks under an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at a higher cost than standard risks. The Group does not place any reinsurance for contracts that insure survival risk. Insurance risk for contracts is also affected by the policyholders' rights to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. On the assumption that the policyholders will make decisions rationally, overall risk can be assumed to be heightened by such behaviour.

The Group has factored the impact of policyholders' behaviour into the assumptions used to measure these liabilities.

(ii) Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and the variability in the policyholder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation as to the actual experience of the Group is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. The best estimate of future mortality is based on standard industry tables adjusted for the group's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on the mortality investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

(iii) Process used in deriving assumptions
The assumptions for short term life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

For long-term insurance contracts, at the reporting date, the Group determines current best estimate assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The best estimate assumptions are determined based on experience studies and the current circumstances of the business. A margin for adverse deviation based on expected deterioration or mis-estimation of the mean, is added to the best estimate assumptions to derive the valuation assumptions which are used for calculating the liabilities arising under the insurance contracts.

See Note 32 (d) for detail policy assumptions.

Short-duration life and health insurance contracts
Short-term contracts are typically for one year's coverage, with an option to renew under terms that may be amended by the insurer. In determining the premium payable under the contract, the insurer 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 insurer's assessment of the risk. Insurers may also establish deductibles to limit amounts of potential losses incurred.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a medical expense or a death claim. Settlement of these benefits is expected generally within one year. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are premium risk, claims risk and reinsurance risk (See Note 48(b)).

Premium risk is the risk that the premium rate has been set too low for the risk being assumed.

Claims risk is the risk that:

- the number of claims may exceed expectations
- the severity of claims incurred may exceed expectations
- the claim amount may develop during the interval between occurrence and settlement.

For the Group's life and health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

(i) Frequency and severity of claims

These contracts are mainly issued to employers to insure their commitments to their employees in terms of their employee benefit plans. This risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Excess of loss reinsurance contracts have been purchased by the Group to limit the maximum loss on any one life and health claims, see Note 48(b) for retention limits.

(ii) Sources of uncertainty in the estimation of future claim payments

There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(iii) Process used in deriving assumptions

The assumptions for short-duration life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

See Note 32(d) for detail policy assumptions.

The process to derive the assumptions for short-duration life contracts is similar to long-term insurance contracts. However, the short-term nature of the mortality risk underwritten makes the Group's estimate of the liability covering death benefit payments less uncertain than in the case of long-term contracts.

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Property and casualty insurance risk

Advantage General Insurance Company Limited (AGI)
The primary insurance activity carried out by the subsidiary is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by AGI are:

- Motor insurance
- Property insurance
- Liability insurance

The management team is responsible for the execution of the Insurance Risk Management policies through the establishment of the Insurance Risk Management Committee and the Board Risk Committee. AGI manages its insurance risk through its underwriting and claims policies that include inter alia, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. AGI actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

Underwriting strategy
Insurance companies assume risk through the insurance contracts they underwrite and the exposures are associated with both the perils covered by the specific line of insurance and the specific processes associated with the conduct of the insurance business. AGI manages the individual risk through its Underwriting Risk Management Policy to determine the insurability of risks and exposure to large claims. AGI follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. AGI's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy
A comprehensive reinsurance programme is critical to the financial stability of the organisation and a detailed analysis of AGI’s exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management.

AGI's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain "A ratings, in keeping with AGI's Board approved Reinsurance Risk Management Policy. Credit risk on reinsurance is discussed in more detail later in Note 48 (b).

Terms and conditions of general insurance contracts and factors affecting cash flows:
The table below provides an overview of the terms and conditions of general insurance contracts written by AGI and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Type of insurance contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle, bodily injuries sustained and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claims complexity is relatively low except with respect to bodily injury claims. Bodily injury claims tend to be more difficult to estimate due to uncertainties with respect to the value at which they will be ultimately settled, and the timeframe within which they will be settled.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as “short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to five years. In general, these contracts involve higher estimation uncertainty.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Management of risks relating to Insurance contracts

Motor contracts:
The risks relating to motor contracts are managed primarily through the pricing and selection process. Management monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property contracts:
The risks relating to property contracts are managed primarily through the pricing and selection processes. AGI uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, AGI accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability contracts:
Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. Management monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, AGI makes assumptions that costs will increase in line with the latest available research.

Risk exposure and concentrations of risk:
The following table shows management's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business. Management has its largest risk concentration in the motor line.

Risk exposure and concentration of risks:

	2020			
	Liability	**Property**	**Motor**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross	51,932	115,460	3,108,794	3,276,186
Net of proportional reinsurance	(30,528)	37,683	2,559,147	2,566,308

Risk exposure and concentration of risks:

	2019			
	Liability	**Property**	**Motor**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross	52,455	67,741	3,379,391	3,499,587
Net of proportional reinsurance	42,488	28,994	3,314,879	3,386,361

Development Claim Liabilities
In addition to sensitivity analysis, the development of insurance liabilities provides a measure of ability to estimate the ultimate value of claims. The table below illustrates how management's estimate of the ultimate claims liability for accident years 2013 - 2018 has changed at successive year ends, up to 2018. Updated unpaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The development of an insurer's claims in the course of settlement provides a measure of its ability to estimate the ultimate value of claims incurred. In the table below, the estimate of total claims incurred for each year is provided at successive year ends. The most recent estimate is then reconciled to the liability recognised in the statement of financial position.

	The Group					
Gross	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**Total $'000**
Estimate of ultimate claims incurred:						
At the end of the reporting year	2,262,664	2,254,684	2,490,406	2,496,823	1,758,560	11,263,137
One year later	2,761,331	2,557,160	2,646,484	2,476,056	-	10,441,031
Two years later	2,822,712	2,762,603	2,742,032	-	-	8,327,347
Three years later	2,906,073	2,902,857	-	-	-	5,808,930
Four years later	2,980,068	-	-	-	-	2,980,068
Current estimate of cumulative claims	2,980,068	2,902,857	2,742,032	2,476,056	1,758,560	12,859,573
Cumulative payments to date	(2,778,552)	(2,569,308)	(2,328,556)	(1,793,401)	(594,877)	(10,064,694)
Liability recognised in the statement of financial position	201,516	333,549	413,476	682,655	1,163,683	2,794,879
Liability in respect of prior years and ULAE						481,307
Total liability						3,276,186

The reinsurers' share of the amounts in the following table is set out below.

Reinsurers' share	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**Total $'000**
Estimate of ultimate claims incurred:						
At the end of the reporting year	277,513	25,492	12,549	103,859	874,220	1,293,633
One year later	349,836	12,774	13,097	264,384	-	640,091
Two years later	269,055	28,275	16,047	-	-	313,377
Three years later	269,181	30,321	-	-	-	299,502
Four years later	269,411	-	-	-	-	269,411
Current estimate of cumulative claims	269,411	30,321	16,047	264,384	874,220	1,454,383
Cumulative payments to date	(269,183)	(28,351)	(13,669)	(198,883)	(239,225)	(749,311)
Recoverable recognised in the statement of financial position	228	1,970	2,378	65,501	634,995	705,072
Recoverable in respect of prior years						4,806
Total recoverable from reinsurers						709,878

48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results.

In applying the noted methodologies, the following assumptions were made:

(i) The claims inflation rate implicitly used in the valuation is equivalent to that rate which is part of the historical data. To the extent that this has raised the average factors on which future development expectations are based, the valuation contains implicit provision for future inflationary shocks, which we believe is appropriate;

(ii) With respect to the analysis of the incurred claims development history, the level of case reserve adequacy is relatively consistent (in inflation adjusted terms) over the experience period;

(iii) With respect to the Bornhuetter-Ferguson method, the average on-level ultimate net loss ratios are representative of recent historical loss ratios. There is no evident trend in the historical net loss ratios adjusted for rate changes and cost changes;

(iv) With respect to the analysis of the gross and net paid claims development history, the rate of payment of ultimate incurred losses for the more recent years is indicative of future settlement patterns. This assumption was based on our discussion with management and the change in AGI's claims settlement practices in recent years; and

(v) Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the Insurance Act, 2001.

A 10% increase in the future development assumptions increases the net total claims liability by $$87,092,000 (2019 - $59,746,000) while a 10% decrease, decreases the net liability by 89,282,000 ($59,845,000).

Provision for adverse deviation assumptions
The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

Sagicor Re Insurance Company Limited
Certain casualty risks for the Group and its affiliates are covered through the subsidiary, Sagicor Re Insurance Company Limited.

The frequency and severity of casualty claims can be affected by several factors. The most significant casualty risks under the professional indemnity, directors and officers liability, medical malpractice, contractors all risk, employer's liability and public liability policies are slip and fall accidents at the insured premises, and damage to areas occupied or contents at the insured premises due to blocked drains or burst pipes. In addition, increasing level of awards, the increasing number of cases coming to court and inflation all impact on ultimate claims costs. The Group manages these risks through its underwriting strategy and proactive claims handling. The underwriting strategy concentrates on fully reinsuring the exposures to casualty risks.

Property insurance risks (Sagicor Re)

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes, etc.) and their consequences (for example, subsidence claims). For certain contracts, there is a maximum amount payable for claims in any policy year.

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48. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The Sagicor Re has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

All of the property and casualty risks insured by Sagicor Re are reinsured, while only some of risks insured by AGI are reinsured. However, in the event that these reinsurers are unable to meet their obligations under the reinsurance agreements, the Group would be liable to pay the claims subject to deductibles and a “catch all clause”. The Group mitigates the risks associated with failure of its reinsurers by transacting only with well-established and rated insurance/reinsurance companies. These are primarily international reinsurers, however, a portion of reinsurance is placed with local and regional insurers.

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

For its property risks, the Group uses Treaty reinsurance - Quota Share, Excess of Loss - and Facultative reinsurance arrangements to cover single events and multiple claims arising from catastrophes. The insurer may be required to pay an additional premium to reinstate the reinsurance coverage where a claim exhausts the reinsurance limit.

For other insurance risks, insurers limit their exposure by event or per person by excess of loss or quota share treaties.

Retention limits represent the level of risk retained by the insurer. The Board of Directors approved policy retention limits. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Group are summarised below

Type of insurance contract-2020	Retention by insurers
Health insurance contracts with groups	Retention per individual to a maximum J$2,250,000.
Life insurance contracts with individuals	Retention per individual to a maximum of J$35,000,000 and US$500,000
Life insurance contracts with groups	Retention per individual to a maximum of J$35,000,000 and US$100,000
General Insurance - Property Q/S Treaty	Retention – 10% of the sum insured per risk or US$700,000.
Catastrophe Excess of Loss	Retention – 10% of the sum insured per risk or US$500,000
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Property Excess of Loss	Retention – US$500,000.
General Insurance – Facultative – 2 Layers	Retention – US$16.25 million (Layer US$50 million excess US$50 million)
US$ Property – Commercial All Risks	Retention – US$750,000 (Layer US$10 million excess US$25 million)

Type of insurance contract-2019	Retention by insurers
Health insurance contracts with groups	Retention per individual to a maximum J$2,000,000.
Life insurance contracts with individuals	Retention per individual to a maximum of J$35,000,000 and US$500,000.
Life insurance contracts with groups	Retention per individual to a maximum of J$35,000,000 and US$100,000.
General Insurance - Property Q/S Treaty	Retention – 10% of the sum insured per risk or US$500,000.
Catastrophe Excess of Loss	Retention – US$500,000.
General Insurance – Motor Excess of Loss	Retention – US$500,000.
General Insurance – Facultative – 2 Layers	Retention – US$16.25 million (Layer US$50 million excess US$50 million)
US$ Property – Commercial All Risks	Retention – US$750,000 (Layer US$10 million excess US$25 million)

48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk

Cash flow risk is the risk that the 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 value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. 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 Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored at least quarterly. Resulting from the financial effects of COVID 19, the Group enhanced its monitoring of its investment portfolios to determine if any action was required to protect its financial position. The Group improved its liquidity by shortening the duration of its portfolios early in the year and, post June 2020, observed improvements in cash flow and interest rate risk.

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.

The Group monitors interest rate risk by calculating the mean duration of the investment portfolio and the liabilities issued. The mean duration is an indicator of the sensitivity of the assets and liabilities to change in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows from the contracts using best estimate assumptions.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

(i) Long term traditional insurance contracts and some investment contracts

Insurance and investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial components of these benefits may include a guaranteed fixed interest rate and hence the Group's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

(ii) Long term insurance contracts and investment contracts without fixed terms

For unit-linked contracts the Group matches all the assets on which the unit prices are based with assets in the portfolio. There is no price, currency, credit, or interest rate risk for these contracts.

The Group's primary exposure to financial risk for these contracts is the risk of volatility in asset management fees due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

A decrease of 10% in the value of the assets would reduce the asset management fees to $339,465,000 (2019 - $338,992,000) per annum.

Unit-linked and interest-sensitive universal life type contracts have embedded surrender options. These embedded derivatives vary in response to the change in a financial variable (such as equity prices and interest rates). At year end, all embedded derivatives within insurance liabilities were closely related to the host contract and did not require separation.

For short term insurance contracts, the Group has matched the insurance liabilities with a portfolio of debt securities. The financial assets in this portfolio are characterised by interest rate risk.

Short term liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

The following tables summarise carrying amounts of statement of financial position assets, financial liabilities and insurance liabilities in order to arrive at the Group and company's interest rate gap based on earlier of contractual repricing or maturity dates.

The disclosures provided in this note are based on the Group and company's investment portfolio as at 31 December 2020 and 2019.

	The Group				
	2020				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash resources	9,719,948	-	-	12,132,181	21,852,129
Cash reserve at Bank of Jamaica	-	-	-	10,511,693	10,511,693
Financial investments and pledged assets	48,762,109	32,201,858	181,507,415	38,393,772	300,865,154
Loans & leases, after allowance for credit losses	85,366,166	1,161,045	594,179	722,138	87,843,528
Reinsurance contracts	-	-	-	1,716,891	1,716,891
Other assets		160,442	-	8,926,221	9,086,663
Total assets	143,848,223	33,523,345	182,101,594	72,402,896	431,876,058
Liabilities					
Deposit and security liabilities	197,950,225	6,649,465	2,240,123	518,669	207,358,482
Loan Payable	1,941,411	8,710,263		38,072	10,689,746
Other liabilities	-	160,442	-	14,596,030	14,756,472
Lease liabilities	504,864	1,816,265	459,731	-	2,780,860
Insurance contracts liabilities	5,124,066	20,326,090	63,905,122	1,422,444	90,777,722
Investment contracts liabilities	14,456,380	2,974,041	-	-	17,430,421
Other policy liabilities	3,738,144	-	-	7,750,707	11,488,851
Total liabilities	223,715,090	40,636,566	66,604,976	24,325,922	355,282,554
On statement of financial position interest sensitivity gap	(79,866,867)	(7,113,221)	115,496,618	48,076,974	76,593,504
Cumulative interest sensitivity gap	(79,866,867)	(86,980,088)	28,516,530	76,593,504	

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group				
	2019				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	147,497,495	23,731,705	156,964,069	63,601,753	391,795,022
Total liabilities	194,573,980	35,771,225	71,049,887	32,594,084	333,989,176
On statement of financial position interest sensitivity gap	(47,076,485)	(12,039,520)	85,914,182	31,007,669	57,805,846
Cumulative interest sensitivity gap	(47,076,485)	(59,116,005)	26,798,177	57,805,846	

	The Company				
	2020				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Assets					
Cash Resources	233,623	-	-	-	233,623
Financial Investments and pledged assets	1,222,897	-	8,953	2,070	1,233,920
Other Assets	-	-	-	122,708	122,708
Total assets	**1,456,520**	**-**	**8,953**	**124,778**	**1,590,251**
Liabilities					
Other Liabilities	-	-	-	3,777,334	3,777,334
Promissory notes payable to member companies	12,888,310	2,741,626	-	55,703	15,685,639
Total liabilities	12,888,310	2,741,626	-	3,833,037	19,462,973
On statement of financial position interest sensitivity gap	(11,431,790)	(2,741,626)	8,953	(3,708,259)	(17,872,722)
Cumulative interest sensitivity gap	(11,431,790)	(14,173,416)	(14,164,463)	(17,872,722)	-

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Company				
	2019				
	Within 1 year	1-5 years	Over 5 years	Non-Interest bearing	Total
	$000	$000	$000	$000	$000
Total assets	1,002,474	-	32,297	73,102,951	74,137,722
Total liabilities	8,459,234	4,180,460	-	4,420,086	17,059,780
On statement of financial position interest sensitivity gap	(7,456,760)	(4,180,460)	32,297	68,682,865	57,077,942
Cumulative interest sensitivity gap	(7,456,760)	(11,637,220)	(11,604,923)	57,077,942	

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group					
	2020					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	1.76	1.76	3.67	6.13	8	6.81
Loans	10.43	8.40	8.68	8.58	4.49	9.16
Mortgages (2)	-	7.91	7.91	7.91	7.91	7.91
Policy loans	-	-	-	-	11.72	11.72
Investment contracts	-	4.2	4.2	4.2	-	4.2
Bank overdraft	-	17.63	-	-	-	-
Deposits	1	1	4.5	-	-	1.35
Amounts due to banks and other financial institutions	5.58	4.68	5.54	5.27	3.76	4.70

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

	The Group					
	2019					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 Years	Over 5 Years	Weighted Average
	%	%	%	%	%	%
Investments (1)	2.1	2.3	4.3	5.73	7.69	6.81
Loans	13.02	9.06	9.86	9.86	9.86	10.68
Mortgages (2)	-	8.31	8.31	8.31	8.31	8.31
Policy loans	-	-	-	-	11.72	11.72
Investment contracts	-	5.35	5.35	5.35	5.35	5.35
Bank overdraft	-	21.25 – 28.00	-	-	-	-
Deposits	-	1.13	1.65	1.11	-	1.12
Amounts due to banks and other financial institutions	-	3.39	4.65	6.33	5.91	4.01

(1) Yields are based on book values and contractual interest adjusted for amortization of premiums and discounts.

(2) Yields are based on book values, net of allowances for impairment and contractual interest rates.

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48. Insurance and Financial Risk Management (Continued)

(c) Cash flow and fair value interest rate risk (continued)

Sensitivity

Sensitivity to interest rate risk is considered by operating subsidiaries. The effects of changes in interest rates of assets backing actuarial liabilities are disclosed in Note 49.

(d) Credit risk

COVID 19 has caused a contraction in all the economies in which the Group operates. The spread of the virus and travel restrictions have had a significant effect on the demand for tourism, entertainment and related services. As a result, Sagicor offered extensions of moratoriums, payment deferrals and other accommodative activities to several clients on a case by case basis; this against the background that several clients across various sectors experienced significant declines in earnings. The Group also made significant adjustments to our ECLs to recognize the increased credit risk associated with the economic fallout on our borrowing and investment portfolios.

Credit risk exposure- financial investments subject to impairment

The Group categorises its financial assets into investment grade, non-investment grade, watch, default and unrated.

The maximum exposure to credit risk for financial assets carried at fair value represents their amortised cost, as this is the maximum amount of credit loss the Group and Company will suffer in the event of a total default of the counterparty. For financial assets carried at FVTOCI and FVTPL, the amounts shown in the tables will therefore not necessarily reconcile to the financial statements, as the carrying amounts have been adjusted for fair value movements, for which there is market risk.

Provision for credit losses recognised in the Group's income statement are as follow:

	The Group	
	2020	**2019**
	$'000	**$'000**
Loans	1,078,464	383,574
Leases	24	(2,376)
Investments	615,861	417,981
Total per income statement	1,694,349	799,179

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognised.

	The Group-2020				
	ECL Staging				
Debt securities – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	3,329,224	-	-	-	3,329,224
Non-investment	76,078,696	-	-	-	76,078,696
Gross carrying amount	79,407,920	-	-	-	79,407,920
Loss allowance	(161,470)	-	-	-	(161,470)
Carrying amount	79,246,450	-	-	-	79,246,450

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment

	The Group-2019				
	ECL Staging				
Debt securities – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	3,233,501	-	-	-	3,233,501
Non-investment	72,222,210	-	-	-	72,222,210
Gross carrying amount	75,455,711	-	-	-	75,455,711
Loss allowance	(95,454)	-	-	-	(95,454)
Carrying amount	75,360,257	-	-	-	75,360,257

	The Company-2020				
	ECL Staging				
Debt securities – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	51,661	-	-	-	51,661
Gross carrying amount	51,661	-	-	-	51,661
Loss allowance	(96)	-	-	-	(96)
Carrying amount	51,565	-	-	-	51,565

	The Company-2019				
	ECL Staging				
Debt securities – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	51,688	-	-	-	51,688
Gross carrying amount	51,688	-	-	-	51,688
Loss allowance	(40)	-	-	-	(40)
Carrying amount	51,565	-	-	-	51,565

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Group-2020				
	ECL Staging				
Mortgage loans – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	2,626,317	286,037	-	-	2,912,354
Watch	-	-	427,657	-	427,657
Gross carrying amount	2,626,317	286,037	427,657	-	3,340,011
Loss allowance	(7,139)	(7,454)	(7,510)	-	(22,103)
Carrying amount	2,619,178	278,583	420,147	-	3,317,908

	The Group-2019				
	ECL Staging				
Mortgage loans – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	2,331,669	266,232	-	-	2,597,901
Default	-	-	385,332	-	385,332
Gross carrying amount	2,331,669	266,232	385,332	-	2,983,233
Loss allowance	(1,470)	(230)	(3,846)	-	(5,546)
Carrying amount	2,330,199	266,002	381,486	-	2,977,687

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Group-2020				
	ECL Staging				
Loans and leases – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	83,560,212	4,183,209			87,743,421
Default			2,038,031		2,038,031
Gross carrying amount	83,560,212	4,183,209	2,038,031	-	89,781,452
Loss allowance	(760,097)	(122,589)	(1,055,238)		(1,937,924)
Carrying amount	82,800,115	4,060,620	982,793	-	87,843,528

	The Group-2019				
	ECL Staging				
Loans and leases – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	82,519,644	2,055,077	-	-	84,574,721
Default	-	-	1,850,433	-	1,850,433
Gross carrying amount	82,519,644	2,055,077	1,850,433	-	86,425,154
Loss allowance	(493,141)	(98,788)	(836,849)	-	(1,428,778)
Carrying amount	82,026,503	1,956,289	1,013,584	-	84,996,376

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Group-2020				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	8,135,411	-	-	-	8,135,411
Gross carrying amount	8,135,411	-	-	-	8,135,411
Loss allowance	-	-	-	-	-
Carrying amount	8,135,411	-	-	-	8,135,411

	The Group-2019				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	1,445,129	-	-	-	1,445,129
Gross carrying amount	1,445,129	-	-	-	1,445,129
Loss allowance	-	-	-	-	-
Carrying amount	1,445,129	-	-	-	1,445,129

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Company-2020				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	615,658	-	-	-	615,658
Gross carrying amount	615,658	-	-	-	615,658
Loss allowance	-	-	-	-	-
Carrying amount	615,658	-	-	-	615,658

	The Company-2019				
	ECL Staging				
Securities purchased for resale – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Non-investment	3,042	-	-	-	3,042
Gross carrying amount	3,042	-	-	-	3,042
Loss allowance	-	-	-	-	-
Carrying amount	3,042	-	-	-	3,042

	The Group-2020				
	ECL Staging				
Policy loans – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	1,002,740				1,002,740
Gross carrying amount	1,002,740				1,002,740
Loss allowance	(14,269)				(14,269)
Carrying amount	988,471				988,471

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Group-2019				
	ECL Staging				
Policy loans – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	950,789	-	-	-	950,789
Gross carrying amount	950,789	-	-	-	950,789
Loss allowance	(26,055)	-	-	-	(26,055)
Carrying amount	924,734	-	-	-	924,734

	The Group--2020				
	ECL Staging				
Deposits – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	465,267	-	-	-	465,267
Non-investment	4,352,323	-	-	-	4,352,323
Gross carrying amount	4,817,590	-	-	-	4,817,590
Loss allowance	-	-	-	-	-
Carrying amount	4,817,590	-	-	-	4,817,590

	The Group 2019				
	ECL Staging				
Deposits – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	9,707	-	-	-	9,707
Non-investment	860,728	-	-	-	860,728
Gross carrying amount	870,435	-	-	-	870,435
Loss allowance	-	-	-	-	-
Carrying amount	870,435	-	-	-	870,435

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Company-2020				
	ECL Staging				
Deposits – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	-	-	-	-	-
Non-investment	557,714	-	-	-	557,714
Gross carrying amount	557,714	-	-	-	557,714
Loss allowance	-	-	-	-	-
Carrying amount	557,714	-	-	-	557,714

	The Company-2019				
	ECL Staging				
Deposits – amortised cost	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	-	-	-	-	-
Non-investment	523,178	-	-	-	523,178
Gross carrying amount	523,178	-	-	-	523,178
Loss allowance	-	-	-	-	-
Carrying amount	523,178	-	-	-	523,178

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Group-2020				
	ECL Staging				
Debt securities – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	48,613,868	-	-	-	48,613,868
Non-investment	102,115,786	3,940,744	579,880	194,871	106,831,281
Maximum credit exposure	150,729,654	3,940,744	579,880	194,871	155,445,149
Loss allowance	(242,181)	(251,589)	(405,916)	-	(899,686)
Maximum Credit Exposure, net of ECL	150,487,473	3,689,155	173,964	194,871	154,545,463

	The Group-2019				
	ECL Staging				
Debt securities – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	56,696,220	-	-	-	56,696,220
Non-investment	82,222,684	2,561,420	-	190,525	84,974,629
Maximum credit exposure	138,918,904	2,561,420	-	190,525	141,670,849
Loss allowance	(235,182)	(236,161)	-	-	(471,343)
Maximum credit exposure, net of ECL	138,683,722	2,325,259	-	190,525	141,199,506

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Credit risk exposure- financial investments subject to impairment (continued)

	The Company-2020				
	ECL Staging				
Debt securities – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	7,671	-	-	-	7,671
Maximum credit exposure	7,671	-	-	-	7,671
Loss allowance	(3)	-	-	-	(3)
Maximum credit exposure, net of ECL	7,668	-	-	-	7,668

	The Company-2019				
	ECL Staging				
Debt securities – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Credit grade:					
Investment	31,609	-	-	-	31,609
Maximum credit exposure	31,609	-	-	-	31,609
Loss allowance	(10)	-	-	-	(10)
Maximum credit exposure, net of ECL	31,599	-	-	-	31,599

For financial investments measured at FVTPL under the unit-linked funds fair value model, the unit holders bear the credit risk and the Group has no direct credit exposure.

Maximum exposure to credit risk - Financial instruments not subject to impairment

	The Group	
	Maximum exposure to credit risk	
	2020	**2019**
	$000	**$000**
Financial assets designated at fair value		
Debt securities	450,067	338,298
Derivative financial instruments	-	-

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances

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 an analysis of the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amount of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	235,182	236,161	-	-	471,343
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(944)	944	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(137,736)	137,736	-	-
New financial assets originated or purchased	114,764	41,471	-	-	156,235
Financial assets fully derecognised during the period	(63,645)	(19,747)	-	-	(83,392)
Changes to inputs used in ECL calculation	(48,368)	113,121	268,180	-	332,933
Foreign exchange adjustment	5,192	17,376	-	-	22,568
Loss Allowance as at December 31, 2020	242,181	389,326	268,180	-	899,687

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

	The Group-2019				
	ECL staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**130,742**	**502,944**	**876,706**	**-**	**1,510,392**
Transfers:					
Transfer from Stage 1 to Stage 2	(77)	77	-	-	-
Transfer from Stage 2 to Stage 1	285	(285)	-	-	-
New financial assets originated or purchased	420,844	-	-	-	420,844
Financial assets fully derecognised during the period	(310,225)	(338,269)	(874,754)	-	(1,523,248)
Changes to inputs used in ECL calculation	(7,189)	65,949	(1,952)	-	56,808
Foreign exchange adjustment	802	5,745	-	-	6,547
Loss Allowance as at December 31, 2019	235,182	236,161	-	-	471,343

	The Company-2020				
	ECL staging				
DEBT SECURITIES - FVTOCI	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	**10**	**-**	**-**	**-**	**10**
Financial Assets fully derecognised during the period	(8)	-	**-**	-	(8)
Changes to inputs used in ECL calculation	1	-	-	-	1
Foreign exchange adjustment	-	-	-	-	-
Loss Allowance as at December 31, 2020	3	-	-	-	3

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued

	The Company-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**17**	**-**	**-**	**-**	**17**
Changes to inputs used in ECL calculation	(8)	-	-	-	(8)
Foreign exchange adjustment	1	-	-	-	1
Loss Allowance as at December 31, 2019	**10**	-	-	-	**10**

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	95,454	**-**	-	-	95,454
New financial assets originated or purchased	24,715	-	**-**	-	24,715
Financial assets fully derecognised during the period	(18,494)	-	-	-	(18,494)
Changes in models/assumptions used in ECL calculation	-	-	-	-	-
Changes to inputs used in ECL calculation	57,859	-	-	-	57,859
Foreign exchange adjustment	1,936	-	-	-	1,936
Loss Allowance as at December 31, 2020	161,470	-	-	-	161,470

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

	The Group-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**125,670**	**-**	**-**	**-**	**125,670**
Financial assets fully derecognised during the period	24,604	-	-	-	24,604
Changes in models/assumptions used in ECL calculation	(27,424)	-	-	-	(27,424)
Changes to inputs used in ECL calculation	(29,241)	-	-	-	(29,241)
Foreign exchange adjustment	1,845	-	-	-	1,845
Loss Allowance as at December 31, 2019	95,454	-	-	-	95,454

	The Company-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	40	-	-	-	40
Changes to inputs used in ECL calculation	56	-	-	-	56
Loss Allowance as at December 31, 2020	96	-	-	-	96

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

	The Company-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES – AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**43**	**-**	**-**	**-**	**43**
Changes to inputs used in ECL calculation	(3)	-	-	-	(3)
Loss Allowance as at December 31, 2019	40	-	-	-	40

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	1,470	230	3,846	-	5,546
Transfers:					
Transfer from Stage 1 to Stage 2	(104)	104	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	84	(84)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	126	(126)	-	-
Transfer from Stage 3 to Stage 1	577	-	(577)	-	-
New financial assets originated or purchased	1,509	-	7,482	-	8,991
Financial assets fully derecognised during the period	(95)	(43)	(3,127)	-	(3,265)
Changes to inputs used in ECL calculation	3,698	7,121	12	-	10,831
Foreign exchange adjustments	-	-	-	-	-
Loss Allowance as at December 31, 2020	7,139	7,454	7,510	-	22,103

Sagicor Group Jamaica Limited

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

	The Group-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	**851**	**1,719**	**6,270**	**-**	**8,840**
Transfers:					
Transfer from Stage 1 to Stage 2	(11)	11	-	-	-
Transfer from Stage 1 to Stage 3	(11)	-	11	-	-
Transfer from Stage 2 to Stage 1	1,055	(1,055)	-	-	-
Transfer from Stage 2 to Stage 3	-	(538)	538	-	-
Transfer from Stage 3 to Stage 2	-	114	(114)	-	-
Transfer from Stage 3 to Stage 1	941	-	(941)	-	-
New financial assets originated or purchased	160	-	-	-	160
Financial assets fully derecognised during the period	(10)	(24)	(318)	-	(352)
Changes to inputs used in ECL calculation	(1,505)	3	(1,600)	-	(3,102)
Foreign exchange adjustments	-	-	-	-	-
Loss Allowance as at December 31, 2019	1,470	230	3,846	-	5,546

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2020	493,141	98,788	836,849	-	1,428,778
Transfers:					
Transfer from Stage 1 to Stage 2	(17,602)	17,602	-	-	-
Transfer from Stage 1 to Stage 3	(3,523)	-	3,523	-	-
Transfer from Stage 2 to Stage 1	21,636	(21,636)	-	-	-
Transfer from Stage 2 to Stage 3	-	(16,735)	16,735	-	-
Transfer from Stage 3 to Stage 1	6,286	-	(6,286)	-	-
New financial assets originated or purchased	142,318	19,416	98,489	-	260,223
Financial assets fully derecognised during the period	(88,654)	(29,674)	(290,314)	-	(408,642)
Changes to inputs used in ECL calculation	196,838	50,680	366,307	-	613,825
Foreign exchange adjustment	9,657	4,148	29,935	-	43,740
Loss Allowance as at December 31, 2020	760,097	122,589	1,055,238	-	1,937,924

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued

Loss allowances (continued)

	The Group-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Loss Allowance as at January 01, 2019	558,877	153,828	1,084,089	-	1,796,794
Transfers:					
Transfer from Stage 1 to Stage 2	(8,803)	8,803	-	-	-
Transfer from Stage 1 to Stage 3	(3,327)	-	3,327	-	-
Transfer from Stage 2 to Stage 1	46,311	(46,311)	-	-	-
Transfer from Stage 2 to Stage 3		(10,292)	10,292	-	-
Transfer from Stage 3 to Stage 1	19,257	-	(19,257)	-	-
New financial assets originated or purchased	198,312	29,174	118,094	-	345,580
Financial assets fully derecognised during the period	(112,704)	(53,545)	(434,249)	-	(600,498)
Changes to inputs used in ECL calculation	(207,411)	16,448	70,581	-	(120,382)
Foreign exchange adjustment	2,629	683	3,972	-	7,284
Loss Allowance as at December 31, 2019	493,141	98,788	836,849	-	1,428,778

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

The most significant period-end assumptions used for the ECL were as follows:

At December 31, 2019

Economic variable assumptions for exposure in corporate securities

Outlook for the next three (3) years from December 2019:

		2020	2021	2022
S&P 500 Financial Index EPS	Base	38	41	41
	Upside	54	59	59
	Downside	25	27	27
World GDP growth rate	Base	3.4%	3.6%	3.6%
	Upside	5.0%	5.3%	5.3%
	Downside	2.5%	2.7%	2.7%
WTI Oil Prices/10	Base	5.62	5.32	5.19
	Upside	9.47	9.47	9.47
	Downside	3.45	3.27	3.19

At December 31, 2019

Economic state assumptions for exposure in sovereign securities

Outlook for the next three (3) years from December 2019:

		2020	2021	2022
Jamaica	Base	Positive	Stable	Stable
	Upside	Positive	Positive	Stable
	Downside	Stable	Stable	Negative

Sagicor Group Jamaica Limited

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)
Loss allowances (continued)

At December 31, 2020

Economic variable assumptions for exposure in corporate securities

Outlook for the next three (3) years from December 2020:

		2021	2022	2023
S&P 500 Financial Index EPS	Base	33	39	39
	Upside	50	59	59
	Downside	22	26	26
World GDP growth rate	Base	5.2%	4.2%	3.8%
	Upside	7.8%	6.3%	5.7%
	Downside	2.6%	2.6%	2.6%
WTI Oil Prices/10	Base	4.82	4.67	4.58
	Upside	9.39	9.39	9.39
	Downside	2.02	1.96	1.92

At December 31, 2020

Economic state assumptions for exposure in sovereign securities

Outlook for the next three (3) years from December 2020:

		2021	2022	2023
Jamaica	Base	Negative	Stable	Stable
	Upside	Stable	Stable	Stable
	Downside	Negative	Stable	Stable

Sagicor's lending operations in Jamaica have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

At December 31, 2019

Outlook for lending at December 2019

Jamaica	Expected state for the next 12 months	
Interest rate	Base	Positive
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Positive
	Upside	Super positive
	Downside	Stable

Sagicor Group Jamaica Limited

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

At December 31, 2020

Outlook for lending at December 2020

Jamaica	Expected state for the next 12 months	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Negative
	Upside	Stable
	Downside	Super Negative

The economic states assigned above are translated into numerical figures.

Sensitivity analysis at December 2020.

SICR

SICR criteria *	Actual threshold applied	Change in threshold	ECL impact of Change in threshold
Investments	2-notch downgrade since origination	1-notch downgrade since origination	-

* See note 2 (f) (viii) for full criteria for staging. The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

Loss Given Default	Actual value applied	Change in value	ECL impact of Increase in value	Decrease in value
Investments - Corporate Debts	52%	(- / + 5) %	33,669	(33,669)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- / + 5) %	3,205	(3,205)
Investments - Sovereign Debts (Government of Jamaica)	15%	(- / + 5) %	92,582	(92,582)

Weighting for downside scenario	Actual value applied	Change in value	ECL impact of Increase in value	Decrease in value
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	24,626	(24,626)
Lending products	10% (75% for base scenario and 15% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	24,170	(17,756)

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

Loss allowances (continued)

Sensitivity analysis at December 2019.

SICR

			ECL impact of
SICR criteria *	**Actual threshold applied**	**Change in threshold**	**Change in threshold**
Investments	2-notch downgrade since origination	1-notch downgrade since origination	55,533

* See note 2 (f) (viii) for full criteria for staging. The staging for lending products are primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments - Corporate Debts	52%	(- /+ 5) %	42,915	(42,915)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(- /+ 5) %	2,770	(2,770)
Investments - Sovereign Debts (Government of Barbados)	36%	(- /+ 5) %	-	-
Investments - Sovereign Debts (Government of Jamaica)	15%	(- /+ 5) %	33,698	(33,698)

			ECL impact of	
Weighting for downside scenario	**Actual value applied**	**Change in value**	**Increase in value**	**Decrease in value**
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	14,756	(14,756)
Lending products	10% (75% for base scenario and 15% for upside scenario)	- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	8,427	(7,130)

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values

The following tables explain the changes in the maximum credit exposure the beginning and the end of the period due to these factors. For instruments at amortised cost, the gross carrying amount equals the maximum exposure.

	The Group-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2020	138,918,903	2,561,421	-	190,525	141,670,849
Transfers:					
Transfer from Stage 1 to Stage 2	(1,489,490)	1,489,490	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(548,204)	548,204	-	-
New financial assets originated or purchased	76,767,143	534,040	-	-	77,301,183
Financial assets fully derecognised during the period	(66,188,376)	(217,576)	-	(10,136)	(66,416,088)
Changes in principal and interest	(533,030)	(66,614)	31,676	-	(587,968)
Foreign exchange adjustment	3,274,503	188,186	-	14,483	3,477,172
Maximum credit exposure as at December 31, 2020	150,729,653	3,940,744	579,880	194,871	155,445,149

	The Group-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2019	119,090,221	5,066,827	2,429,872	-	126,586,920
Transfers:					
Transfer from Stage 1 to Stage 2	(264,280)	264,280	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	35,494	(35,494)	-	-	-
New financial assets originated or purchased	82,454,366	-	-	190,525	82,644,891
Financial assets fully derecognised during the period	(63,202,851)	(2,926,996)	(2,429,872)	-	(68,559,719)
Changes in principle and interest	(185,059)	119,027	-	-	(66,032)
Foreign exchange adjustment	991,012	73,777	-	-	1,064,789
Maximum credit exposure as at December 31, 2019	138,918,903	2,561,421	-	190,525	141,670,849

Sagicor Group Jamaica Limited

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Company-2020				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2020	31,609	-	-	-	31,609
Financial assets fully derecognised during the period	(24,441)	-	-	-	(24,441)
Changes in principal and interest	(66)	-	-	-	(66)
Foreign exchange adjustment	569	-	-	-	569
Maximum credit exposure as at December 31, 2020	7,671	-	-	-	7,671

	The Company-2019				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - FVTOCI	**$000**	**$000**	**$000**	**$000**	**$000**
Maximum credit exposure as at January 01, 2019	157,511	-	-	-	157,511
Financial assets fully derecognised during the period	(126,560)	-	-	-	(126,560)
Changes in principle and interest	(409)	-	-	-	(409)
Foreign exchange adjustment	1,067	-	-	-	1,067
Maximum credit exposure as at December 31, 2019	31,609	-	-	-	31,609

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2020	75,455,712	-	-	-	75,455,712
New financial assets originated or purchased	7,535,004	-	-	-	7,535,004
Financial assets fully derecognised during the period	(6,032,171)	-	-	-	(6,032,171)
Changes in principal and interest	(45,083)	-	-	-	(45,083)
Foreign exchange adjustment	2,494,458	-	-	-	2,494,458
Gross carrying amount as at December 31, 2020	79,407,920	-	-	-	79,407,920

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2019	68,171,615	-	-	-	68,171,615
New financial assets originated or purchased	18,482,946	-	-	-	18,482,946
Financial assets fully derecognised during the period	(11,910,855)	-	-	-	(11,910,855)
Changes in principal and interest	(197,512)	-	-	-	(197,512)
Foreign exchange adjustment	909,518	-	-	-	909,518
Gross carrying amount as at December 31, 2019	75,455,712	-	-	-	75,455,712

	The Company				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$000	$000	$000	$000	$000
DEBT SECURITIES - AMORTISED COST					
Gross carrying amount as at January 01, 2020	51,688	-	-	-	51,688
Changes in principal and interest	(28)	-	-	-	(28)
Gross carrying amount as at December 31, 2020	51,660	-	-	-	51,660

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Company				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	51,688	-	-	-	51,688
Changes in principal and interest	-	-	-	-	-
Gross carrying amount as at December 31, 2019	51,688	-	-	-	51,688

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	2,331,923	266,232	385,332	-	2,983,487
Transfers:					
Transfer from Stage 1 to Stage 2	(165,632)	165,632	-	-	-
Transfer from Stage 1 to Stage 3	(61,600)	-	61,600	-	-
Transfer from Stage 2 to Stage 1	96,941	(96,941)	-	-	-
Transfer from Stage 2 to Stage 3	-	(49,305)	49,305	-	-
Transfer from Stage 3 to Stage 2	-	12,668	(12,668)	-	-
Transfer from Stage 3 to Stage 1	57,853	-	(57,853)	-	-
New financial assets originated or purchased	555,320	-	13,400	-	568,720
Financial assets fully derecognised during the period	(97,058)	(50)	(3,978)	-	(101,086)
Write-offs	-	-	-	-	-
Changes in principal and interest	(91,429)	(12,199)	(7,483)	-	(111,110)
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2020	2,626,317	286,037	427,656	-	3,340,011

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
MORTGAGE LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	2,490,389	279,832	354,140	-	3,124,361
Transfers:					
Transfer from Stage 1 to Stage 2	(32,180)	32,180	-	-	-
Transfer from Stage 1 to Stage 3	(33,323)	-	33,323	-	-
Transfer from Stage 2 to Stage 1	171,728	(171,728)	-	-	-
Transfer from Stage 2 to Stage 3	-	(87,643)	87,643	-	-
Transfer from Stage 3 to Stage 2	-	6,458	(6,458)	-	-
Transfer from Stage 3 to Stage 1	53,407	-	(53,407)	-	-
New financial assets originated or purchased	253,457	12,103	-	-	265,560
Financial assets fully derecognised during the period	(28,025)	(3,832)	(18,095)	-	(49,952)
Write-offs	-	-	-	-	-
Changes in principal and interest	(543,784)	198,862	(11,814)	-	(356,736)
Foreign exchange adjustment	254	-	-	-	254
Gross carrying amount as at December 31, 2019	2,331,923	266,232	385,332	-	2,983,487

	The Group				
	ECL staging				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
POLICY LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	950,789	-	-	-	950,789
Transfers:					
New financial assets originated or purchased	137,311	-	-	-	137,311
Financial assets fully derecognised during the period	(139,622)	-	-	-	(139,622)
Changes in principal and interest	(6,480)	-	-	-	(6,480)
Foreign exchange adjustment	60,742	-	-	-	60,742
Gross carrying amount as at December 31, 2020	1,002,740	-	-	-	1,002,740

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
POLICY LOANS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	936,871	-	-	-	936,871
Transfers:					
New financial assets originated or purchased	95,288	-	-	-	95,288
Financial assets fully derecognised during the period	(118,225))	-	-	-	(118,225)
Changes in principal and interest	18,127	-	-	-	18,127
Foreign exchange adjustment	18,728	-	-	-	18,728
Gross carrying amount as at December 31, 2019	950,789	-	-	-	950,789

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	82,519,644	2,055,077	1,843,249	-	86,417,970
Transfers:					
Transfer from Stage 1 to Stage 2	(2,972,692)	2,972,692	-	-	-
Transfer from Stage 1 to Stage 3	(578,806)	-	578,806	-	-
Transfer from Stage 2 to Stage 1	453,068	(453,068)	-	-	-
Transfer from Stage 2 to Stage 3	-	(531,404)	531,404	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	669,836	-	(669,836)	-	-
New financial assets originated or purchased	20,590,928	673,609	168,097	-	21,432,634
Financial assets fully derecognised during the period	(14,074,617)	(475,973)	(640,062)	-	(15,190,652)
Changes in principal and interest	(3,629,701)	(201,428)	(492,770)	-	(4,323,899)
Foreign exchange adjustment	1,239,178	143,703	62,519	-	1,445,400
Gross carrying amount as at December 31, 2020	84,216,838	4,183,208	1,381,407	-	89,781,453

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND LEASES - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	66,931,628	1,878,221	2,269,976	-	71,079,825
Transfers:					
Transfer from Stage 1 to Stage 2	(1,054,067)	1,054,067	-	-	-
Transfer from Stage 1 to Stage 3	(398,416)	-	398,416	-	-
Transfer from Stage 2 to Stage 1	565,453	(565,453)	-	-	-
Transfer from Stage 2 to Stage 3	-	(125,667)	125,667	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	37,751	-	(37,751)	-	-
New financial assets originated or purchased	33,160,301	606,898	233,240	-	34,000,439
Financial assets fully derecognised during the period	(13,495,613)	(653,781)	(851,280)	-	(15,000,674)
Changes in principal and interest	(3,666,956)	(153,423)	(302,863)	-	(4,123,242)
Foreign exchange adjustment	439,563	14,215	7,844	-	461,622
Gross carrying amount as at December 31, 2019	82,519,644	2,055,077	1,843,249	-	86,417,970

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	1,445,129	-	-	-	1,445,129
Net new financial assets originated or purchased	181,997,183	-	-	-	181,997,183
Financial assets fully derecognised during the period	(175,460,259)	-	-	-	175,460,259)
Changes in principal and interest	118,547	-	-	-	118,547
Foreign exchange adjustment	34,811	-	-	-	34,811
Gross carrying amount as at December 31, 2020	8,135,411	-	-	-	8,135,411

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2019	913,344	-	-	-	913,344
Net new financial assets originated or purchased	235,562,442	-	-	-	235,562,442
Financial assets fully derecognised during the period	(235,091,350)	-	-	-	(235,091,350)
Changes in principal and interest	(5,192)	-	-	-	(5,192)
Foreign exchange adjustment	65,885	-	-	-	65,885
Gross carrying amount as at December 31, 2019	1,445,129	-	-	-	1,445,129

	The Company				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
SECURITIES PURCHASED FOR RESALE - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	3,042	-	-	-	3,042
Net new financial assets originated or purchased	612,616	-	-	-	612,616
Financial assets fully derecognised during the period	-	-	-	-	-
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2020	615,658	-	-	-	615,658

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

	The Group				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEPOSITS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	870,435	-	-	-	870,435
New financial assets originated or purchased	16,180,299	-	-	-	16,180,299
Financial assets fully derecognised during the period	(12,299,018)	-	-	-	(12,299,018)
Changes in principal and interest	908	-	-	-	908
Foreign exchange adjustment	64,967	-	-	-	64,967
Gross carrying amount as at December 31, 2020	4,817,591	-	-	-	4,817,591

	The Company				
	ECL staging				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEPOSITS - AMORTISED COST	**$000**	**$000**	**$000**	**$000**	**$000**
Gross carrying amount as at January 01, 2020	523,178	-	-	-	523,178
New financial assets originated or purchased	-	-	-	-	-
Financial assets fully derecognised during the period	-	-	-	-	-
Changes in principal and interest	34,537	-	-	-	34,537
Foreign exchange adjustment	-	-	-	-	-
Gross carrying amount as at December 31, 2020	557,715	-	-	-	557,715

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48. Insurance and Financial Risk Management (Continued)

(d) Credit risk (continued)

IFRS 9 carrying values (continued)

The restructuring of the external debt in 2019.

On November 22, 2019 the GoB made an Exchange Offer to Bondholders of GOBD 7.8% Notes due 2019, 7.25% Notes due 2021, 7.00% Notes due 2022 and 6.625 Notes due 2035 respectively. The Group exchanged its holdings of GOBD2019 and GOBG 2021 with outstanding principal and interest of US$1,736,137 and US$211,990 respectively. The final exchange offer resulted in the Group receiving US$1,349,900 GOBG2029 6.5% and US$82,300 GOGB2021 6.5% in cash of US$12,503. After the restructuring, a 27% Haircut was recorded.

The exposure to GOB Bonds as at December 31, 2020 and December 31, 2019 was:

	GOB Exposure $000	GOB Loss Allowances $000
Balance as of December 31, 2020	-	-
Balance as of December 31, 2019	190,525	587

48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Group is exposed to daily calls on their available cash resources from, insurance benefits payments, working capital requirements, overnight placement of funds, maturing placement of funds, loan draw-downs and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

COVID-19 was expected to have resulted in increased liability run-offs; Sagicor's experience has so far indicated that the impact is moderate. Early in the year we improved our liquidity position, thereby enabling the Group to meet its contractual and regulatory obligations. The Group has been cautious in deploying liquidity in client segments considered particularly vulnerable to the impact of the pandemic.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit and optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Certain investment portfolios within the Group contain securities which can only be disposed of over a period of time. In such instances, the Group generally maintains higher levels of short term instruments to compensate for the relative illiquidity of the aforementioned securities.

The disclosures provided in this note are based on the Group's and the company's investment portfolio as at 31 December 2020 and 2019.

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Group's financial and non-financial liabilities based on contractual repayment obligations. The Group expects that many policyholders/customers will not request repayment on the earliest date the Group could be required to pay. The expected maturity dates of liabilities are based on estimates made by management as determined by retention history. Liquidity risk tables are shown for insurance liabilities and financial liabilities.

	The Group				
	within 1 year	**1-5 years**	**Over 5 years**	**No specific maturity**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Undiscounted Financial Liabilities- 31 December 2020					
Deposit and security liability	199,966,466	7,968,260	3,469,070	-	211,403,796
Loans Payable	2,428,708	10,254,214	-	-	12,682,922
Other liabilities	11,838,915	263,746	-	2,653,808	14,756,469
Lease liabilities	681,320	2,160,589	683,411	-	3,525,320
Investment contracts liabilities	14,456,078	3,080,861	-	-	17,536,939
Total undiscounted liabilities	229,371,487	23,727,670	4,152,481	2,653,808	259,905,446

	Within 1 year	**1-5 years**	**Over 5 years**	**No specific maturity**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Undiscounted Financial Liabilities - 31 December 2019					
Deposit and security liability	148,927,504	29,517,254	1,906,822	2,639,811	182,991,391
Derivative financial instruments	35,005	-	-	-	35,005
Loans Payable	2,600,166	4,754,225	11,782,446	-	19,136,837
Other liabilities	18,531,184	28,808	105,062	670,783	19,335,837
Lease liabilities	584,465	2,564,365	1,405,485	-	4,554,315
Investment contracts liabilities	9,609,535	5,021,263	-	-	14,630,798
Total undiscounted liabilities	180,287,859	41,885,915	15,199,815	3,310,594	240,684,183

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

	The Company				
	2020				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	$000	$000	$000	$000
Undiscounted Financial Liabilities					
Promissory notes	13,560,761	2,998,890	-	-	16,559,651
Other Liabilities	-	-	-	3,777,334	3,777,734
Total undiscounted liabilities	13,560,761	2,998,890	-	3,777,334	20,336,985

	The Company				
	2019				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	$000	$000	$000	$000
Undiscounted Financial Liabilities					
Deposits and security liabilities	12,311	-	-	-	12,311
Promissory notes	12,791,580	-	-	-	12,791,580
Other Liabilities	4,420,086	-	-	-	4,420,086
Total undiscounted liabilities	17,223,977	-	-	-	17,223,977

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

Off-balance sheet items

The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
At December 31, 2020				
Credit commitments	5,973,826	44,556	89,432	6,107,814
Guarantees, acceptances and other financial facilities	2,862,497	771,586	1,373,648	5,007,731
Operating lease commitments	61,783	-	-	61,783
Capital commitments	2,180,058	-	-	2,180,058
	11,078,164	816,142	1,463,080	13,357,386
At December 31, 2019				
Credit commitments	5,606,194	1,457,743	144,859	7,208,796
Guarantees, acceptances and other financial facilities	1,906,474	1,193,921	1,507,540	4,607,935
Operating lease commitments	64,292	-	-	64,292
Capital commitments	2,376,360	-	-	2,376,360
	9,953,320	2,651,664	1,652,399	14,257,383

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

The tables below reflect the expected maturities of the Group's discounted financial assets and liabilities and insurance liabilities at the year-end date.

	The Group				
	2020				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
Financial Assets	**$000**	**$000**	**$000**	**$000**	**$000**
Cash resources	21,852,129	-			21,852,129
Cash reserve at Bank of Jamaica	10,511,693	-	-	-	10,511,693
Financial investments & pledged assets	33,399,732	39,821,199	192,718,487	34,925,736	300,865,154
Loans and leases, after allowance for credit losses	23,190,736	30,037,477	34,615,315	-	87,843,528
Reinsurance contracts	971,859	-	-	745,032	1,716,891
Other assets	8,166,054	161,109	-	759,500	9,086,663
Total financial assets	98,092,203	70,019,785	227,333,802	36,430,268	431,876,058
Financial Liabilities					
Deposit and security liabilities	198,452,768	6,665,591	2,240,123	-	207,358,482
Loans Payable	2,005,464	8,684,282		-	10,689,746
Other liabilities	11,976,303	103,304	-	2,676,865	14,756,472
Insurance contracts liabilities	5,124,052	20,326,070	65,327,600	-	90,777,722
Investment contracts liabilities	14,456,078	2,974,343	-	-	17,430,421
Lease Liabilities	504,864	1,816,265	459,731	-	2,780,860
Other policy liabilities	8,330,186	-	-	3,158,665	11,488,851
Total financial liabilities	240,849,715	40,569,855	68,027,454	5,835,530	355,282,554
On statement of financial position interest sensitivity gap	(142,757,512)	29,449,930	159,306,348	30,594,738	79,349,000
Cumulative interest sensitivity gap	(142,757,512)	(113,307,582)	45,998,766	76,593,504	

	2019				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	**$000**	**$000**	**$000**	**$000**
Total assets	73,727,359	67,111,387	196,993,528	53,962,748	391,795,022
Total liabilities	225,798,753	34,370,450	73,149,190	670,783	333,989,176
On statement of financial position interest sensitivity gap	(152,071,394)	32,740,937	123,844,338	53,291,965	57,805,846
Cumulative interest sensitivity gap	(152,071,394)	(119,330,457)	4,513,881	57,805,846	

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48. Insurance and Financial Risk Management (Continued)

(e) Liquidity risk (continued)

The tables below reflect the expected maturities of the Group's discounted financial and non-financial assets and liabilities at the year-end date (continued).

	The Company				
	2020				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
Assets	$000	$000	$000	$000	$000
Cash resources	233,623	-	-	-	233,623
Financial investments & pledged assets	1,173,434	51,532	8,954	-	1,233,920
Other assets	-	-	-	122,708	122,708
Total assets	1,407,057	51,532	8,954	122,708	1,590,251
Liabilities					
Promissory notes	12,927,887	2,757,752	-	-	15,685,639
Other liabilities	-	-	-	3,777,334	3,777,334
Total liabilities	12,927,887	2,757,752	-	3,777,334	19,462,973
On statement of financial position interest sensitivity gap	(11,520,830)	(2,706,220)	8,954	(3,654,626)	(17,872,722)
Cumulative interest sensitivity gap	(11,520,830)	(14,227,050)	(14,218,096)	(17,872,722)	-

	2019				
	Within 1 year	1-5 years	Over 5 years	No specific maturity	Total
	$000	$000	$000	$000	$000
Total assets	1,146,000	-	83,925	-	1,229,925
Total liabilities	12,879,320	4,180,460	-	-	17,059,780
On statement of financial position interest sensitivity gap	(11,733,320)	(4,180,460)	83,925	-	(15,829,855)
Cumulative interest sensitivity gap	(11,733,320)	(15,913,780)	(15,829,855)	(15,829,855)	

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

48. Insurance and Financial Risk Management (Continued)

(f) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Investment department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The Group's investment portfolios were impacted by the widening of credit spreads and resulted in significant fall-off in asset prices. The Group has continually monitored its portfolios to determine if any further action would have been needed to protect the Group's balance sheet and have re-balanced portfolios where necessary. Post June 2020, we have seen uplift in asset prices across the financial asset classes.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency or interest rate risk, whether those changes are caused by factors specific to the instrument or affecting all similar instruments in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

The Group's investments in equity securities are publicly traded on the Jamaica Stock Exchange (JSE), the National Association of Securities Dealers Automated Quotation System (NASDAQ) and the New York Stock Exchange (NYSE). The Group's sensitivity to equity securities price risk is disclosed in Note 49.

(ii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk the Asset and Liability Committee (ALCO) has approved limits for net open position in each currency for both intra-day and overnight position. This limit may vary from time to time as determined by ALCO.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The tourism sector is a significant foreign currency generator for the countries in which we operate. Travel restrictions caused by COVID-19 have severely impacted foreign currency inflows which resulted in increased foreign currency volatility, this was tempered by increased inflows from remittances. The Group has carefully managed its currency exposures to limit losses generated during the period and enhanced monitoring continues.

The Group's operations in the Cayman Islands, Costa Rica and United States of America (USA) create two additional sources of currency risk:

- The operating results of the Group's foreign subsidiaries in the Group financial statements are translated at the average exchange rate prevailing during the period.
- The equity investment in the foreign subsidiaries is translated into Jamaican dollars using the closing exchange rate.

Concentrations of currency risk

The Group and the company are most sensitive to currency risk in its operating currencies which float against the United States dollar.

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48. Insurance and Financial Risk Management (Continued)

(f) Market risk (continued)

(ii) Currency risk (continued)

The following tables summarise the exposure of the Group and the company to foreign currency exchange rate risk. Included in the tables are the Group's financial and insurance assets and liabilities at carrying amounts categorised by currency.

	The Group			
	2020			
	Jamaican $	US$	Other	Total
	$'000	$'000	$'000	$'000
Financial assets				
Cash resources	10,456,689	9,897,464	1,497,976	21,852,129
Cash reserve at Bank of Jamaica	3,511,264	6,770,112	230,317	10,511,693
Financial investments and pledged assets	151,020,979	148,854,957	989,218	300,865,154
Loans & leases, after allowance for credit losses	65,725,206	22,118,322	-	87,843,528
Reinsurance contracts	1,443,011	270,196	3,684	1,716,891
Other assets	8,225,937	856,823	3,903	9,086,663
Total assets	240,383,086	188,767,874	2,725,098	431,876,058
Financial liabilities				
Deposit and security liabilities	100,497,278	104,326,088	2,535,116	207,358,482
Loans Payable	3,553,740	7,136,006	-	10,689,746
Other liabilities	12,719,290	1,986,917	50,265	14,756,472
Lease Liabilities	2,780,860	-	-	2,780,860
Insurance contracts liabilities	48,859,086	35,292,236	6,626,400	90,777,722
Investment contracts liabilities	10,652,817	6,683,131	94,473	17,430,421
Other policy liabilities	10,364,183	575,614	549,054	11,488,851
Total liabilities	189,427,254	155,999,992	9,855,308	355,282,554
Net on statement of financial position	50,955,832	32,767,882	(7,130,210)	76,593,504

	The Group			
	2019			
	Jamaican $	US$	Other	Total
	$'000	$'000	$'000	$'000
Total assets	242,181,750	109,192,886	40,420,386	391,795,022
Total liabilities	192,859,751	133,586,032	7,543,393	333,989,176
Net on statement of financial position	49,321,999	(24,393,146)	32,876,993	57,805,846

49. Sensitivity Analysis

Actuarial liabilities for the Group's life and health insurance contracts comprise 75.84% (2019 – 78.16%) of total Policyholders' Funds. The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. These factors are discussed in detail in Note 3(a).

(i) Sensitivity arising from the valuation of life insurance and annuity contracts

In summary, the valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- the margins for adverse deviations.

The Appointed Actuary tests the actuarial liabilities under several economic scenarios. These tests have been done and the liabilities have been derived from the scenarios which produce the worst results.

The assumption for future investment yields has a significant impact on actuarial liabilities. The other assumptions to which the actuarial liabilities of the Group are most sensitive, are in descending order of impact:

- Lapse rates
- Mortality and morbidity
- Operating expenses and taxes

(ii) Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's future financial condition in the light of different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the statement of financial position at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

The purpose of the DCAT is:

- to develop an understanding of the sensitivity of the total equity of the insurer and future financial condition to changes in various experience factors and management policies;
- to alert management and the Board to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

The DCAT does not test any correlation that may exist between assumptions. The use of differing sensitivity rates by insurers reflects differences in the insurers' environment.

The following table represents the impact of changes in the assumptions to net actuarial liabilities for the Group resulting from changes in the variables listed below.

		The Group	
Variable	**Change in Variable**	**2020 Change in Liability $'000**	**2019 Change in Liability $'000**
Worsening of mortality/morbidity	+3%.	6,967,091	5,593,826
Improvement in annuitant mortality	-3%.	1,409,713	1,313,265
Lowering of investment return	-0.5%.	11,945,715	12,231,292
Worsening of base renewal expense and inflation rate	+5%	2,431,058	2,129,531
Worsening of lapse rate	x2	12,531,820	9,769,390
Higher interest rates	+0.5%.	(16,027,659)	(16,091,598)

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49. Sensitivity Analysis (Continued)

(iii) Sensitivity arising from a decline in equity prices

The Group is sensitive to fair value risk on its financial assets at FVTPL and FVTOCI equity securities. The effects of an increase by 10% and a decrease by 10% in equity prices at the year end date are set out below.

	The Group		
	Carrying Value $'000	Effect of 10% decrease at 31 December 2020 $'000	Effect of 5% increase at 31 December 2020 $'000
Financial assets at fair value through profit or loss and other comprehensive income equity securities:			
Listed on Jamaica Stock Exchange	4,032,820	(403,282)	201,641
Listed on US stock exchanges	3,144,206	(314,421)	157,211
Other	27,748,710	(2,774,871)	1,387,436
	34,925,736	(3,492,574)	1,746,288

(iv) Sensitivity arising from currency risk

The Group is most sensitive to currency risk in its operating currencies which float against the United States dollar.

The effect of further depreciation and appreciation in the Jamaican dollar (JMD) relative to the United States dollar (USD) at the year-end date is considered in the following tables.

	The Group					
	2020			2019		
	Balances Denominated in other than JMD $'000	Effect of a 6% depreciation at 31 December 2020 $'000	Effect of a 2% appreciation at 31 December 2020 $'000	Balances Denominated in other than JMD $'000	Effect of a 15% depreciation at 31 December 2019 $'000	Effect of a 1% appreciation at 31 December 2019 $'000
Statement of financial position:						
Assets	191,492,972	180,003,394	195,322,831	149,613,272	127,171,281	151,109,405
Liabilities	165,855,300	155,903,982	169,172,406	141,129,425	119,960,011	142,540,719
Net position	25,637,672	24,099,412	26,150,425	8,483,847	7,211,270	8,568,686
Impact on Net Profit						
Other comprehensive Income		(1,538,250)	512,753		1,272,577	84,838

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49. Sensitivity Analysis (Continued)

(v) Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

	The Group	
	Effect on Net Profit Before Tax 2020 $'000	**Effect on Other Comprehensive Income 2020 $'000**
Change in basis points:		
Decrease – JMD- 100 and USD - 100	1,281,296	7,907,744
Increase – JMD +100 and USD +100	(1,281,222)	(7,024,679)

	The Group	
	Effect on Net Profit Before Tax 2019 $'000	**Effect on Other Comprehensive Income 2019 $'000**
Change in basis points:		
Decrease – JMD- 100 and USD - 100	483,083	4,116,970
Increase – JMD +100 and USD +100	(483,083)	(4,387,486)

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50. Capital Management

The capital adequacy of the principal operating entities within the Group is set out below.

(i) To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities;

(ii) To comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards;

(iii) To safeguard its ability to meet future obligations to policyholders, depositors, note-holders and stockholders;

(iv) To provide adequate returns to stockholders by pricing insurance, investment and other contracts commensurately with the level of risk; and

(v) To maintain a strong capital base which are sufficient for the future development of the Group's operations.

The Group deploys its capital resources to activities carried out through various lines of business in operating companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that each line of business generates the desired return on capital employed, that the operating companies have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

Required capital adequacy information is computed for regulated entities of the Group on a monthly basis and assessed by Management. These metrics are reported to Boards of Directors quarterly, and are filed with the Regulators in Jamaica monthly, in Cayman annually and in Costa Rica monthly.

The capital adequacy of the principal operating entities within the Group is set out below.

(a) Sagicor Life Jamaica Limited

Capital adequacy is managed at the operating company level. It is calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. In addition, Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure which has been adopted is the Minimum Continuing Surplus and Capital Requirement (MCCSR) standard as per the Insurance Regulations, 2001. The minimum standard required Insurance Regulations 2001 at the year-end date is an MCCSR of 150%. Sagicor Life Jamaica Limited as at 31 December 2020 had met the standard required.

(b) Sagicor Life of the Cayman Islands Ltd.

During 2014, the Cayman Islands Insurance (Capital and Solvency) (Class A Insurers) Regulations became effective. The minimum capital requirement (MCR) for a local Class A insurer was established as the greater of US$300,000, or the square root of the sum of the square of five risk components – assets, policy liabilities, subsidiaries, catastrophe exposure and foreign exchange. Additionally, the prescribed capital for a local Class A insurer must be at least 125% of the minimum capital requirement. The MCR for the Sagicor Life of the Cayman Islands Ltd as at 31 December satisfied the regulatory capital requirements.

(c) Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited

The Bank's objectives in managing their capital are:

(i) To To comply with the capital requirements set by the Regulators of the financial market in Jamaica.

(ii) To provide adequate returns to shareholders commensurate with the level of risk undertaken and adequate benefits to staff and other stakeholders.

(iii) To safeguard the Banks' ability to meet its obligations to depositors, note-holders and other stakeholders.

(iv) To safeguard the Banks' ability to continue as solvent going concerns.

(v) To maintain an appropriate capital base to support the growth and development of its business.

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50. Capital Management (Continued)

Capital adequacy, capital management ratios and the financial statements of the Bank and Investment Company are monitored monthly by management. These are reviewed quarterly by the Boards of Directors. Capital is managed based on prudent best practices and employing techniques and guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Board of Directors Risk Management Committees. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The BOJ and the FSC require each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and revaluation on property, plant and equipment.

Any investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulated capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited at the year-end were compliant with the regulatory capital requirements.

(i) Derivative products
The Banks' derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this where necessary. When entering into derivative transactions, the credit risk management procedures to assess and approve potential credit exposures are the same that are used for traditional lending.

(d) The subsidiary AGI manages capital to:
(i) Comply with the capital requirements set by the FSC; and
(ii) Safeguard the company's ability to continue as a going concern.

For Jamaican property and casualty companies, the Minimum Capital Test (MCT) is used as a measure of capital with a minimum ratio of 250%. AGI was compliant with the regulatory capital requirements as at 31 December 2020.

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51. Fiduciary Risk

Certain subsidiaries in the Group provide custody, trustee, corporate administration, investment management or advisory services to third parties which may involve these subsidiaries making allocation and purchase and sale decisions in relation to a wide range of financial instruments. These assets are not included in these financial statements. As at 31 December 2020, these subsidiaries had financial assets under administration as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Sagicor Sigma Global Funds	176,933,611	168,649,547
Securities being held in custody	45,949,064	41,509,736
Real Estate Investment Trust	605,695	589,507
Pooled Investment Funds	141,595,194	193,507,431
Self-directed Pension Funds	38,010,362	54,029,242
Sagicor Select Funds Limited – Financial Select Fund	4,355,625	5,938,182
Sagicor Select Funds Limited – Manufacturing and Distribution Select Fund	3,254,783	3,943,987
	410,704,334	468,167,632

52. Contingent Liabilities

Legal proceedings

The Group and the company are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

Significant matters are as follows:

(a) Suit has been filed by a customer against one of the Group's, subsidiaries for breach of contract, and breach of trust in the amount of US$8,928,500, being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds by the subsidiary. No provision was made in these financial statements for this claim as the matter has not been heard.

(b) Suit has been filed by an independent contractor against one of the Group's subsidiaries for breach of contract arising from an alleged contractual agreement. The Claimant alleges that the subsidiary failed to pursue initiatives contemplated by the contract with a third party and that by not doing so, it caused the Claimant company significant losses which they have estimated at over US$300,000,000. No provision was made in these financial statements for this claim as the claim has been stayed to accommodate arbitration as required under the Agreement between the parties.

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53. Litigation

On March 17, 2014 the Supreme Court of Jamaica granted judgement in favour of a claimant in a case brought against Sagicor Bank Jamaica Limited (formerly RBC Royal Bank Jamaica Limited). This claim pre-dated the acquisition of the Bank by Sagicor Group Jamaica Limited, and also pre dated the acquisition of control of the Bank by RBTT from Finsac Limited ("Finsac") in 2001.

By virtue of the Share Sale Agreement entered into between Finsac, RBTT Financial Holdings Limited and RBTT International Limited, Finsac agreed to fully indemnify RBTT International Limited against any loss the bank may suffer in this matter. As the current owner of Sagicor Bank Jamaica Limited, Sagicor Group, is the current beneficiary of the Indemnity. The Indemnity from Finsac is further supported by a Government of Jamaica Guarantee on a full indemnity basis.

Sagicor appealed the Supreme Court decision and Judgment was delivered on July 31, 2018 which ruled that the award previously awarded to the Claimant be reduced with costs to the Claimant subject to an accounting exercise to determine the apportionment of costs between the parties. This reduced award took into account lower interest rates applying simple interest rather than compounding interest. The issue of costs remains to be determined by the courts following a subsequent application to amend the judgment which was delivered in January 2019. The amount previously awarded to the Claimant has been recorded as payable to the claimant with accrued interest and correspondingly receivable from Finsac/Government of Jamaica.

On July 1, 2019 the Claimant filed an application for conditional leave to appeal to the Privy Council on the issue of cost leave with final leave to appeal being granted on October 26, 2020.

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54. Offsetting Financial Assets and Financial Liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Group						
	2020						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets $'000	Gross amounts set off on the balance sheet $'000	Net amounts of financial assets presented on the balance sheet $'000	Impact of master netting agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net amounts $'000
Assets							
Cash resources	32,363,822	-	32,363,822	-	(832,930)	-	31,530,892
Financial investments	388,708,682	-	388,708,682	(86,948,948)	-	(193,990)	301,565,744
Other assets	9,086,663	-	9,086,663	-	-	-	9,086,663
	430,159,167	-	430,159,167	(86,948,948)	(832,930)	(193,990)	342,183,299
	2019						
Assets							
Cash resources	22,087,878	-	22,087,878	-	(575,594)		21,512,284
Financial investments	353,906,258	-	353,906,258	(80,022,739)	-	(144,305)	273,739,214
Other assets	8,180,566	-	8,180,566	-	-		8,180,566
	384,174,702	-	384,174,702	(80,022,739)	(575,594)	(144,305)	303,432,064

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54. Offsetting Financial Assets and Financial Liabilities (Continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Company						
	2020						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instrument s collateral	Net amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	233,623	-	233,623	-	-	-	233,623
Financial investments	1,233,920	-	1,233,920	-	-	-	1,233,920
Other assets	122,708	-	122,708	-	-	-	122,708
	1,590,251	-	1,590,251	-	-	-	1,590,251
	2019						
Assets							
Cash resources	424,666	-	424,666	-	-	-	424,666
Financial investments	610,474	-	610,474	-	-	(127,949)	482,525
Other assets	112,908	-	112,908	-	-	-	112,908
	1,148,048	-	1,148,048	-	-	(127,949)	1,020,099

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54. Offsetting Financial Assets and Financial Liabilities (Continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Group						
	2020						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instruments collateral	Net amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Due to banks and other financial institutions	207,358,482	-	207,358,482	(79,400,370)	-	-	127,958,112
Derivative financial instruments	-	-	-	-	-	-	-
Other liabilities	14,756,472	-	14,756,472	-	-	-	14,756,472
	222,114,954	-	222,114,954	(79,400,370)	-	-	142,714,584

	2019						
Liabilities							
Due to banks and other financial institutions	180,170,778	-	180,170,778	(69,381,388)	-	-	110,789,390
Derivative financial instruments	35,005	-	35,005	(35,005)	-	-	-
Other liabilities	19,561,295	-	19,561,295	-	-	-	19,561,295
	199,767,078	-	199,767,078	(69,416,393)	-	-	130,350,685

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54. Offsetting Financial Assets and Financial Liabilities (Continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Company						
	2020						
					Related amounts not set off in the statement of financial position		
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instruments collateral	Net amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Due banks and other financial institutions	15,685,639	-	15,685,639	-	-	-	15,685,639
Other liabilities	3,777,334	-	3,777,334	-	-	-	3,777,334
	19,462,973	-	19,462,973	-	-	-	19,462,973
	2019						
Liabilities							
Due banks and other financial institutions	12,627,383	-	12,627,383	-	-	-	12,627,383
Other liabilities	4,420,086	-	4,420,086	-	-	-	4,420,086
	17,047,469	-	17,047,469	-	-	-	17,047,469

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55. Breach of Insurance Regulations – Related Party Balances

As at December 31, 2020, one of the Group's subsidiaries, Sagicor Life Jamaica Limited exceeded the regulated 5% maximum of related party balances to total assets of the company. Management is in discussions with the Regulator, Financial Services Commission, in relation to this matter. The regulator has not imposed any penalty.

56. Non-Controlling Interest

In prior year the Group acquired 60% of AGI and 70% of Bailey Williams Ltd. The non-controlling interests represent the share of net assets and net profit not attributed to Sagicor Group. The amounts were calculated as follows:

	2020					
	Travel Cash	**Sagicor X Fund**	**Jamziv**	**AGI**	**Bailey Williams**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net Assets	675,398	16,296,036	16,238,124	5,219,588	536,080	38,965,226
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	330,945	11,519,668	6,363,721	2,087,835	160,824	20,462,993
Revenues	246,199	1,374,155	-	4,694,084	(3,260)	6,311,178
Net profit/(loss) for the period	125,916	(7,801,774)	(10,365,864)	554,879	(5,260)	(17,492,103)
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	61,699	(5,515,074)	(4,062,382)	221,952	(1,578)	(9,295,383)

	2019					
	Travel Cash	**Sagicor X Fund**	**Jamziv**	**AGI**	**Bailey Williams**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net Assets	549,482	24,482,860	25,042,645	5,436,436	541,337	56,052,760
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	269,246	17,252,281	9,814,212	2,174,574	162,401	29,672,714
Revenue	237,887	4,915,075	-	1,567,142	(114,400)	6,605,704
Net profit/(loss) for the period	146,072	(342,943)	(98,662)	142,906	(114,403)	(267,030)
Share relating to entities other than the Sagicor Group	49%	70.69%	39.19%	40%	30%	
Non-controlling interest	71,575	(242,428)	(38,666)	57,162	(34,321)	(186,678)

57. Subsequent Events

Subsequent to the year-end on 15 January 2021, the Group completed the disposal of its 14.87% (20,000,000 Ordinary Shares) equity interest in Playa Hotels and Resorts N.V. (Playa) for a net cash consideration of US$96,000,000 (approximately J$13,604,000,000). Sale of the shares occurred in a public offering of 11,499,000 Ordinary Shares held by the Group, concurrent to an underwritten public offering of 25,000,000 new shares by Playa at a public offering price of US$5.00 per share. These transactions were simultaneous with an assignment of an additional 8,501,000 ordinary shares held by the Group to Sagicor Financial Corporation Limited, for cash consideration, at a price equal to the price offered through the public offering less commission expenses associated with the public offering. A disposal loss of approximately J$233,089,000 is recognised upon completion of this disposal in 2021.