SAGICOR FINANCIAL COMPANY LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND DECEMBER 31, 2022

Notes to the Financial Statements (continued):

ACRONYMS

Certain acronyms have been used throughout the financial statements and notes thereto to substitute phrases. The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
AA	Appointed Actuary
AC	Amortised Cost
CSM	Contractual Service Margin
EAD	Exposure At Default
ECL	Expected Credit Losses
FCF	Fulfilment Cash Flows
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
GMM	General Measurement Model
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	IFRS Accounting Standards
IFRS IC	International Financial Reporting Standards Interpretation Committee
LGD	Loss Given Default
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
PD	Probability of Default
POCI	Purchase or Originated Credit-Impaired
SICR	Significant Increase in Credit Risk
SOFR	Secured Overnight Financing Rate
SPPI	Solely Payments of Principal and Interest
VFA	Variable Fee Approach

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SAGICOR FINANCIAL COMPANY LTD.
2022 & 2023 APPOINTED ACTUARY'S REPORT
TO THE SHAREHOLDERS AND POLICYHOLDERS

I have performed or reviewed the valuation of the consolidated policy liabilities of Sagicor Financial Company Ltd. (Sagicor) which includes the policy liabilities of its life insurance subsidiaries, namely:

- Sagicor Life Inc. (Barbados),
- Sagicor Life Insurance Trinidad & Tobago Limited (Trinidad & Tobago),
- Nationwide Insurance Company Limited (Trinidad & Tobago),
- Capital Life Insurance Company Bahamas Limited (Bahamas),
- Sagicor Life Aruba NV,
- Sagicor Panamá SA,
- Sagicor Life (Eastern Caribbean) Inc. *,
- Sagicor Life Jamaica Limited (Jamaica) *,
- Sagicor Life of the Cayman Islands Limited (Cayman Islands) *,
- Sagicor Life Insurance Company (USA) *, and
- ivari (Canada) *,

for the balance sheets, at 31st December 2022 and 31st December 2023, and their change in the respective consolidated statement of operations, for the years then ended, for each organization and on a consolidated basis in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods, performed using the International Financial Report Standard 17 (**IFRS 17**).

The valuation of Sagicor and its Life Insurance Subsidiaries was conducted by myself, or in some cases by other actuaries (indicated by a "*" above) on whom I relied on, by calculating Best-Estimate Liabilities (**BEL**) together with Risk Adjustment (**RA**) and Contractual Service Margin (**CSM**), in accordance with Accounting Standard IFRS 17 and the Standards of Practice (Life) of the Canadian Institute of Actuaries. For those where other actuaries completed the valuation, I have reviewed and accepted their respective valuation as appropriate, and I have relied on their work in order to issue this certificate.

In my opinion, the amount of policy liabilities (**IFRS 17 Liabilities**) makes appropriate provision for all policyholder obligations and the financial statements fairly represent the results of the valuation.

Sylvain Goulet, FCIA, FSA, MAAA Fellow, Canadian Institute of Actuaries Fellow, Society of Actuaries Member, America Academy of Actuaries		Toronto, Ontario 25th March 2024
Appointed Actuary of Sagicor Financial Company Ltd.	Signature	City, Province Report Date

Independent auditor's report

To the Shareholders of Sagicor Financial Company Ltd.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sagicor Financial Company Ltd. (the Company) and its subsidiaries (together 'the Group') as of December 31, 2023 and December 31, 2022 and January 1, 2022, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2023 and December 31, 2022, in accordance with IFRS Accounting Standards.

What we have audited

Sagicor Financial Company Ltd.'s consolidated financial statements comprise:

- the consolidated statements of financial position as of December 31, 2023 and December 31, 2022 and January 1, 2022;
- the consolidated statements of income for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of comprehensive income for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and December 31, 2022; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 17, Insurance Contracts *Refer to note 2 - Material accounting policies and note 6 - Insurance, reinsurance and investment contract assets and liabilities, to the consolidated financial statements.* On January 1, 2023 the Group adopted IFRS 17 with a transition date of January 1, 2022 and restated comparative information for 2022 applying the transition provisions of IFRS 17. The adoption of the standard significantly impacted how the Group recognizes, measures, presents and discloses insurance contracts. Changes in accounting policies resulting from the adoption of IFRS 17 were applied using a full retrospective approach, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied. These changes required management judgement in developing and implementing accounting policies, including policies specific to transition. We considered this a key audit matter as auditing the Group's transition to IFRS 17 required significant audit effort as it related to the measurement of the Group's insurance contract liabilities. This required the application of management judgement, with the assistance of management's actuarial experts, due to the complexity of the models, and in the determination of key assumptions, specifically the discount rate and risk adjustment relating to the measurement of the insurance contract liabilities, and the development of fair value assumptions used in the determination of the transition Contractual service margin (CSM).	Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures, amongst others: • Evaluated the accounting policies and the elections involved in the IFRS 17 transition. • Assessed the appropriateness and consistency of key assumptions used in the measurement of insurance contract liabilities and transition CSM, by comparing to published industry studies, market data, entity specific facts and circumstances, our knowledge of the products and the requirements of IFRS 17. • Tested, on a sample basis, underlying support and documentation such as executed policyholder insurance contracts. • Tested the methodology and calculations of the IFRS 17 insurance contract liabilities and transition CSM through review of the calculation logic within the newly implemented models. • Assessed the disclosures within the consolidated financial statements against the requirements of IFRS 17.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Valuation of insurance contract liabilities - Estimation of fulfilment cash flows
Refer to note 3 - Critical accounting estimates and judgements and note 6 - Insurance, reinsurance and investment contract assets and liabilities, to the consolidated financial statements.
The Group has insurance contract liabilities of $15.7 billion as at December 31, 2023.
Insurance contract liabilities consist of:

Fulfilment cash flows (FCFs), which are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. FCFs comprise unbiased and probability weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.
Contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

Measurement of the FCFs requires management judgement in estimating the expected future cash flows on a present value basis, in addition to applying a risk adjustment for non-financial risk. Estimates of expected cash flows incorporate best estimate assumptions for mortality and morbidity rates, longevity, expenses, lapse and surrenders, as well as economic assumptions for discount rates and the risk adjustment for non-financial risk. The assumptions are reviewed and updated, at least annually, by management's actuarial experts.
We considered this a key audit matter due to the judgement applied by management when determining the FCFs, which in turn led to a high degree of auditor judgement and effort in evaluating the assumptions with specific reference to mortality rates, lapse and surrenders, economic assumptions for discount rates and the risk adjustment for non-financial risk.
</td><td>
Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures, amongst others:

Tested the operating effectiveness of certain controls related to the completeness and accuracy of data used in the calculation of FCFs.
Tested accuracy and completeness of a sample of data inputs used in the estimates of FCFs.
Evaluated a sample of actuarial models used in management's determination of the FCFs, by assessing the appropriateness of the modelling of product features and the application of best-estimate assumptions.
Assessed the reasonableness of management's best-estimate assumptions for mortality rates, lapse and surrenders, economic assumptions for discount rates and the risk adjustment for non-financial risk by:

Evaluating whether management's assumptions were determined in accordance with the relevant actuarial standards.
Evaluating the Group's internal experience studies for appropriateness by considering published industry studies, market data and component specific facts and circumstances.

Assessed the disclosures within the consolidated financial statements against the requirements of IFRS 17.

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Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report, and the Annual Report (but does not include the consolidated financial statements and our auditor's report theron), which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 financial statements

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

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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’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’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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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.

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

PricewaterhouseCoopers SRL

PricewaterhouseCoopers SRL
Bridgetown, Barbados
March 28, 2024

SAGICOR FINANCIAL COMPANY LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023 and December 31, 2022 and January 1, 2022 ***Amounts expressed in US $000***

	Note	**2023**	**2022** (restated)	**January 1, 2022** (restated)
ASSETS				
Cash		486,642	368,137	359,975
Restricted cash		95,564	80,074	78,135
Financial investments	5	16,337,358	8,244,532	7,872,134
Financial investments repledged	5	687,753	623,871	608,343
Reinsurance contract assets	6	3,212,899	516,566	623,819
Insurance contract assets	6	1,273	3,550	3,024
Miscellaneous assets and receivables	7	297,858	226,238	204,565
Income tax assets	8	331,375	135,942	75,291
Associates and joint ventures	9	67,817	60,939	55,261
Intangible assets	10	93,160	105,313	89,101
Investment property	11	85,375	77,359	75,954
Property, plant and equipment	12	195,541	178,855	266,781
Segregated funds assets	38	492,271	-	-
Total assets		**22,384,886**	**10,621,376**	**10,312,383**
LIABILITIES				
Accounts payable and accrued liabilities	13	293,782	198,581	207,435
Income tax liabilities	14	30,380	20,238	22,688
Investment contract liabilities	6	477,858	472,297	468,094
Reinsurance contract liabilities	6	14,800	31,446	35,828
Insurance contract liabilities	6	15,732,214	6,248,594	5,694,649
Deposit and security liabilities	15	2,950,430	2,182,271	1,996,373
Lease liabilities	16	37,987	33,294	32,836
Notes and loans payable	17	945,666	632,535	683,388
Other liabilities / retirement benefit liabilities	18	80,477	65,696	81,513
Insurance contract liabilities on account of segregated fund policyholders	38	492,271	-	-
Total liabilities		**21,055,865**	**9,884,952**	**9,222,804**
EQUITY				
Share capital	19	1,409	1,426	1,431
Share premium	19	725,029	734,922	737,114
Reserves	20	(73,417)	(115,441)	(71,086)
Retained earnings / (accumulated deficit)		317,913	(191,216)	(3,029)
Total shareholders' equity		970,934	429,691	664,430
Non-controlling interests		358,087	306,733	425,149
Total equity		**1,329,021**	**736,424**	**1,089,579**
Total liabilities and equity		**22,384,886**	**10,621,376**	**10,312,383**

These consolidated financial statements have been approved for issue by the Board of Directors on March 26, 2024.

Director　　　　　　　　　　Director

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

SAGICOR FINANCIAL COMPANY LTD.

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2023 and December 31, 2022 ***Amounts expressed in US $000***

	Note	2023	2022 (restated)
Insurance revenue	21	862,521	614,726
Insurance service expenses	21	(696,088)	(493,038)
Net expense from reinsurance contracts held	21	(95,227)	(37,163)
INSURANCE SERVICE RESULT		**71,206**	**84,525**
Gain / (loss) on derecognition of amortised cost investments	22	(9)	4,315
Gain / (loss) on derecognition of assets carried at FVTOCI	22	2,334	(685)
Interest income earned from financial assets measured at amortised cost and FVTOCI	22	224,121	178,659
Credit impairment recovery / loss)	22	(3,936)	(4,119)
Other investment income / (loss)	22	1,331,299	(454,203)
NET INVESTMENT INCOME / (EXPENSES)	22	**1,553,809**	**(276,033)**
Finance income / (expenses) from insurance contracts issued	22	(1,366,689)	343,907
Finance income / (expenses) from reinsurance contracts held	22	346,812	(21,555)
NET INSURANCE FINANCE INCOME / (EXPENSES)	22	**(1,019,877)**	**322,352**
NET INVESTMENT RESULT BEFORE SEGREGATED FUNDS		**533,932**	**46,319**
Net investment income / (expenses) for segregated funds	38	34,962	-
Finance income / (expenses) from insurance contracts issued for segregated funds	38	(34,962)	-
NET INVESTMENT RESULT FOR SEGREGATED FUNDS	38	-	-
TOTAL INVESTMENT RESULT		**533,932**	**46,319**
NET INSURANCE AND INVESTMENT RESULT		**605,138**	**130,844**
Gain arising on business combinations, acquisitions and divestitures	33	448,267	1,685
Fees and other income	23	117,712	147,823
Share of income of associates and joint ventures	9	7,656	6,106
Other operating expenses	24	(350,052)	(297,952)
Other interest and finance costs	25	(155,286)	(100,910)
INCOME / (LOSS) BEFORE TAXES		**673,435**	**(112,404)**
Income taxes	28	(89,202)	(20,739)
NET INCOME / (LOSS) FOR THE YEAR		**584,233**	**(133,143)**

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

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2023 and December 31, 2022 ***Amounts expressed in US $000***

	Note	**2023**	**2022** (restated)
NET INCOME / (LOSS) FOR THE YEAR		**584,233**	**(133,143)**
Net income / (loss) is attributable to:			
Common shareholders		532,061	(164,386)
Non-controlling interests	4.1	52,172	31,243
		584,233	(133,143)
Earnings per common share:			
Basic earnings per common share	30	374.0 cents	(115.0) cents
Fully diluted earnings per common share	30	367.0 cents	(115.0) cents

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

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

	Note	2023	2022 (restated)
NET INCOME / (LOSS) FOR THE YEAR		**584,233**	**(133,143)**
OTHER COMPREHENSIVE INCOME / (LOSS):			
Items net of tax that may be reclassified subsequently to income:	31		
Financial assets measured at FVTOCI:			
Gain / (loss) on revaluation		21,787	(81,902)
(Gain) / loss transferred to income		(2,790)	373
Retranslation of foreign currency operations		17,352	9,203
		36,349	**(72,326)**
Items net of tax that will not be reclassified subsequently to income:	31		
Gain arising on revaluation of owner-occupied property and owner-managed property		5,319	13,444
Gain / (loss) on defined benefit plans		(3,760)	8,856
Other items		34	-
		1,593	**22,300**
Other comprehensive income / (loss)		**37,942**	**(50,026)**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**622,175**	**(183,169)**
Total comprehensive income / (loss) is attributable to:			
Common shareholders		566,799	(211,394)
Non-controlling interests		55,376	28,225
		622,175	**(183,169)**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023 and December 31, 2022 ***Amounts expressed in US $000***

	Share Capital (note 19)	Share Premium (note 19)	Reserves (note 20)	Accumulated Deficit / Retained Earnings (restated)	Total Shareholders' Equity (restated)	Non-controlling Interests (restated)	Total Equity (restated)
2023							
Balance, December 31, 2022							
as previously reported	1,426	734,922	(115,441)	(191,216)	429,691	306,733	736,424
Tax impact on application of IFRS 17 (note 29)	-	-	-	12,375	12,375	12,424	24,799
Restated balance, January 1, 2023	1,426	734,922	(115,441)	(178,841)	442,066	319,157	761,223
Total comprehensive income	-	-	36,372	530,427	566,799	55,376	622,175
Transactions with holders of equity instruments:							
Allotment of common shares (note 19)	7	2,693	-	-	2,700	-	2,700
Repurchase of shares (note 19)	(24)	(12,539)	-	3,407	(9,156)	-	(9,156)
Movement in treasury shares	-	(47)	-		(47)	-	(47)
Changes in reserve for equity compensation benefits	-	-	450	671	1,121	111	1,232
Dividends declared (note 19)	-	-	-	(31,964)	(31,964)	(15,858)	(47,822)
Changes in ownership interest in subsidiaries	-	-	615	(758)	(143)	38	(105)
Transfers and other movements	-	-	4,587	(5,029)	(442)	(737)	(1,179)
Balance, December 31, 2023	1,409	725,029	(73,417)	317,913	970,934	358,087	1,329,021

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

	Share Capital (note 19)	Share Premium (note 19)	Reserves (note 20)	Retained Earnings / Accumulated Deficit	Total Shareholders' Equity	Non-controlling Interests	Total Equity
			(restated)	(restated)	(restated)	(restated)	(restated)
2022							
Balance, December 31, 2021							
as previously reported	1,431	737,114	(60,472)	455,897	1,133,970	532,243	1,666,213
Impact of initial application of IFRS 17	-	-	110,113	(661,226)	(551,113)	(158,915)	(710,028)
Impact of application of IFRS 9 policy choices as a result of IFRS 17 implementation	-	-	(120,727)	202,300	81,573	51,821	133,394
Restated balance, January 1, 2022	1,431	737,114	(71,086)	(3,029)	664,430	425,149	1,089,579
Total comprehensive loss	-	-	(47,376)	(164,018)	(211,394)	28,225	(183,169)
Transactions with holders of equity instruments:							
Allotment of common shares (note 19)	7	3,907	-	-	3,914	-	3,914
Repurchase of shares (note 19)	(12)	(6,095)	-	104	(6,003)	-	(6,003)
Movement in treasury shares	-	(4)	-	-	(4)	-	(4)
Changes in reserve for equity compensation benefits	-	-	399	(244)	155	64	219
Dividends declared (note 19)	-	-	-	(32,141)	(32,141)	(20,807)	(52,948)
Changes in ownership interest in subsidiaries	-	-	-	399	399	9,976	10,375
Disposal of interest in subsidiaries (note 33)	-	-	-	-	-	(136,918)	(136,918)
Transfers and other movements	-	-	2,622	7,713	10,335	1,044	11,379
Restated balance, December 31, 2022	1,426	734,922	(115,441)	(191,216)	429,691	306,733	736,424

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

SAGICOR FINANCIAL COMPANY LTD.

CONSOLIDATED STATEMENT OF CASHFLOWS

Year ended December 31, 2023 and December 31, 2022 ***Amounts expressed in US $000***

	Note	2023	2022
			(restated)
OPERATING ACTIVITIES			
Income / (loss) before taxes		673,435	(112,404)
Adjustments for non-cash items, interest and dividends	32	(672,749)	89,711
Interest and dividends received		592,104	447,579
Interest paid		(145,839)	(96,315)
Income taxes paid		(54,050)	(47,670)
Net change in investments and operating assets	32	(662,220)	(1,474,156)
Net change in operating liabilities	32	229,712	1,038,752
Net cash flows - operating activities		(39,607)	(154,503)
INVESTING ACTIVITIES			
Property, plant and equipment, net	32	(21,511)	(17,446)
Dividends received from associates and joint ventures		2,251	1,000
Intangible assets, net		(4,704)	(4,353)
Acquisition of subsidiaries, net of cash and cash equivalents	33	30,463	(17,113)
Proceeds on disposal of subsidiary, net of cash and cash equivalents	33	17	11,292
Net cash flows - investing activities		6,516	(26,620)
FINANCING ACTIVITIES			
Repurchase of common shares		(9,156)	(6,003)
Movement in treasury shares		(47)	(4)
Shares issued to non-controlling interests		(1,057)	903
Changes in ownership of subsidiaries		(1,364)	-
Notes and loans payable, net	32	308,105	(10,014)
Lease liability principal paid	32	(8,266)	(7,600)
Dividends paid to common shareholders		(31,991)	(32,151)
Dividends paid to non-controlling interests		(16,691)	(20,773)
Proceeds on disposal of interest in subsidiary	33	-	10,376
Net cash flows - financing activities		239,533	(65,266)
Effect of exchange rate changes		2,191	2,335
NET CHANGE IN CASH AND CASH EQUIVALENTS		208,633	(244,054)
Cash and cash equivalents, beginning of year		592,737	836,791
CASH AND CASH EQUIVALENTS, END OF YEAR	32	801,370	592,737

1. GENERAL INFORMATION

Sagicor Financial Company Ltd. (TSX: SFC, "Sagicor" or the "Company") is a leading financial services provider in the Caribbean, with over 180 years of history. SFC's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados.

On November 27, 2018, Sagicor Financial Corporation Limited ("SFCL") entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation, a special purpose acquisition company, pursuant to which on December 5, 2019, Alignvest acquired all of the issued and outstanding shares of SFCL by way of an Ontario court approved plan of arrangement and a Bermuda court approved scheme of arrangement. On closing, Alignvest Acquisition II Corporation changed its name to Sagicor Financial Company Ltd., whose operations continue as SFC, and owns 100% of the shares in the capital of SFCL.

The common shares and warrants of Sagicor are listed on the Toronto Stock Exchange and are traded under the symbols "SFC" and "SFC.WT" respectively. With the listing on the Toronto Stock Exchange, Sagicor Financial Corporation Limited's common shares, formerly listed on the London and Trinidad and Tobago Stock Exchanges, have ceased trading and have been delisted from the London and the Trinidad and Tobago Stock Exchanges. The former listing on the Barbados Stock Exchange has ceased trading.

Sagicor and its subsidiaries ("the Group") operate across the Caribbean, the United States of America (USA) and Canada. Details of Sagicor's holdings and operations are set out in note 4.

The principal activities of the Sagicor Group are as follows:
- Life and health insurance,
- Annuities and pension administration services,
- Banking and investment management services,

and its principal operating companies are as follows:
- Sagicor Life Inc (Barbados and Trinidad & Tobago),
- Sagicor Life Jamaica Limited (Jamaica),
- Sagicor Bank Jamaica Limited (Jamaica),
- Sagicor Life Insurance Company (USA),
- ivari (Canada).

The Group also underwrites property and casualty insurance.

For ease of reference, when the term "insurer" is used in the following notes, it refers to either one or more Group subsidiaries that engages in insurance activities.

These consolidated financial statements for the year ended December 31, 2023 have been approved by the Board of Directors on March 26, 2024. Neither the Company's owners nor others have the power to amend the financial statements after issue.

2. MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements are prepared in accordance with, and comply with, IFRS Accounting Standards (IFRS).

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

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

The Group has implemented the following new standard.

New IFRS effective January 1, 2023, applicable to the Group

IFRS 17 - Insurance Contracts

IFRS 17 - Insurance Contracts became effective January 1, 2023 and these financial statements reflect the changes introduced on adoption of this standard. On the implementation of IFRS 17 - Insurance Contracts, the Group elected to change the classification of certain of its financial assets which are accounted for under IFRS 9 - Financial Instruments.

The standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts. With the adoption of IFRS 17, the Group has elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). Refer to the IFRS 9 – Financial instruments ("IFRS 9") section for further details of changes in the application of this standard which was previously implemented by the Group on January 1, 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 are summarised below.

i. Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM unless the contract is onerous.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Group no longer applies shadow accounting to insurance-related assets and liabilities.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

New IFRS effective January 1, 2023, applicable to the Group (continued)

IFRS 17 - Insurance Contracts (continued)

i. Recognition, measurement and presentation of insurance contracts (continued)

PAA is mainly applied to short duration contracts where the policy's contract boundary is one year or less. This includes contracts, such as group life and health and general insurance business. Under PAA, insurance contracts are measured based on unearned premiums and the accounting is broadly similar to the Group's historical approach under IFRS 4. Contracts which are not eligible to be measured under the PAA are primarily measured under the GMM, unless the contracts have direct participating features and are measured under the VFA.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 2.3.

ii. Changes to presentation and disclosure

For presentation in the consolidated statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Previously, line items presented in the statement of financial position were:

- Reinsurance assets
- Actuarial liabilities, other policy liabilities, and investment contract liabilities, which comprised total policy liabilities

The line-item descriptions in the consolidated statement of income and other comprehensive income have been changed when compared with last year. Previously, the Group reported the following line items:

- Premium revenue
- Reinsurance premium expense
- Net premium revenue
- Policy benefits and change in actuarial liabilities
- Policy benefits and net change in actuarial liabilities reinsured
- Net policy benefits and net change in actuarial liabilities

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Income or expenses from reinsurance contracts held
- Finance income/ expense from insurance contracts issued
- Finance income/ expense from reinsurance contracts held

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

New IFRS effective January 1, 2023, applicable to the Group (continued)

IFRS 17 - Insurance Contracts (continued)

ii. Changes to presentation and disclosure (continued)

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Income and expenses from reinsurance contracts other than reinsurance finance income and expenses are now presented as a single net amount in net income / (loss). Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

iii. Transition

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The Group applied the full retrospective approach or the fair value approach in IFRS 17 to identify, recognise and measure certain groups of contracts at January 1, 2022. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied.

The Group considers the full retrospective approach impracticable for some contracts under the following circumstances:

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

- The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight.

The Group identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity.

IFRS 9 - Financial Instruments

IFRS 9 – Financial instruments ("IFRS 9") was previously implemented by the Group on January 1, 2018. The Group has restated prior periods to reflect changes in designation or classification of its financial assets held in respect of activities connected with contracts within the scope of IFRS 17 effective January 1, 2022 (see note 5.1). The Group recognised the difference between the previous carrying amount of those financial assets and the carrying amounts of those financial assets at the transition date in retained earnings.

The principal IFRS 9 accounting policies are described in note 2.10.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The Group has adopted the amendments to IFRS and IAS set out in the following tables.

Amendments to existing IFRS and IAS effective January 1, 2023

Standard	Description of amendment
IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. This standard has no material effect on the Group.
IAS 8 – Definition of accounting estimates	This amendment assists entities in distinguishing between accounting policies and accounting estimates. This standard has no material effect on the Group.
IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	This amendment assists preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements. This standard has no material effect on the Group.

Amendment to existing IAS effective immediately (issued May 2023)

Standard	Description of amendment
IAS 12 - International tax reform – pillar two model rules	This amendment gives entities temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD's) international tax reform. The amendment represents an exception to the requirements in IAS 12 whereby an entity does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. The Group has applied this exception.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

(a) 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 non-controlling 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.

Subsequent ownership changes in a subsidiary, without loss of control, are accounted for as transactions between owners in the statement of changes in equity.

Non-controlling interest balances represent the equity in a subsidiary not attributable to the Group’s interest.

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. For certain components of non-controlling interests, other IFRS may override the fair value option.

Non-controlling interest balances are subsequently re-measured by the non-controlling’s proportionate share of changes in equity after the date of acquisition.

(b) Sale of subsidiaries

On the sale of or loss of control of a subsidiary, the Group derecognises the related assets, liabilities, non-controlling interest and associated goodwill of the subsidiary. The Group reclassifies its share of balances of the subsidiary previously recognised in other comprehensive income either to income or to retained earnings as appropriate. The gain (or loss) on sale recorded in income is the excess (or shortfall) of the fair value of the consideration received over the derecognised and reclassified balances.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(c) Associates and joint ventures

The investments in associated companies, which are not majority-owned or controlled but where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in companies are accounted for as associates in instances when significant influence exists even though the shareholding may be less than 20%.

Investments in associate and joint venture companies are originally recorded at cost and include intangible assets identified on acquisition.

Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Assets of certain associates include significant proportions of investment property and financial instruments invested in investment property which are carried at fair value in accordance with the valuation procedures outlined in note 2.6.

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 and joint ventures are eliminated to the extent of the Group's interest.

The Group recognises in other comprehensive income, its share of post-acquisition other comprehensive income. The Group recognises an impairment of its net investment in an associate or a joint venture when there is objective evidence that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the associate's or joint venture's fair value less costs to sell and its value in use.

(d) Pension and investment funds

The Group has issued deposit administration and unit linked contracts in which the 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 manages segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these funds accrue directly to unit-holders. Consequently, the assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group has a significant holding in the fund. Where a significant holding exists, the Group either consolidates the assets, liabilities and activity of the fund and accounts for any non-controlling interest as a financial liability or accounts for the fund as an associate.

The Group issues certain segregated funds contracts which allow the policyholders to invest in segregated investment funds managed by the Group for their benefit. The policyholders bear the risks and rewards of the performance of the funds, however the underlying assets of the funds are owned by the Group. The underlying assets are recorded at fair value and the values are based on quoted market prices or, where quoted market prices are not readily available, on prevailing market prices for instruments with similar characteristics and risk profiles or by using internal or external valuation models with observable market-based inputs. The fair value of the net liabilities is set equal to the fair value of the net assets. Segregated funds net assets and net liabilities are presented as separate lines on the statement of financial position. The Group earns a fee for the management of these funds which is included in the determination of expected future cash flows.

(e) Employees share ownership plan (ESOP)

The Company has established an ESOP Trust, which either acquires Company shares on the open market, or is allotted new shares by the Company. The Trust holds the shares on behalf of employees until the employees' retirement or termination from the Group. Until distribution to employees, shares held by the Trust are accounted for as treasury shares. All dividends received by the Trust are applied towards the future purchase of Company shares.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations

Summary of material accounting policies for insurance contracts

(a) Summary of measurement approaches

The Group uses different measurement approaches, depending on the portfolio of contract issued, as follows:

Contracts Issued	Product Classification	Measurement Model
Traditional Life contracts	Insurance contracts	GMM
Universal Life contracts	Insurance contracts without direct participation features	GMM
Universal Life contract with direct participation features	Insurance contracts with direct participation features	VFA
Living Benefits	Insurance contracts	GMM / PAA
Participating life contracts	Insurance contracts without direct participation features	GMM
Single premium health and creditor life	Insurance contracts	GMM
Single premium group creditor	Insurance contracts	GMM
Group Life & Health	Insurance contracts	PAA for policies issued with coverage one year or less
Accumulation annuities, Payout annuities, Endowment without direct participation features	Insurance contracts without direct participation features	GMM
Variable endowments with direct participation features	Insurance contracts with direct participation features	VFA
General Insurance – Accident, Liability, Marine, Property, Motor	Insurance contracts	PAA for policies issued with coverage one year or less
Contracts within the segregated funds portfolio	Insurance contracts with direct participation features	VFA

For underlying direct insurance contracts measured under GMM or VFA, the corresponding reinsurance contract portfolios are measured using GMM. For underlying direct insurance contracts measured under PAA, the corresponding reinsurance contract portfolios are measured using PAA.

(b) Definition and classification

The Group issues insurance contracts that transfer significant insurance 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. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. 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.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and are not treated as insurance contracts.

Certain life policies issued by the Group contain direct participation features such as universal life contracts with direct participation features and variable endowments with direct participation features which entitle the policyholder to receive additional payments, supplementary to the main insurance benefit. Policy bonuses and policy dividends, together with residual gains in the participating accounts constitute direct participation features. The Group accounts for these contracts under IFRS 17.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(b) Definition and classification (continued)

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. Contracts within the Segregated Funds portfolio also meet these criteria for insurance contracts with direct participation features (see note 2.3 (j)).

The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract considers all cash flows within the boundary (see note 2.3 (d)).

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. Investment components in some Universal Life and Indexed Deferred Annuities comprise policyholder account values less applicable surrender fees. The Group uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee.

All other insurance contracts originated by the Group are without direct participation features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these consolidated financial statements apply to insurance and reinsurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

(c) Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(c) Unit of account (continued)

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

1. contracts that are onerous at initial recognition;
2. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
3. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. Expected profitability is determined at the contract level, unless the Group has reasonable and supportable information to assess profitability at a higher level. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For contracts measured under the GMA and VFA models, the Group develops rates or prices for the range of insurance contracts that may be issued under a given product form. Rates would typically be intended to result in similar levels of profitability across all insurance contracts issued.

Generally, for contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Similar to the treatment of the direct (underlying) contracts, the Group divides reinsurance contracts held into contracts with similar insurance risk. The risks for reinsurance contracts in the life business are mortality, morbidity, hybrid and longevity risks which correspond to portfolios of direct contracts. The hybrid risk for reinsurance contracts refers to treaties that cover both mortality and lapse benefits and therefore have more than one type of risk. The Group manages all reinsurance treaties on the same basis as it does for line of business reporting described above for direct contracts. Applying the grouping requirements to reinsurance contracts held, the Group's policy is to aggregate reinsurance contracts held concluded within a calendar year (annual cohorts) into groups limited to reinsurance contracts arising from a single treaty. IFRS 17 requires that reinsurance contracts be placed in groups of:

1. contracts for which there is a net gain at initial recognition, if any;
2. contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
3. remaining contracts in the portfolio, if any.

Transition approaches that were applied by the Group on adoption of IFRS 17 with respect to contracts aggregation requirements are included in note 3.1.7.

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

1. cash flows relating to embedded derivatives that are required to be separated;
2. cash flows relating to distinct investment components; and
3. promises to transfer distinct goods or distinct services other than insurance contract services.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(c) Unit of account (continued)

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation of insurance contracts.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

1. the beginning of the coverage period;
2. the date when the first payment from the policyholder is due or actually received, if there is no due date; and
3. when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination within the scope of IFRS 3 or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer. This treatment is applicable on a going forward basis and not retrospectively.

Groups of reinsurance contracts are recognised at the earlier of:

1. The beginning of the coverage period; and
2. The date at which an onerous group of underlying contracts was recognised if it entered into the reinsurance before that date.

For proportionate contracts, recognition is delayed until the date when the underlying insurance contract is initially recognised, if that date is after the beginning of the coverage period of the group of reinsurance contracts held. Most life reinsurance treaties are proportionate and are entered into on or before the underlying contracts are recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

Insurance and reinsurance contracts are derecognised when they are:

1. extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
2. the contract is modified, and additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   i. is not within the scope of IFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts.

b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition.

c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(c) Unit of account (continued)

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
   i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
   ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
   iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and
c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to net income / (loss):

a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(d) Measurement

Groups of insurance contracts are recognised and measured as the total of the following measurement components:

a) Fulfilment cash flows which comprise:

   - the present value of future cash flows (including the provisions of financial risk), and
   - the risk adjustment for non-financial risk; and

b) A CSM, representing the unearned profit that will be recognised in income as insurance contract services are provided.

   Under the PAA, insurance contracts are measured based on unearned profits and do not include a CSM.

These measurement components are outlined below, along with insurance acquisition costs which are allocated to groups of contracts.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(d) Measurement (continued)

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a) represent a probability-weighted mean of the full range of possible outcomes;
b) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to note 3.1.3.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows reflect the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b) both of the following criteria are satisfied:
    - the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
    - the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(d) Measurement (continued)

Contract boundary (continued)

With the exception of contracts that change character, referred to in the discussion below, the Group does not have any contracts where it has the right to reassess the risk or to terminate unilaterally at an individual contract level. For certain universal life and health insurance contracts, the Group has the right to reset premiums to reflect expected experience for the product.

However, the Group does not have the right to reprice at the portfolio level as, within a portfolio, it aggregates contracts with the right to reprice, with contracts for which it does not have the right to reprice.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary. Some insurance contracts issued by the Group provide policyholders with an option to alter the nature of the contract by exchanging one contract for another, for example, a term life contract being exchanged for a permanent contract or a deferred annuity contract being exchanged for a payout annuity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if the related cash flows are within or outside the insurance contract boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary for the Group's life proportional treaties aligns with the notice period where the treaty provides for termination resulting in a series of reinsurance contracts related to that treaty all with the contract boundary equal to the notice period. Any direct contract written and ceded during the period covered by the contract boundary becomes an underlying contract for the reinsurance contract. Cash flows falling within the contract boundary will be determined in relation to the cash flows arising from the direct (underlying) contracts. Since most treaties cover the direct contracts, as long as the direct contracts are in force, the associated cash flows will be projected for the life of the direct contracts.

The excess of loss reinsurance contracts held provide coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(d) Measurement (continued)

Insurance acquisition costs (continued)

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17.

Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

The recoverability assessment is performed in two steps, as follows:

1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;

2. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 3.1.4.

(e) Initial measurement – Groups of contracts not measured under the PAA

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) and arises from:

a) the initial recognition of the FCF;
b) cash flows arising from the contracts in the group at that date; and
c) the derecognition of any insurance acquisition cash flows asset.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(e) Initial measurement – Groups of contracts not measured under the PAA (continued)

Contractual service margin (continued)

A loss from onerous insurance contracts is recognised in net income / (loss) immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised (refer to the “Onerous contracts – Loss component” section in (f) Subsequent measurement – Groups of contracts not measured under the PAA).

For groups of reinsurance contracts held, any net gain or net cost at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in net income / (loss). For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

a) the initial recognition of the FCF; and
b) cash flows arising from the contracts in the group at that date;
c) any income recognised in net income / (loss) when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (c) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

For insurance contracts acquired in a portfolio transfer or a business combination within the scope of IFRS 3, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a) the initial recognition of the FCF; and
b) cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

(f) Subsequent measurement – Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a) the LRC, comprising:
   - the FCF related to future service allocated to the group at that date; and
   - the CSM of the group at that date; and
b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a) the asset for remaining coverage, comprising:
   - the FCF related to future service allocated to the group at that date; and
   - the CSM of the group at that date; and
b) the asset for the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a) changes that relate to current or past service are recognised in net income / (loss); and
b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
b) changes in estimates of the present value of future cash flows in the LRC, except differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
c) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (c) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b) changes in the FCF relating to the LIC;
c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

a) changes in the amount of the Group's share of the fair value of the underlying items; and
b) changes in the FCF that do not vary based on the returns of underlying items:
    i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
    ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes;
    iii. changes in estimates of the present value of future cash flows in the LRC.
    iv. differences between loans to a policyholder expected to become repayable in the period and the actual loan to a policyholder that becomes repayable in the period; and
    v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii)-(v) are measured using the current discount rates.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
b) changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the FCF relating to the LIC; and
   ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
   iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.
b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

The Group prepares consolidated financial statements on a quarterly basis. The Group has elected to treat every quarter as a discrete interim reporting period, and estimates made by the Group in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

The Group does not publish interim financial statements for the last quarter in the year. If an estimate reported in the previous quarter changes significantly in the fourth quarter, the nature and amount of such changes are disclosed in the annual statements.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.
b) Interest accreted on the carrying amount of the CSM.
c) Income recognised in the statement of income when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
f) The amount recognised in net income / (loss) for insurance contract services received during the period, determined after all other adjustments above.

Income referred to in (c) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using an average discount rate determined at initial recognition that is applied to nominal cash flows that do not vary based on the returns of underlying items. The discount rate used for accretion of interest on the CSM is determined using the top-down approach. The locked-in discount rate for a group is determined as the average of the discount rates applied at the beginning and ending of each period.

Adjusting the CSM for changes in the FCF relating to future service

Under the GMM, the CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the 'Changes in fulfilment cash flows' section earlier.

Release of the CSM to net income / (loss)

The amount of the CSM recognised in net income / (loss) for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA. The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Group expects these amounts to include an investment return that is achieved by the Group by performing investment activities to generate that investment return.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

Release of the CSM to net income / (loss) (continued)

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a) the quantity of benefits provided by contracts in the group;
b) the expected coverage period of contracts in the group; and
c) the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. For investment-return and investment-related services, policyholders' account values are used to determine the quantity of benefits provided.

The Group determines coverage units as follows:

Product	**Coverage Units**
Traditional Life contracts	Sum insured
Universal Life contracts	Sum insured plus fund value; and net amount at risk plus fund value
Universal Life contract with direct participation features	Sum insured plus fund value
Living Benefits	Sum insured
Participating life contracts	Sum insured plus dividend value
Single premium health and creditor life	Sum insured
Single premium group creditor	Sum insured / maximum benefit
Accumulation annuities, Payout annuities, Endowment without direct participation features	Greater of maturity benefit or sum insured and Payout for Payout annuities
Variable endowments with direct participation features	Sum insured plus fund value
Term life	Sum insured
Whole life	Sum insured
Critical illness	Sum insured
Segregated funds	Greater of current account value and respective minimum guaranteed value

The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items, except for contracts measured under the VFA which use the current discount rate.

For reinsurance contracts held, the CSM is released to net income / (loss) as insurance contract services are received from the reinsurer in the period. The coverage period for these reinsurance contracts is determined based on the coverage period of all underlying contracts for which cash flows are included in the reinsurance contract boundary. Refer to the 'Contract boundary' section in note 2.3 (d) above.

Onerous contracts – Loss component

When negative adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

Onerous contracts – Loss component (continued)

When negative adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a) expected incurred claims and other liability and other directly attributable expenses for the period;
b) changes in the risk adjustment for non-financial risk for the risk expired; and
c) finance income / (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF relating to the future in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Subsequent increases in FCF are allocated in relation to the entity's share of the fair value of the underlying items. Increases in the FCF relating to the future in subsequent periods increase the loss component.

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, a loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held. The loss-recovery component results in an amount immediately recognised within the statement of income within the net income / (expense) from reinsurance contracts held.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

(g) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Group has determined that contracts within the General Insurance and the Group Life and Health lines of business (with the exception of the Single premium group creditor products) almost always have a coverage period of one year or less and are therefore automatically eligible for PAA. Where contracts measured under the PAA have a coverage period of more than one year, the Group expects that the LRC under PAA will not be materially different from what would be expected using the GMM.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a) the LRC; and
b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(g) Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group has elected not to discount the cash flows within the LIC for certain groups of contracts where the cash flows are expected to be paid within a year of the date on which the claim is incurred. For all groups of contracts, the Group includes an explicit risk adjustment for non-financial risk.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a) the asset for remaining coverage; and
b) the asset for incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For non-onerous insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a) increased for premiums received in the period;
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a) increased for ceding premiums paid in the period;
b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. The Group will reflect non-performance of reinsurers where it holds a net asset for the reinsurance treaty or where the reinsurance treaty does not provide the right of offset of amounts due from reinsurers against amounts due to reinsurers.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA. For contracts measured under the PAA and GMM, the LIC is measured similarly. Future cash flows are adjusted for the time value of money.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined using a methodology similar to the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined using a methodology similar to the GMM relating to the future service and the carrying amount of the LRC without the loss component.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in net income / (loss) and a loss-recovery component is established or adjusted for the amount of income recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(g) Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)

The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

(h) Amounts recognised in the statement of income within the insurance service result

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:

  a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
     i. amounts allocated to the loss component;
     ii. repayments of investment components and policyholder rights to withdraw an amount;
     iii. insurance acquisition expenses; and
     iv. amounts related to the risk adjustment for non-financial risk (see (b));

  b) changes in the risk adjustment for non-financial risk, excluding:
     i. changes included in insurance finance income / (expenses);
     ii. changes that relate to future coverage (which adjust the CSM); and
     iii. amounts allocated to the loss component; and

  c) amounts of the CSM recognised for the services provided in the period.

In-period cash flow variances would go through CSM if they are investment component, premium experiences not related to past service, or policy loan cash flow variances.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the applicable coverage units of each group. For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

a) incurred claims and benefits, excluding investment component and policy loans, reduced by loss component allocations;
b) insurance acquisition cash flows amortisation;
c) changes that relate to past service – changes in the FCF relating to the LIC; and
d) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
e) insurance acquisition cash flows assets impairment net of reversals.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(h) Amounts recognised in the statement of income within the insurance service result (continued)

Insurance service expenses (continued)

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of income.

Net income / (expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a) reinsurance expenses;
b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
c) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
d) effect of changes in the risk of reinsurers' non-performance; and
e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts;
    ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
    iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses (ceding premiums) are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

For contracts measured under the GMM, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
    i. amounts allocated to the loss-recovery component;
    ii. amounts related to the risk adjustment for non-financial risk (see (b));
b) changes in the risk adjustment for non-financial risk, excluding:
    i. changes included in finance income / (expenses) from reinsurance contracts held;
    ii. changes that relate to future coverage (which adjust the CSM); and
    iii. amounts allocated to the loss-recovery component;
c) amounts of the CSM recognised for the services received in the period; and
d) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part ceding premiums (reinsurance expenses). Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(h) Amounts recognised in the statement of income within the insurance service result (continued)

Premium taxes

Premium taxes (i.e., transaction-based taxes) are cash flows within the boundary of an insurance contract and relate directly to the fulfilment of the insurance contract.

(i) Amounts recognised in the statement of income within net insurance finance income / expenses

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance and reinsurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money; and
b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a) interest accreted on the FCF and the CSM; and
b) the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a) interest accreted on the LIC; and
b) the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group includes all insurance finance income or expenses for the period in net income / (loss) (that is, the profit or loss option (the PL option) is applied.

(j) Segregated funds contracts

Segregated funds contracts provide minimum death, withdrawal and maturity value guarantees to the policyholders. The liabilities associated with these guarantees are included in insurance contract liabilities on account of segregated funds policyholders. See note 2.3 (b).

2.4 Foreign currency translation

(a) <u>Functional and presentational currency</u>

Items included in the financial statements of each reporting unit of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). A reporting unit may be an individual subsidiary, a branch of a subsidiary or an intermediate holding company group of subsidiaries.

The consolidated financial statements are presented in thousands of United States dollars, which is the Group's presentational currency.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Reporting units

The results and financial position of reporting units that have a functional currency other than the Group's presentational currency are translated as follows:

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

Currencies which are pegged to the United States dollar are converted to the United States dollar by reference to the pegged rates. Currencies which float are converted to the United States dollar by reference to the average of buying and selling rates quoted by the respective central banks. Exchange rates of the other principal operating currencies to the United States dollar are set out in the following table.

Currency exchange rate of US $1.00:	**2023 Closing Rate**	**2023 Average Rate**	**2022 Closing Rate**	**2022 Average Rate**
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	1.3226	1.3658	1.3492	1.2923
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	154.2680	153.5318	151.0082	153.2954
Trinidad & Tobago dollar	6.7158	6.7396	6.7414	6.7402

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recorded in other comprehensive income. On the disposal or loss of control of a foreign entity, such exchange differences are transferred to income.

Goodwill and other intangible assets recognised on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the rate ruling on December 31.

(c) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, which result from the settlement of foreign currency transactions and from the retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Non-monetary assets and liabilities are maintained at the transaction rates of exchange.

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

Insurance contracts are monetary items which may give rise to foreign exchange differences. The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Group has chosen to present the resulting foreign exchange differences within the line item 'Fees and other income'.

Non-monetary assets and liabilities are maintained at the transaction rates of exchange.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Transactions and balances (continued)

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

2.5 Segments

Reportable operating segments have been defined in accordance with performance and resource allocation decisions of the Group's Chief Executive Officer.

2.6 Investment property

Investment property consists of freehold lands 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 as determined by independent valuation, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property.

Investment property includes property partially owned by the Group and held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows.

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 and any difference with carrying value at the date of change in use is dealt with in accordance with note 2.7.

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 an owner-occupied property.

Rental income is recognised in accordance with note 2.11 (a).

2.7 Property, plant and equipment

Property, plant and equipment are recorded initially at cost. Subsequent expenditure is capitalised when it will result in future economic benefits to the Group.

Owner-occupied properties and owner-managed hotel properties are re-valued at least every three years to their fair value as determined by independent valuation. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date. Revaluation of a property may be conducted more frequently if circumstances indicate that a significant change in fair value has occurred. Movements in fair value are reported in other comprehensive income, unless there is a cumulative depreciation in respect of an individual property, which is then recorded in income. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset.

Owner-occupied properties include property held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

The Group, as lessor, enters into operating leases with third parties to lease certain property, plant and equipment. Income from these activities is recognised in accordance with note 2.11(a) in accordance with IFRS 16 - Leases.

Depreciation is calculated on the straight-line method to write down the cost or fair value of property, plant and equipment to residual value over the estimated useful life. Estimated useful lives are reviewed annually and are as follows:

Asset	Estimated useful life
Owner-occupied buildings	40 to 50 years
Owner-managed hotel buildings	40 to 50 years
Furnishings and leasehold improvements	2 to 10 years, or lease term
Computer and office equipment	1 to 10 years
Vehicles	4 to 5 years
Right-of-use assets	1.5 to 12 years

Lands are not depreciated.

An impairment loss is recognised for the amount by which an asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

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

2.8 Intangible assets

(a) Goodwill

Goodwill (defined in note 2.2(a)) arising from an acquisition of a subsidiary or insurance business is allocated to appropriate cash generating units which are defined by the Group’s operating segments. Goodwill arising in a reportable operating segment is allocated to that segment. Goodwill arising in a Group entity, which is not within a reportable operating segment, is allocated to that entity’s own operations, or, if that entity is managed in conjunction with another Group entity, to their combined operations.

Goodwill arising from an investment in an associate is included in the carrying value of the investment.

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

On the disposal of a subsidiary or insurance business, the associated goodwill is derecognised and is included in the gain or loss on disposal. On the disposal of a subsidiary or insurance business forming part of a reportable operating segment, the proportion of goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

(b) Other intangible assets

Other intangible assets identified on acquisition are recognised only if future economic benefits attributable to the asset will flow to the Group and if the fair value of the asset can be measured reliably. In addition, for the purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

(b) Other intangible assets (continued)

legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value. Other intangible assets, which have been acquired directly, are recorded initially at cost.

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

Class of intangible asset	Asset	Estimated useful life
Customer-related	Customer relationships	5 to 20 years
	Broker relationships	10 years
	Trade names	10 years
Contract-based	Licences	15 years
Technology-based	Software	2 to 5 years

2.9 Real estate developed or held for resale

Lands being made ready for resale along with the cost of infrastructural works are classified as real estate held for resale and are stated at the lower of carrying value and fair value less costs to sell. Real estate acquired through foreclosure is classified as real estate held for resale and is stated at the lower of carrying value and fair value less costs to sell.

Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

2.10 Financial investments

(a) Classification of financial assets

The Group utilises a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortised cost based on the nature of the cash flows of these assets and the Group's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at 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 are recognised when the Group becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

(b) 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial investments (continued)

(b) Classification of debt instruments (continued)

Therefore, in order to determine the appropriate basis, the following methods may be used:

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

- *Solely payments of principal and interest ("SPPI")*

Where the business model is 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 represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

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

Measured at amortised cost

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

Measured at fair value through other comprehensive income (FVTOCI)

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

Measured at fair value through profit and loss (FVTPL)

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

- where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, or the debt instruments meet the "SPPI" criteria but fail to meet the criteria for amortised cost or FVTOCI based on the business model assessment, the debt instruments are classified and measured at FVTPL; and

- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit-taking.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

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

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

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

To determine whether the lifetime 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 default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment, are considered in determining whether there has been a significant increase in the credit risk of the borrower.

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

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. These 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 origination of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these assets is always measured on a lifetime basis.

At each reporting date, the Group shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Group will recognise favourable changes in lifetime expected credit losses as an impairment gain, the gain occurs when the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

(e) Definition of default

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

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

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

(f) Write-off

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(g) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

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

Measurement

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

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2018, the historical period for such review is limited. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling, and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage pre-January 1, 2018 processes for estimating losses on impaired loans, however, these processes will be updated as experience develops, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

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

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 expected lifetime losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

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

Forward-looking information

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

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

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

(i) 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 the new terms are substantially different from 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.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- 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 the 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.

(j) Reclassified balances

The Group reclassifies debt instruments when and only where its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

(k) Classification of equity instruments

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(l) Embedded derivatives

The Group may hold debt securities and preferred equity securities which may contain embedded derivatives. The embedded derivative of a financial asset is classified in the same manner as the host contract.

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

Financial instruments measured at FVTPL

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

Financial instruments measured at amortised cost

- Interest income is included in interest income earned from financial assets measured at amortised cost in the consolidated statement of income.
- Credit impairment losses are presented in the consolidated statement of income.
- Gain or loss on derecognition of debt instruments is presented in the consolidated statement of income.

Financial instruments measured at FVTOCI

- Interest income is included in interest income earned from financial assets measured at FVTOCI in the consolidated statement of income.
- Credit impairment losses are presented in the consolidated statement of income.
- Unrealised gains and losses arising from changes in fair value are presented in OCI.
- On derecognition, the cumulative fair value gain or loss is transferred from OCI and is presented in the consolidated statement of income.

Equity securities measured at FVTOCI

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

2.11 Leases

(a) Leases held as lessor

The Group holds finance leases with third parties to lease assets. Finance leases are leases in which the Group has transferred substantially the risks of ownership to the lessee. The finance lease, net of unearned finance income, is recorded as a receivable and the finance income is recognised over the term of the lease using the effective yield method. Impairment of finance lease receivables is measured in accordance with the requirements for amortised cost debt instruments.

The Group holds operating leases primarily for the rental of investment property and certain owner-occupied property. The Group recognises revenue from these activities on a straight-line basis or on another systematic basis if that basis is more representative of the pattern of use of the underlying asset.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.11 Leases (continued)

(b) Leases held as lessee

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

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

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

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

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

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

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

At the commencement date, the Group measures the lease liability as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases in the 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.

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.11 Leases (continued)

(b) Leases held as lessee (continued)

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

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

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

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

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

2.12 Financial liabilities

During the ordinary course of business, the Group issues investment contracts or otherwise assumes financial liabilities that expose the Group to financial risk.

Classification

Financial liabilities are measured at initial recognition at fair value and are classified as or subsequently measured either at amortised cost, or at fair value through income (FVTPL). Financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Unit linked deposit administration contracts and derivative financial liabilities (note 2.13) are carried at FVTPL. All other financial liabilities are carried at amortised cost. It is noted that the financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

The recognition and measurement of the Group's principal types of financial liabilities are disclosed in note 2.3 (a) to (j) and in the following paragraphs.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.12 Financial liabilities (continued)

(a) Securities sold for repurchase

Securities sold for repurchase are treated as collateralised financing transactions and are recorded at the amount at which the securities were sold. Securities sold subject to repurchase are not derecognised but are treated as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the agreements using the effective yield method.

The liability is extinguished when the obligation specified in the contract is discharged, assigned, cancelled or has expired.

(b) Deposit liabilities

Deposits are recognised initially at fair value and are subsequently stated at amortised cost using the effective yield method.

(c) 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 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 notes or loans payable. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities.

(d) Fair value

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

(e) Presentation in the statement of income

For notes and loans payable measured at amortised cost, the associated interest is included in finance costs.

For deposit and security liabilities measured at amortised cost, the associated interest expense is included within interest costs.

For financial liabilities measured at FVTPL, the associated interest and fair value changes are included in interest costs.

2.13 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 financial statement date. 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. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities (continued)

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking various hedging transactions. The Group also documents its assessments, 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 other comprehensive income; and are transferred to the statement of income when the forecast cash flows affect income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses from changes in the fair value of derivatives that do not qualify for hedge accounting are included in net investment income or interest costs

2.14 Offsetting financial instruments

Financial assets and financial 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 realise the asset and settle the liability simultaneously.

2.15 Presentation of current and non-current assets and liabilities

In note 36.5, the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in notes 7 to 12, 14, 15, 18 and 28 are non-current unless otherwise stated in those notes.

2.16 Employee benefits

(a) Pension benefits

Group companies have various pension schemes in place for their employees. Some schemes are defined benefit plans and others are defined contribution plans.

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

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

For defined contribution plans, the Group pays contributions to the pension schemes on a mandatory or contractual basis. Once paid, the Group has no further payment obligations. Contributions are recognised in income in the period in which they are due.

Where a minimum funding requirement exists, the Group assesses the obligation, to determine whether the additional contributions would affect the measurement of the defined benefit asset or liability.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

(b) Other retirement benefits

Certain Group subsidiaries provide supplementary health 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 an accounting methodology similar to that 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 and retained earnings or non-controlling interest in the period in which they arise.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on various profit and other objectives of the Group or of individual subsidiaries. An accrual is recognised where there are contractual obligations or where past practice has created a constructive obligation.

(d) Equity compensation benefits

The Group has a number of share-based compensation plans in place for administrative, sales and managerial staff.

(i) Equity-settled share-based transactions with staff

The services received in an equity-settled transaction with staff are measured at the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

If the equity instruments granted vest immediately and the individual is not required to complete a further period of service before becoming entitled to those instruments, the services received are recognised in full on grant date in the income statement for the period, with a corresponding increase in equity.

Where the equity instruments do not vest until the individual has completed a further period of service, the services received are expensed in the income statement during the vesting period.

Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. At each reporting financial statement date, the Group revises its estimates of the number of instruments that are expected to vest based on the non-marketing vesting conditions and adjusts the expense accordingly.

Amounts held in the reserve for equity compensation benefits are transferred to share capital or non-controlling interest either on the distribution of share grants or on the exercise of share options.

The grant by the Company of its equity instruments to employees of Group subsidiaries is treated as a capital contribution in the financial statements of the subsidiary. The full expense relating to the grant is recorded in the subsidiary's income statement.

(ii) Cash-settled share-based transactions with staff

The services received in a cash-settled transaction with staff and the liability to pay for those services, are recognised at fair value as the individual renders service. Until the liability is settled, the fair value of the liability is re-measured at the date of the financial statements and at the date of settlement, with any changes in fair value recognised in income during that period.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

(d) Equity compensation benefits (continued)

(iii) Measurement of the fair value of equity instruments granted

The equity instruments granted consist either of grants of, or options to purchase common shares of listed entities within the Sagicor group. For common shares granted, the listed price prevailing on the grant date determines the fair value. For options granted, the fair value is determined by reference to the Black-Scholes valuation model, which incorporates factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

(e) 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 redundancy. Benefits falling due more than twelve months after the date of the financial statements are discounted to present value.

2.17 Taxes

(a) Premium taxes

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rates of tax are summarised in the following table.

Premium tax rates	Life insurance and non-registered annuities	Health insurance	Property and Casualty insurance
Barbados	3% - 6%	4%	4% - 4.75%
Jamaica	Nil	Nil	Nil
Trinidad & Tobago	Nil	Nil	Nil
Canada	2% - 5%	2% - 5%	Nil
United States of America	0.75% - 3.5%	Nil	Nil

Premium tax is recognised in the insurance service result in the consolidated statement of income. See note 2.3(h).

(b) Asset tax

The Group is subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit-taking institutions, and is 0.25% of adjusted assets held at the end of the year. In Barbados, the asset tax is levied on insurance, deposit-taking institutions and credit unions and is 0.35% of adjusted assets held at the end of a period. Taxes are accrued monthly.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

2. MATERIAL ACCOUNTING POLICIES (continued)

2.17 Taxes (continued)

(c) Income taxes

The Group is subject to taxes on income in the jurisdictions in which business operations are conducted. Rates of taxation in the principal jurisdictions for the current year are set out in the next table.

Income tax rates	Life insurance and non-registered annuities	Registered annuities	Other lines of business
Barbados	2% of profit before tax	2% of profit before tax	2% of profit before tax
Jamaica	25% of profit before tax	Nil	25% - 33.33% of profit before tax
Trinidad & Tobago	15% (deductions granted only in respect of expenses pertaining to long-term business investment income)	Nil	30% of net income
Canada	25.86% of net income	25.86% of net income	25.86% of net income
United States of America	21% of net income	Nil	Nil

(i) Current income taxes

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

(ii) Deferred income taxes

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to do so and they relate to the same entity. Deferred tax, related to fair value re-measurement of FVTOCI investments and cash flow hedges which are recorded in other comprehensive income, is recorded in other comprehensive income and is subsequently recognised in income together with the deferred gain or loss.

2.18 Other liabilities / Retirement benefit liabilities

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

2.19 Common shares

In exchange for consideration received, the Company has issued common shares that are classified as equity. Incremental costs directly attributable to the issue of common shares are recorded in share capital as a deduction from the share issue proceeds.

Where a Group entity purchases the Company's common shares, the consideration paid, including any directly attributable cost, is deducted from share capital and is recorded as treasury shares. Where such shares are subsequently sold to a third party, the deduction from share capital is reversed, and any difference with net consideration received is recorded in retained earnings.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.19 Common shares (continued)

On the declaration by the Company's directors of common share dividends payable, the total value of the dividend is recorded as an appropriation of retained earnings.

2.20 Statutory reserves

Statutory reserves are established when regulatory accounting requirements result in lower distributable profits or when an appropriation of retained earnings is required or permitted by law to protect policyholders, insurance beneficiaries or depositors.

2.21 Premium / (discount) paid on repurchase of shares

The premium / (discount) paid on repurchase of shares is recorded directly in retained earnings.

2.22 Interest income and interest expense

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that are purchased, originated or 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. Dividend income is recorded when declared.

2.23 Fees and other income

The Group earns fee income from:

- the management and administration of third-party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans);
- the provision of corporate finance, stockbroking, trust and related services.

Other income includes:

- rental income from owner-occupied property;
- foreign exchange gains / (losses).

<u>Service contract income</u>

Income from service contracts includes management and administrative fees. These service contracts generally impose single-performance obligations, each consisting of a series of similar related services to the customer. The Group's performance obligations within these service arrangements are generally satisfied over time as the customers simultaneously receive and consume contracted benefits.

Income from service contracts with customers is recognised when or as the Group satisfies the performance obligation. For obligations satisfied over time, income is recognised monthly or over the applicable period. For performance obligations satisfied at a point in time, service contract income is recognised at that point in time.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

2. MATERIAL ACCOUNTING POLICIES (continued)

2.24 Cash flows

The following classifications apply to the cash flow statement.

Cash flows from operating activities consist of cash flows arising from revenues, benefits, expenses, taxes, operating assets and operating liabilities. Cash flows from investing activities consist of cash flows arising from long-term tangible and intangible assets to be utilised in the business and in respect of changes in subsidiary holdings, insurance businesses, and associated company and joint venture investments. Cash flows from financing activities consist of cash flows arising from the issue, redemption and exchange of equity instruments and notes and loans payable and from equity dividends payable to holders of such instruments.

Cash and cash equivalents comprise:

- cash balances,
- call deposits,
- money market funds,
- other liquid balances with maturities of three months or less from the acquisition date, less
- bank overdrafts which are repayable on demand.

Cash equivalents are subject to an insignificant risk of change in value and excludes restricted cash.

2.25 Future accounting developments and reporting changes

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

Amendments	Subject / Comments
IAS 1 – Liabilities as current or non-current, effective January 1, 2024	In January 2020, the IASB made amendments to IAS 1 'Presentation of financial statements' to clarify the criteria for classifying a liability as non-current. These are to be applied retroactively. The impact of this standard on the Group is currently being analysed.
IAS 1 – Non-current liabilities with covenants, effective January 1, 2024	In November 2022, the IASB made further amendments to IAS 1 'Presentation of financial statements' which aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The impact of this standard on the Group is currently being analysed.
IFRS 16 – Leases on sale and leaseback, effective January 1, 2024	In September 2022, the IASB made amendments to IFRS 16 to explain how an entity should account for the lease liability in a sale and leaseback transaction after the transaction date. Sale and leaseback transactions most likely to be impacted are those where some or all of the lease payments are variable lease payments that do not depend on an index or rate. The amendments require that the entity does not recognise any gain or loss that relates to the right of use it retains. However, any gain or loss on partial or full termination of the lease may be recognised in the income statement. These amendments are to be applied retroactively. This standard will have no material effect on the Group.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

2. MATERIAL ACCOUNTING POLICIES (continued)

2.25 Future accounting developments and reporting changes (continued)

Amendments	Subject / Comments
IAS 7 and IFRS 7 – Supplier finance, effective January 1, 2024 (with transitional reliefs in the first year)	In May 2023, these amendments were issued to improve the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk, in view of investors' and analysts' concerns that the supplier finance arrangements of some entities are not sufficiently visible. This standard will have no material effect on the Group.
IAS 21 – Lack of exchangeability – effective January 1, 2024	In August 2023, the IASB made amendments to IAS 21 to assist entities in the determination of whether a currency is exchangeable in another currency and to outline requirements entities would need to apply when a currency is not exchangeable into another currency at a measurement date for a specified purpose. This standard will have no material effect on the Group.
IFRS S1 – General requirements for the disclosure of sustainability-related financial information – effective January 1, 2024 (subject to endorsement of the standard by local jurisdictions)	In June 2023, the IASB issued IFRS S1 which includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this standard on the Group is currently being analysed.
IFRS S2 – Climate-related disclosures – effective January 1, 2024 (subject to endorsement of the standard by local jurisdictions)	In June 2023, the IASB issued IFRS S2 which sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this standard on the Group is currently being analysed.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, income and other comprehensive income. The items which may have the most effect on the Group's financial statements are set out below.

3.1. Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the group is managed.

Contracts not measured under PAA

3.1.1 Areas of Judgement

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts not measured under PAA are described in subsequent notes.

Definition and classification

- Whether contracts are within the scope of IFRS 17.
- For contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group is required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts. The following contracts issued by the Group are considered:
    - Insurance contracts with discretionary participation features, for which the Group applies significant judgement in the determination of whether contracts meet the definition of investment contracts with discretionary participation features.
    - Insurance contracts with direct participation features, based on the Group's assessment of whether contracts that are determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features as follows:
        - whether the pool of underlying items is clearly identified;
        - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
        - whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.
- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.

Unit of account

The Group is required to make judgements involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.

- Separation – whether components in insurance contracts are distinct (that is, they meet the separation criteria).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts not measured under PAA (continued)

3.1.1 Areas of Judgement (continued)

Unit of account (continued)

- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

Insurance contracts aggregation

The Group is required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together). This includes the aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts, and a similar grouping assessment for reinsurance contracts held.

Areas of judgements include:

- The determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and

- Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of judgement.

3.1.2. The methods used to measure insurance contracts

The Group primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions are used when estimating future cash flows:

- Mortality and morbidity rates (life insurance and reinsurance business)

  Assumptions are based on standard industry and national tables, (tables from the Canadian Institute of Actuaries) according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

  An increase in expected mortality and morbidity rates will increase the expected life and health claim cost which will reduce future expected profits of the Group.

- Longevity

  Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity will lead to an increase in expected cost of annuity payments which will reduce future expected profits of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts not measured under PAA (continued)

3.1.2 The methods used to measure insurance contracts (continued)

- Expenses

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. Inflation is considered a non-financial assumption and is derived from the long run expense increases based on the Group's experience and management's expectation of the related expense control measures.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational. The overheads are also consistently applied to all costs that have similar characteristics. An increase in the expected level of expenses will reduce future expected profits of the Group.

- Lapse and surrender rates

  Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group’s experience and vary by product type, policy duration and sales trends.

  An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group.

3.1.3. Discount rates

The present value of future cash flows for life insurance contract liabilities is determined using discount rates which are composed of an observable component, an assumed ultimate discount rate and interpolation between the two.

During the observable period, a top-down approach was used, where the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. Reference portfolios were selected to reflect the currency of the liabilities, the Group’s investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available on the markets. The yield from the reference portfolio is adjusted to remove both expected and unexpected credit risk and, where applicable, other asset characteristics that are not related to the insurance contract liabilities. The illiquidity adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio. The adjusted sovereign yield curves, or the risk-free yield curves (wherever they are available) plus an illiquidity premium, are used to discount the liability cash flow.

Where cash flows vary with an underlying item, cash flows are projected assuming returns on the underlying item that are consistent with the discount rate.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts not measured under PAA (continued)

3.1.3. Discount rates (continued)

Discount rates which have been applied for the discounting of future cash flows are disclosed below by the relevant territory, represented by the respective currencies as follows:

	Portfolio Duration									
Spot rates	**1 year**		**3 years**		**5 years**		**10 years**		**20 years**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Life insurance and reinsurance contracts issued										
Aruba guilder	3.8%	0.8%	4.4%	1.7%	5.0%	2.9%	5.8%	5.3%	6.2%	7.0%
Barbados dollar	2.6%	3.2%	2.9%	3.6%	3.9%	4.4%	6.1%	6.4%	8.3%	8.3%
Eastern Caribbean dollar	3.4%	3.6%	4.4%	4.0%	5.5%	4.9%	7.1%	6.9%	8.3%	8.8%
Jamaica dollar	6.4%	6.2%	6.1%	6.0%	6.7%	6.5%	8.3%	8.0%	10.0%	9.5%
Trinidad dollar	1.8%	1.0%	3.2%	2.8%	4.2%	4.0%	5.3%	5.4%	7.8%	7.6%
Canada dollar	4.9%	n/a	4.3%	n/a	4.1%	n/a	4.2%	n/a	4.3%	n/a
United States dollar (by territory):										
- Cayman Islands	5.9%	6.4%	5.1%	5.8%	4.9%	5.6%	5.0%	5.5%	5.2%	5.6%
- Jamaica	6.6%	6.8%	5.8%	6.2%	5.6%	5.9%	5.8%	5.9%	5.9%	6.0%
- United States	7.2%	6.9%	6.4%	6.4%	6.2%	6.2%	6.4%	6.1%	6.5%	6.2%

3.1.4. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group has estimated the risk adjustment using a margin approach, calibrated to the cost of capital and target confidence levels. The margin approach involves applying shocks to the insurance assumptions used to project expected cash flows so as to produce an increase in the FCF. Shocks are selected using the projected cost of insurance risk capital such that the resulting risk adjustment falls within the Group's target confidence level range.

The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level between 75% to 85% (2022 - between 80% to 85%).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts not measured under PAA (continued)

3.1.5. Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in net income / (loss) as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in net income / (loss) to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- Recognising in net income / (loss) the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured, maturity benefit or payout over the period of the contracts.

The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum potential loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

3.1.6. Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period. Assets for insurance acquisition cash flows not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts not measured under PAA (continued)

3.1.7. Determination of IFRS 17 transition amount

The Group has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. The fair value approach was applied in circumstances where the full retrospective approach was impracticable. The transition approach was determined at the level of group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17 as follows:

- Full retrospective approach

  The CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 has always been applied.

- Fair value approach

  The CSM is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For the groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined at January 1, 2022 instead of at the date of initial recognition.

In determining the fair value, the Group has applied the requirements of IFRS 13, *Fair Value Measurement*. An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. Fair value is allocated to groups of contracts based on the present value of future cash flows of the respective contracts. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied. The fair value for reinsurance contracts held was determined under the presumption that the market participant is the same market participant that would purchase the underlying direct contracts.

For groups of reinsurance contracts covering onerous underlying contracts measured under the full retrospective approach, the loss-recovery component within the asset for remaining coverage was determined at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at that date and the percentage of claims for the underlying insurance contracts the Group expects to recover from the reinsurance contracts held.

Contracts measured under PAA

3.2 Areas of Judgement

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts measured under PAA are described in subsequent notes.

For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Group under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved. For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement. For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous.

All contracts measured by the Group were determined to be non-onerous on initial recognition.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts measured under PAA (continued)

3.3 Liability for incurred claims

Liability for incurred claims (LIC) is deemed a significant estimate for general insurance products as well as group products measured under PAA. The ultimate cost of outstanding claims is calculated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

3.3.1 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally require to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment by using the margin approach. Risk adjustment percentages were determined according to a confidence level range of 70% to 75%.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Contracts measured under PAA (continued)

3.3.2 Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Group revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

3.4 Impairment of financial assets

In determining ECL (defined in note 2.10 (c)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in note 2.10 under sections 'Measurement' and 'Forward-looking information'.

(a) 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	

The Group uses its internal credit rating model to determine in 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 has a Sagicor risk rating of 1-3 is considered low credit risk.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.4 Impairment of financial assets (continued)

(a) Establishing staging for debt securities and deposits (continued)

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade at origination 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 at origination and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

(b) 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.

(c) Forward-looking information

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

3.5 Fair value of securities not quoted in an active market

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

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

3.6 Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing-related, customer-related, contract-based or technology-based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.7 Impairment of intangible assets

(a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash-generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole. For the Sagicor Life reporting segment, the Group uses the value in use methodology for testing goodwill impairment. For the Sagicor Jamaica operating segment, the Group uses the fair value less cost to sell methodology, and for Sagicor General Insurance Inc, the value in use methodology.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 10.

(b) Other intangible assets

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

4. SEGMENTS

The management structure of the Group consists of the parent company Board of Directors, the Group Chief Executive Officer (CEO), subsidiary company Boards of Directors and subsidiary company CEOs. For the parent company and principal subsidiaries, there are executive management committees made up of senior management who advise the respective CEOs. The principal subsidiaries have a full management governance structure, a consequence of them being regulated insurance and financial services entities, and of the range and diversity of their products and services.

The Group CEO serves as Board Chairman or as a Board Member of the principal subsidiaries and is the Group's Chief Operating decision-maker. Through subsidiary company reporting, the Group CEO obtains details of Group performance and of resource allocation needs. Summarisation of planning and results and prioritisation of resource allocation is done at the parent company level where strategic decisions are taken.

In accordance with the relevant financial reporting standard, the Group has determined that there are four principal subsidiary Groups which represent the reportable operating segments of Sagicor. These segments and Head office and other are set out in the following sections.

(a) Sagicor Life Inc

This group comprises Sagicor Life Inc, its branches and associates, and certain of its subsidiaries in Barbados, Trinidad & Tobago, Eastern Caribbean, Dutch Caribbean, Bahamas and Central America.

The companies comprising this segment are set out in the following table.

Sagicor Life Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Inc	Life and health insurance, annuities and pension administration services	Barbados	100%
Sagicor Life (Eastern Caribbean) Inc.	Life and health insurance, annuities and pension administration services	St. Lucia	100%
Sagicor Life Aruba NV	Life and health insurance, annuities and pension administration services	Aruba	100%
Capital Life Insurance Company Bahamas Limited	Life insurance	The Bahamas	100%
Nationwide Insurance Company Limited	Life insurance	Trinidad & Tobago	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

(a) Sagicor Life Inc (continued)

Sagicor Life Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Insurance Trinidad & Tobago Limited.(1)	Life insurance	Trinidad & Tobago	100%
Sagicor General Insurance Trinidad & Tobago Limited.(2)	Property and casualty insurance	Trinidad & Tobago	100%
Sagicor General Insurance Inc (3)	Property and casualty insurance	Barbados	99.30%
Sagicor International Management Services, Inc (4)	Investment management	USA	100%
Associates			
FamGuard Corporation Limited	Investment holding company	The Bahamas	20%
Principal operating company: Family Guardian Insurance Company Limited	Life and health insurance and annuities	The Bahamas	20%
RGM Limited	Property ownership and management	Trinidad & Tobago	33%
Primo Holding Limited	Property investment	Barbados	38%

(1) Sagicor Life Insurance Trinidad & Tobago Limited was incorporated on April 4, 2022. Effective January 31, 2023, the entity took over the operations which were carried on by Sagicor Life Inc Trinidad & Tobago branch.

(2) Sagicor General Insurance Trinidad & Tobago Limited was incorporated on March 5, 2022. Effective January 31, 2023, the entity took over the operations which were carried on by Sagicor General Insurance Inc Trinidad & Tobago branch.

(3) During the year, management made certain reorganisational changes to its subsidiary, Sagicor General, resulting in the subsidiary now being reported as part of the Sagicor Life segment. All related comparative period information has been amended accordingly to reflect this change. Sagicor General was previously reported as part of Head Office and Other.

(4) Effective November 27, 2023, Sagicor International Management Services, Inc was voluntarily dissolved.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

(b) Sagicor Jamaica

This segment comprises the Sagicor Jamaica Group of companies, which conduct life, health, annuity, property and casualty insurance business, pension administration services, banking and financial services, and real estate investment services in Jamaica, Cayman Islands, Costa Rica and USA. The companies comprising this segment are as follows:

Sagicor Jamaica Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Group Jamaica Limited	Group holding company	Jamaica	49.11%
Sagicor Life Jamaica Limited	Life and health insurance and annuities	Jamaica	49.11%
Sagicor Cayman Limited	Holding company	The Cayman Islands	49.11%
Sagicor Life of the Cayman Islands Limited	Life insurance	The Cayman Islands	49.11%
Sagicor Investments Cayman Ltd.	Investment services	The Cayman Islands	49.11%
Sagicor Pooled Investment Funds Limited	Pension fund management	Jamaica	49.11%
Employee Benefits Administrator Limited	Pension administration services	Jamaica	49.11%
Sagicor Re Insurance Limited	Property and casualty insurance	The Cayman Islands	49.11%
Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	49.11%
Sagicor International Administrators Limited	Group insurance administration	Jamaica	49.11%
Sagicor Insurance Managers Limited	Captive insurance management services	The Cayman Islands	49.11%
Sagicor Property Services Limited	Property management	Jamaica	49.11%
Sagicor Investments Jamaica Limited	Investment banking	Jamaica	49.11%
Sagicor Bank Jamaica Limited	Commercial banking	Jamaica	49.11%
Alliance Financial Services Limited (1)	Financial services	Jamaica	49.11%
LOJ Holdings Limited	Insurance holding company	Jamaica	100%
Travel Cash Jamaica Limited	Microfinance	Jamaica	25.05%
Phoenix Equity Holdings Limited	Holding Company	Barbados	49.11%
Advantage General Insurance Co. Limited	Property and casualty insurance	Jamaica	29.47%
Bailey Williams Limited	Real estate development	Jamaica	34.38%

(1) Effective April 1, 2022, Sagicor Group Jamaica Limited purchased 100% of the shares of Alliance Financial Services Limited. See Note 33.2.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

(b) Sagicor Jamaica (continued)

Sagicor Jamaica Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholder's Interest
Joint venture			
Sagicor Costa Rica SCR, S.A.	Life insurance	Costa Rica	24.56%
Sagicor - Capital & Advice Spain S.L.	Financial services	Spain	24.56%
Sagicor Panamá, S.A.	Life and health insurance	Panamá	24.56%

Control of Sagicor Group Jamaica Limited is established through the following:

- The Group's effective shareholder's interest gives it the power to appoint the directors of the company and thereby direct relevant activities.
- The Group is exposed to the variable returns from its effective shareholder's interest.
- The Group has the ability to use the power to affect the amount of investor's returns.

(1) Effective December 31, 2023, Sagicor - Capital & Advice Spain S.L., a subsidiary of Sagicor Costa Rica, acquired 100% of the shares of Sagicor Panamá S.A. from Sagicor Life Inc. See Note 33.6.

(c) Sagicor Life USA

This segment comprises Sagicor's life insurance operations in the USA and comprises the following:

Sagicor Life USA Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Insurance Company	Life insurance and annuities	USA - Texas	100%
Sagicor USA Inc	Insurance holding company	USA - Delaware	100%
Sagicor Financial Partners, LLC	Life insurance and annuities	USA - Delaware	51%

(d) Sagicor Canada

This segment comprises Sagicor's life insurance operations in Canada and comprises the following:

Sagicor Canada Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Proj Fox Acquisition Inc. (1)	Insurance holding company	Canada	100%
Wilton Re (Canada) Limited (1)	Insurance holding company	Canada	100%
ivari Holdings Inc. (1)	Insurance holding company	Canada	100%
ivari (1)	Life insurance and annuities, health and casualty insurance	Canada	100%

(1) Effective October 3, 2023, Sagicor Financial Company Ltd. purchased 100% of the shares of Proj Fox Acquisition Inc. which holds ivari. See Note 33.1.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

(e) Head office function and other operating companies

Head office and other Group Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Financial Company Ltd.	Group parent company	Bermuda	100%
Sagicor Financial Corporation Limited	Holding company	Bermuda	100%
Sagicor Finance Inc	Loan and lease financing, and deposit-taking	St. Lucia	70%
Sagicor Investments Trinidad & Tobago Limited	Investment management	Trinidad & Tobago	100%
Sagicor Asset Management Inc.	Investment management	Barbados	100%
Sagicor Asset Management (Eastern Caribbean) Limited	Investment management	Barbados	100%
Sagicor Special Opportunity Funds	Investment management	Barbados	100%
Sagicor Bank (Barbados) Limited	Commercial banking	Barbados	100%
Barbados Farms Limited	Farming and real estate development	Barbados	77%
Sagicor Funds Incorporated	Mutual fund holding company	Barbados	100%
Sagicor Finance Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Finance (2015) Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Reinsurance Bermuda Limited	Reinsurance	Bermuda	100%
1222948 B.C. Ltd.	Corporate management	Canada	100%
The Estates Group Holdings Limited	Holding company	Barbados	100%
The Estates (Senior Care Services) Limited	Retirement Community	Barbados	100%
The Estates (Senior Care Properties) Limited	Retirement Community	Barbados	100%
The Estates (Residential Properties) Limited	Retirement Community	Barbados	100%
The Estates (Management Services) Limited	Retirement Community	Barbados	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.1 Statement of income by segment (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Head office and other	Adjust-ments	Total
2023							
Insurance revenue	299,961	307,844	86,820	167,896	-	-	862,521
Insurance service expenses	(257,654)	(231,843)	(100,087)	(106,504)	-	-	(696,088)
Net expense from reinsurance contracts held	(26,351)	(23,557)	(7,752)	(37,567)	-	-	(95,227)
Inter-segment insurance service result	(731)	-	935	-	-	(204)	-
Insurance service result	**15,225**	**52,444**	**(20,084)**	**23,825**	**-**	**(204)**	**71,206**
Gain / (loss) on derecognition of amortised cost investments	-	(8)	-	-	(1)	-	(9)
Gain / (loss) on derecognition of assets carried at FVTOCI	525	3,457	(1,751)	-	103	-	2,334
Interest income earned from financial assets measured at amortised cost and FVTOCI	21,727	150,535	48,838	-	3,021	-	224,121
Credit impairment recovery / (loss)	(289)	(2,939)	(531)	-	(177)	-	(3,936)
Other investment income / (loss)	99,038	74,789	358,431	795,965	3,076	-	1,331,299
Inter-segment investment income / (expenses)	21,152	2,485	-	-	35,501	(59,138)	-
Net investment income / (expenses)	**142,153**	**228,319**	**404,987**	**795,965**	**41,523**	**(59,138)**	**1,553,809**
Finance income / (expenses) from insurance contracts issued	(95,977)	(27,839)	(297,620)	(945,253)	-	-	(1,366,689)
Finance income / (expenses) from reinsurance contracts held	5,949	819	32,612	307,432	-	-	346,812
Inter-segment net insurance finance income / (expenses)	(1,940)	-	1,957	-	-	(17)	-
Net insurance finance income / (expenses)	**(91,968)**	**(27,020)**	**(263,051)**	**(637,821)**	**-**	**(17)**	**(1,019,877)**
Net investment result before segregated funds	**50,185**	**201,299**	**141,936**	**158,144**	**41,523**	**(59,155)**	**533,932**
Net investment income / (expenses) for segregated funds	-	-	-	34,962	-	-	34,962
Finance income / (expenses) from insurance contracts issued for segregated funds	-	-	-	(34,962)	-	-	(34,962)
Net investment result for segregated funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total investment result	**50,185**	**201,299**	**141,936**	**158,144**	**41,523**	**(59,155)**	**533,932**
Net insurance and investment result	**65,410**	**253,743**	**121,852**	**181,969**	**41,523**	**(59,359)**	**605,138**
Gain arising on business combinations, acquisitions and divestitures	-	-	-	-	448,267	-	448,267
Fees and other income	8,714	113,726	106	152	(4,991)	5	117,712
Share of income of associates and joint ventures	6,082	1,574	-	-	-	-	7,656
Other operating expenses	(69,200)	(179,753)	(34,427)	(4,044)	(57,526)	(5,102)	(350,052)
Other interest and finance costs	(16,729)	(56,039)	(22,270)	(13,935)	(46,313)	-	(155,286)
Inter-segment other income / (expenses)	(663)	(1,743)	(12,805)	-	(20,524)	35,735	-
Segment income / (loss) before taxes	**(6,386)**	**131,508**	**52,456**	**164,142**	**360,436**	**(28,721)**	**673,435**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.1 Statement of income by segment (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Head office and other	Adjust-ments	Total
2023							
Segment income / (loss) before taxes	**(6,386)**	**131,508**	**52,456**	**164,142**	**360,436**	**(28,721)**	**673,435**
Income taxes	(6,949)	(29,235)	(11,370)	(42,000)	352	-	(89,202)
Segment net income / (loss) for the year	**(13,335)**	**102,273**	**41,086**	**122,142**	**360,788**	**(28,721)**	**584,233**
Net income / (loss) attributable to shareholders	**(13,331)**	**49,572**	**41,086**	**122,142**	**361,313**	**(28,721)**	**532,061**
Net income / (loss) attributable to non-controlling interests	**(4)**	**52,701**	**-**	**-**	**(525)**	**-**	**52,172**
Total comprehensive income / (loss) attributable to shareholders	**(10,287)**	**52,335**	**41,219**	**149,166**	**363,094**	**(28,728)**	**566,799**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.1 Statement of income by segment (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjust-ments	Total
2022 (restated)						
Insurance revenue	285,678	262,409	66,639	-	-	614,726
Insurance service expenses	(232,155)	(196,256)	(64,627)	-	-	(493,038)
Net expense from reinsurance contracts held	(26,621)	(19,467)	8,925	-	-	(37,163)
Inter-segment insurance service result	(511)	-	666	-	(155)	-
Insurance service result	**26,391**	**46,686**	**11,603**	**-**	**(155)**	**84,525**
Gain / (loss) on derecognition of financial assets measured at amortised cost	600	3,776	(54)	(7)	-	4,315
Gain / (loss) on derecognition of assets carried at FVOCI	(160)	324	(849)	-	-	(685)
Interest income earned from financial assets measured at amortised cost and FVOCI	20,417	122,597	29,076	6,569	-	178,659
Credit impairment recovery / (loss)	423	(3,794)	(651)	(97)	-	(4,119)
Other investment income / (loss)	34,905	(81,073)	(387,934)	(20,101)	-	(454,203)
Inter-segment investment income / (expenses)	22,327	-	-	45,354	(67,681)	-
Net investment income / (expenses)	**78,512**	**41,830**	**(360,412)**	**31,718**	**(67,681)**	**(276,033)**
Finance income / (expenses) from insurance contracts issued	(15,704)	86,696	272,915	-	-	343,907
Finance income / (expenses) from reinsurance contracts held	(1,130)	1,524	(21,949)	-	-	(21,555)
Inter-segment net insurance finance income / (expenses)	1,197	-	(1,309)	-	112	-
Net insurance finance income / (expenses)	**(15,637)**	**88,220**	**249,657**	**-**	**112**	**322,352**
Net insurance and investment result	**89,266**	**176,736**	**(99,152)**	**31,718**	**(67,724)**	**130,844**
Gain arising on business combinations, acquisitions and divestitures	-	1,685	-	-	-	1,685
Fees and other income	4,665	138,271	124	4,713	50	147,823
Share of income of associates and joint ventures	3,236	2,870	-	-	-	6,106
Other operating expenses	(33,338)	(185,671)	(27,851)	(50,314)	(778)	(297,952)
Other interest and finance costs	(12,870)	(40,430)	(9,919)	(37,691)	-	(100,910)
Inter-segment other income / (expenses)	(615)	(1,195)	(10,538)	(21,586)	33,934	-
Segment income / (loss) before taxes	**50,344**	**92,266**	**(147,336)**	**(73,160)**	**(34,518)**	**(112,404)**
Income taxes	(13,370)	(31,950)	24,568	13	-	(20,739)
Segment net income / (loss) for the year	**36,974**	**60,316**	**(122,768)**	**(73,147)**	**(34,518)**	**(133,143)**
Net income / (loss) attributable to shareholders	**36,950**	**28,802**	**(122,768)**	**(72,852)**	**(34,518)**	**(164,386)**
Net income / (loss) attributable to non-controlling interests	**24**	**31,514**	**-**	**(295)**	**-**	**31,243**
Total comprehensive income / (loss) attributable to shareholders	**21,857**	**16,531**	**(141,965)**	**(73,291)**	**(34,526)**	**(211,394)**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.2 Statement of financial position by segment

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Head office and other	Adjustments	Total
2023							
Financial investments	1,783,415	2,989,042	4,722,201	7,428,447	102,006	-	17,025,111
Reinsurance contract assets	21,571	18,053	332,538	2,840,737	-	-	3,212,899
Insurance contract assets	140	1,133	-	-	-	-	1,273
Other external assets	342,113	607,599	221,136	799,608	175,147	-	2,145,603
Inter-segment assets	508,954	46,711	22,530	-	149,632	(727,827)	-
Total assets	2,656,193	3,662,538	5,298,405	11,068,792	426,785	(727,827)	22,384,886
Insurance contract liabilities	1,520,852	939,845	4,404,976	8,866,541	-	-	15,732,214
Reinsurance contract liabilities	10,938	3,862	-	-	-	-	14,800
Investment contract liabilities	271,145	135,429	62,182	9,102	-	-	477,858
Other external liabilities	175,001	1,887,400	415,523	1,323,614	1,029,455	-	4,830,993
Inter-segment liabilities	161,254	3,526	173,065	-	389,982	(727,827)	-
Total liabilities	2,139,190	2,970,062	5,055,746	10,199,257	1,419,437	(727,827)	21,055,865
Net assets	517,003	692,476	242,659	869,535	(992,652)	-	1,329,021
Net assets attributable to non-controlling interests	254	345,257	-	-	12,576	-	358,087

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other	Adjustments	Total
2022 (restated)						
Financial investments	1,613,202	2,855,058	4,200,923	199,220	-	8,868,403
Reinsurance contract assets	23,762	10,936	481,868	-	-	516,566
Insurance contract assets	3,550	-	-	-	-	3,550
Other external assets	391,488	549,552	128,390	163,427	-	1,232,857
Inter-segment assets	471,014	26,100	33,582	181,837	(712,533)	-
Total assets	2,503,016	3,441,646	4,844,763	544,484	(712,533)	10,621,376
Insurance contract liabilities	1,417,886	900,311	3,930,397	-	-	6,248,594
Reinsurance contract liabilities	31,446	-	-	-	-	31,446
Investment contract liabilities	272,267	133,531	66,499	-	-	472,297
Other external liabilities	94,208	1,801,682	469,431	767,294	-	3,132,615
Inter-segment liabilities	142,512	2,317	177,517	390,187	(712,533)	-
Total liabilities	1,958,319	2,837,841	4,643,844	1,157,481	(712,533)	9,884,952
Net assets	544,697	603,805	200,919	(612,997)	-	736,424
Net assets attributable to non-controlling interests	221	293,883	-	12,629	-	306,733

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.3 Segment cash flows

Additions to non-current assets by segment

Segment operations include certain non-current assets comprising investment property, property, plant and equipment, investment in associated companies and joint ventures, and intangible assets. Additions to these categories for the year are as follows:

	2023	2022
Sagicor Life	7,533	9,118
Sagicor Jamaica	9,865	12,280
Sagicor Life USA	572	6,149
Sagicor Canada	861	-
Head office and other	22,674	3,575
	41,505	31,122

4.4 Products and services

The Group's products and services comprising the insurance revenue, insurance service result, net investment income, and fees and other income are summarised as follows:

	Insurance revenue		Insurance service result	
	2023	2022 (restated)	2023	2022 (restated)
Life, health and annuity insurance contracts issued to individuals	461,963	244,620	65,226	76,415
Life, health and annuity insurance and pension administration contracts issued to groups	259,280	241,483	2,339	(940)
Property and casualty insurance	141,278	128,623	3,641	9,050
	862,521	614,726	71,206	84,525

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.4 Products and services (continued)

	Net investment income		Fees and other income	
	2023	2022 (restated)	2023	2022 (restated)
Life, health and annuity insurance contracts issued to individuals	1,331,770	(331,282)	1,452	145
Life, health and annuity insurance and pension administration contracts issued to groups	56,201	(38,124)	4,126	6,909
Property and casualty insurance	5,642	3,806	336	435
Banking, investment management and other financial services	141,419	119,033	84,342	76,264
Hospitality services	-	11	-	29,671
Unallocated revenues	18,777	(29,477)	27,456	34,399
	1,553,809	(276,033)	117,712	147,823

4.5 Geographical areas

The Group operates in certain geographical areas which are determined by the location of the subsidiary or branch initiating the business. Group operations in geographical areas include certain non-current assets comprising investment property, property, plant and equipment, associates and joint ventures, and intangible assets. The insurance revenue, insurance service result, net investment income, fees and other income, and non-current assets by geographical area are summarised below.

	Insurance revenue		Insurance service result		Net investment income		Fees and other income	
	2023	2022 (restated)	2023	2022 (restated)	2023	2022 (restated)	2023	2022 (restated)
Barbados	116,568	109,581	2,130	17,188	32,506	(8,688)	95	8,961
Jamaica	289,929	249,494	45,994	43,290	206,445	74,396	113,047	107,551
Trinidad & Tobago	103,037	104,012	2,583	5,068	72,294	37,720	1,413	(845)
Other Caribbean	98,371	85,000	17,693	8,042	41,612	(19,050)	2,899	1,607
Canada	167,896	-	23,825	-	795,965	-	152	-
USA	86,820	66,639	(21,019)	10,937	404,987	(360,411)	106	30,549
	862,621	614,726	71,206	84,525	1,553,809	(276,033)	117,712	147,823

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

4. SEGMENTS (continued)

4.5 Geographical areas (continued)

	Non-current assets	
	2023	2022 (restated)
Barbados	184,607	172,911
Jamaica	122,138	126,109
Trinidad & Tobago	57,953	67,177
Other Caribbean	34,116	36,790
Canada	26,077	n/a
USA	17,002	19,479
	441,893	422,466

4.6 Revenues from fees recognised

The following table discloses revenue from fees recognised by reportable segment.

	Fees recognised		
Year ended December 31, 2023	- at a point in time	- over time	Total
Sagicor Life	-	7,529	7,529
Sagicor Jamaica	62,049	43,330	105,379
Sagicor USA	106	-	106
Sagicor Canada	-	-	-
Head office and other	6,651	3,267	9,918
	68,806	54,126	122,932

	Fees recognised		
Year ended December 31, 2022 (restated)	- at a point in time	- over time	Total
Sagicor Life	-	7,480	7,480
Sagicor Jamaica	59,855	62,607	122,462
Sagicor USA	124	-	124
Head office and other	-	3,150	3,150
	59,979	73,237	133,216

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS

5.1 Analysis of financial investments

	2023		2022 (restated)	
	Carrying value	Fair value	Carrying value	Fair value
Investments at FVTOCI:				
Debt securities	1,454,818	1,454,818	1,540,438	1,540,438
Equity securities	564	564	371	371
	1,455,382	1,455,382	1,540,809	1,540,809
Investments at FVTPL:				
Money market funds	203,779	203,779	59,491	59,491
Debt securities	10,837,515	10,837,515	4,901,205	4,901,205
Equity securities	2,613,505	2,613,505	765,628	765,628
Derivative financial instruments	17,064	17,064	10,350	10,350
Mortgage loans	22,280	22,280	23,406	23,406
	13,694,143	13,694,143	5,760,080	5,760,080
Investments at amortised cost:				
Debt securities	135,257	134,383	170,256	170,296
Mortgage loans	774,961	772,085	593,630	587,638
Finance loans	682,415	655,691	654,863	636,793
Securities purchased for resale	13,361	13,361	32,335	32,335
Deposits	269,592	269,592	116,430	116,430
	1,875,586	1,845,112	1,567,514	1,543,492
Total financial investments	**17,025,111**	**16,994,637**	**8,868,403**	**8,844,381**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS

5.1 Analysis of financial investments by operating segments

	Carrying Value					
2023	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Sagicor Canada**	**Head office and other operating companies**	**Total**
Investments at FVTOCI:						
Debt securities	167,525	864,692	398,723	-	23,878	1,454,818
Equity securities	-	414	-	-	150	564
	167,525	865,106	398,723	-	24,028	1,455,382
Investments at FVTPL:						
Money market funds	12,691	-	24,441	164,198	2,449	203,779
Debt securities	1,231,814	794,030	3,421,527	5,383,341	6,803	10,837,515
Equity securities	28,831	251,490	427,213	1,880,753	25,218	2,613,505
Derivative financial instruments	-	-	16,909	155	-	17,064
Mortgage loans	22,280	-	-	-	-	22,280
	1,295,616	1,045,520	3,890,090	7,428,447	34,470	13,694,143
Investments at amortised cost:						
Debt securities	69,402	61,978	-	-	3,877	135,257
Mortgage loans	203,269	146,735	420,160	-	4,797	774,961
Finance loans	151	657,874	13,228	-	11,162	682,415
Securities purchased for resale	-	13,361	-	-	-	13,361
Deposits	47,452	198,468	-	-	23,672	269,592
	320,274	1,078,416	433,388	-	43,508	1,875,586
Total financial investments	**1,783,415**	**2,989,042**	**4,722,201**	**7,428,447**	**102,006**	**17,025,111**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments (continued)

	Fair Value					
2023	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Sagicor Canada**	**Head office and other operating companies**	**Total**
Investments at FVTOCI:						
Debt securities	167,525	864,692	398,723	-	23,878	1,454,818
Equity securities	-	414	-	-	150	564
	167,525	865,106	398,723	-	24,028	1,455,382
Investments at FVTPL:						
Money market funds	12,691	-	24,441	164,198	2,449	203,779
Debt securities	1,231,814	794,030	3,421,527	5,383,341	6,803	10,837,515
Equity securities	28,831	251,490	427,213	1,880,753	25,218	2,613,505
Derivative financial instruments	-	-	16,909	155	-	17,064
Mortgage loans	22,280	-	-	-	-	22,280
	1,295,616	1,045,520	3,890,090	7,428,447	34,470	13,694,143
Investments at amortised cost:						
Debt securities	69,960	60,553	-	-	3,870	134,383
Mortgage loans	203,929	158,828	404,531	-	4,797	772,085
Finance loans	151	631,680	12,697	-	11,163	655,691
Securities purchased for resale	-	13,361	-	-	-	13,361
Deposits	47,452	198,467	-	-	23,673	269,592
	321,492	1,062,889	417,228	-	43,503	1,845,112
Total financial investments	**1,784,633**	**2,973,515**	**4,706,041**	**7,428,447**	**102,001**	**16,994,637**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments (continued)

	Carrying Value				
2022 (restated)	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Head office and other operating companies**	**Total**
Investments at FVTOCI:					
Debt securities	83,880	920,596	449,917	86,045	1,540,438
Equity securities	-	371	-	-	371
	83,880	920,967	449,917	86,045	1,540,809
Investments at FVTPL:					
Money market funds	9,094	-	38,409	11,988	59,491
Debt securities	1,133,053	759,255	2,996,253	12,644	4,901,205
Equity securities	32,414	265,820	422,906	44,488	765,628
Derivative financial instruments	-	16	10,334	-	10,350
Mortgage loans	23,406	-	-	-	23,406
	1,197,967	1,025,091	3,467,902	69,120	5,760,080
Investments at amortised cost:					
Debt securities	69,998	96,249	-	4,009	170,256
Mortgage loans	206,218	129,943	252,537	4,932	593,630
Finance loans	150	616,618	30,567	7,528	654,863
Securities purchased for resale	-	32,335	-	-	32,335
Deposits	54,989	33,855	-	27,586	116,430
	331,355	909,000	283,104	44,055	1,567,514
Total financial investments	**1,613,202**	**2,855,058**	**4,200,923**	**199,220**	**8,868,403**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments (continued)

	Fair Value				
2022 (restated)	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Head office and other operating companies**	**Total**
Investments at FVTOCI:					
Debt securities	83,880	920,595	449,917	86,046	1,540,438
Equity securities	-	371	-	-	371
	83,880	920,966	449,917	86,046	1,540,809
Investments at FVTPL:					
Money market funds	9,094	-	38,409	11,988	59,491
Debt securities	1,133,053	759,255	2,996,253	12,644	4,901,205
Equity securities	32,414	265,820	422,906	44,488	765,628
Derivative financial instruments	-	16	10,334	-	10,350
Mortgage loans	23,406	-	-	-	23,406
	1,197,967	1,025,091	3,467,902	69,120	5,760,080
Investments at amortised cost:					
Debt securities	71,383	94,901	-	4,012	170,296
Mortgage loans	207,037	138,096	237,573	4,932	587,638
Finance loans	151	600,039	29,075	7,528	636,793
Securities purchased for resale	-	32,335	-	-	32,335
Deposits	54,989	33,855	-	27,586	116,430
	333,560	899,226	266,648	44,058	1,543,492
Total financial investments	**1,615,407**	**2,845,283**	**4,184,467**	**199,224**	**8,844,381**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS

5.1 Analysis of financial investments (continued)

As at January 1, 2022, certain assets under IFRS 9 were redesignated as FVTPL on implementation of IFRS 17 to effectively reduce the possibility of an accounting mismatch.

	December 31, 2021			January 1, 2022 (restated)
	Carrying value	Amount reclassified as FVTPL	Amount remeasured as FVTPL	Carrying value
Financial assets at FVTOCI				
Money market funds	263,978	(263,978)	-	-
Debt securities	4,217,341	(2,652,026)	-	1,565,315
Equity securities	520	-	-	520
	4,481,839	(2,916,004)	-	1,565,835
Financial assets at FVTPL				
Money market funds	-	263,978	-	263,978
Debt securities	283,534	3,835,806	136,221	4,255,561
Equity securities	889,619	-	-	889,619
Derivative financial instruments	26,246	-	-	26,246
Mortgage loans	24,375	-	-	24,375
	1,223,774	4,099,784	136,221	5,459,779
Financial assets at amortised cost				
Debt securities	1,399,703	(1,183,780)	-	215,923
Mortgage loans	425,548	-	-	425,548
Finance loans	533,460	-	-	533,460
Securities purchased for resale	68,007	-	-	68,007
Deposits	211,925	-	-	211,925
	2,638,643	(1,183,780)	-	1,454,863
Total financial investments excluding policy loans	**8,344,256**	**-**	**136,221**	**8,480,477**
Policy loans previously reported (1)	153,839	-	-	n/a
Total financial investments	**8,498,095**	**-**	**136,221**	**8,480,477**

(1) Under IFRS 17, policy loans are now included within insurance contract liabilities.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments (continued)

Non-derivative investments at FVTPL	FVTPL mandatory classification	FVTPL designation by election	Total
2023			
Equity securities	2,506,167	107,338	2,613,505
Money market funds	188,639	15,140	203,779
Debt securities	8,892,885	1,944,630	10,837,515
Mortgage loans	-	22,280	22,280
	11,587,691	2,089,388	13,677,079
2022 (restated)			
Equity securities	663,115	102,513	765,628
Money market funds	38,409	21,082	59,491
Debt securities	3,053,351	1,847,854	4,901,205
Mortgage loans	11	23,395	23,406
	3,754,886	1,994,844	5,749,730

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments (continued)

	2023	2022 (restated)
Debt securities and money market funds:		
Government & government-guaranteed debt securities	4,799,757	2,427,732
Collateralised mortgage obligations	1,070,716	798,816
Corporate debt securities	6,454,768	3,277,662
Money market funds and other securities	306,128	167,180
	12,631,369	6,671,390

Included in financial investments are:		
Exchange-traded funds included in equity securities	903,806	306,304
Debt securities issued by associates	19,733	24,445
Mutual funds managed by the Group	186,952	186,642

5.2 Financial investments repledged

Debt securities are pledged as collateral under repurchase agreements with customers and other financial institutions and for security relating to overdraft and other facilities with other financial institutions. Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or repledge the collateral.

	2023	2022 (restated)
Financial investments repledged	687,753	623,871
Statement of financial position presentation		
Financial investments	16,337,358	8,244,532
Financial investments repledged	687,753	623,871
	17,025,111	8,868,403

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.2 Financial investments repledged (continued)

Analysis of financial investments repledged

	2023	2022 (restated)
	Pledged value	**Pledged value**
Investments at FVTOCI:		
Debt securities	637,083	621,087
Investments at FVTPL :		
Money market funds	50,670	-
Investments at amortised cost :		
Debt securities	-	596
Securities purchased for resale	-	37
Deposits	-	2,151
	-	2,784
Financial investments repledged	687,753	623,871

5.3 Collateral assets

Debt and equity securities include $14,398 (2022 - $17,502) as collateral for loans payable and other funding instruments.

Collateral for the obligation to the Federal Home Loan Bank of Dallas (FHLB) which is included in other funding instruments (note 15), consists of an equity holding in the FHLB with a market value of $16,322 (2022 - $19,594), and mortgages and mortgage backed securities having a total market value of $ 388,724 (2022 - $450,960).

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

5. FINANCIAL INVESTMENTS (continued)

5.4 Contracts with direct participation features

	2023		2022 (restated)	
	Carrying value	Fair value	Carrying value	Fair value
Contracts with direct participation features				
Underlying assets:				
Debt securities	140,994	140,994	57,099	57,099
Equity securities	195,978	195,978	205,558	205,558
	336,972	336,972	262,657	262,657
Other investments	16,688,139	16,657,665	8,605,746	8,581,724
Total financial investments	17,025,111	16,994,637	8,868,403	8,844,381

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES

The table below presents a summary of insurance, reinsurance and investment contract assets and liabilities held by the Group.

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total	Current portion	Non-current portion	Total
2023								
Insurance contract assets	140	1,133	-	-	**1,273**	1,726	(453)	**1,273**
Insurance contract liabilities	(1,520,852)	(939,845)	(4,404,976)	(8,866,541)	**(15,732,214)**	(391,576)	(15,340,638)	**(15,732,214)**
Reinsurance contract assets	21,570	18,055	332,538	2,840,736	**3,212,899**	175,774	3,037,125	**3,212,899**
Reinsurance contract liabilities	(10,937)	(3,863)	-	-	**(14,800)**	91	(14,891)	**(14,800)**
Investment contract liabilities	(271,144)	(135,430)	(62,182)	(9,102)	**(477,858)**	(393,365)	(84,493)	**(477,858)**
2022								
Insurance contract assets	3,550	-	-	-	**3,550**	357	3,193	**3,550**
Insurance contract liabilities	(1,417,887)	(900,310)	(3,930,397)	-	**(6,248,594)**	(552,273)	(5,696,321)	**(6,248,594)**
Reinsurance contract assets	23,762	10,934	481,870	-	**516,566**	46,769	469,797	**516,566**
Reinsurance contract liabilities	(31,446)	-	-	-	**(31,446)**	(3,242)	(28,204)	**(31,446)**
Investment contract liabilities	(272,266)	(133,532)	(66,499)	-	**(472,297)**	(394,703)	(77,594)	**(472,297)**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

The following table presents insurance contract and reinsurance contract assets and liabilities and summarises those contracts which are measured under the premium allocation approach (PAA) and those which are not measured under the PAA.

	2023	2022
Insurance contracts issued (includes direct participation contracts)		
Contracts measured under PAA - net (asset) / liability, end of year	146,244	133,295
Contracts not measured under PAA (GMM/ VFA) - net (asset) / liability, end of year	15,584,697	6,111,749
Total - Net (asset) / liability, end of year	**15,730,941**	**6,245,044**
Reinsurance contracts held		
Contracts measured under PAA - net asset / (liability), end of year	27,607	26,234
Contracts not measured under PAA (GMM) - net asset / (liability), end of year	3,170,492	458,886
Total - Net asset /(liability), end of year	**3,198,099**	**485,120**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

The following tables explain the components of insurance contract and reinsurance contract assets and liabilities, in addition to changes in these balances for the year.

6.1 INSURANCE CONTRACTS ISSUED

(i) Contracts measured under PAA

a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2023					
	LRC		LIC			
Insurance contracts issued Contracts measured under PAA	**Excluding loss component**	**Loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Insurance acquisition cash flows asset**	**Total**
Insurance contract liabilities, beginning of year	27,520	-	101,466	4,313	-	133,299
Insurance contract assets, beginning of year	(10)	-	6	-	-	(4)
Net balance – (asset) / liability, beginning of year	27,510	-	101,472	4,313	-	133,295
Insurance revenue	(386,320)	-	-	-	-	(386,320)
Insurance service expenses		-			-	
Incurred claims and other directly attributable expenses	-	-	262,798	318	-	263,116
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Impairment losses recognised during the year	-	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	54,754	-	-	-	-	54,754
Total insurance service expenses	54,754	-	262,798	318	-	317,870
Total amounts recognised in the insurance services result	(331,566)	-	262,798	318	-	(68,450)
Finance (income) / expenses from insurance contracts issued	-	-	-	-	-	-
Effect of exchange rate changes	(240)	-	(943)	(41)	-	(1,224)
Total amounts recognised in total comprehensive income	(331,806)	-	261,855	277	-	(69,674)
Investment components	-	-	-	-	-	
Other changes	(4)	-	(1)	-	-	(5)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2023					
	LRC		LIC		Insurance acquisition cash flows asset	Total
Insurance contracts issued Contracts measured under PAA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk		
Cash flows						
Premiums received	393,157	-	-	-	-	393,157
Claims and other directly attributable expenses paid	-	-	(254,323)	-	-	(254,323)
Insurance acquisition cash flows	(55,411)	-	-	-	-	(55,411)
Total cash flows	337,746	-	(254,323)	-	-	83,423
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	7	-	(802)	-	-	(795)
Net balance – (asset) / liability, end of year	33,453	-	108,201	4,590	-	146,244
Insurance contract liabilities, end of year	34,940	-	106,886	4,609	-	146,435
Insurance contract assets, end of year	(1,487)	-	1,315	(19)	-	(191)
Net balance – (asset) / liability, end of year	33,453	-	108,201	4,590	-	146,244

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2022					
	LRC		LIC			
Insurance contracts issued Contracts measured under PAA	**Excluding loss component**	**Loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Insurance acquisition cash flows asset**	**Total**
Insurance contract liabilities, beginning of year	23,065	-	100,031	4,244	-	127,340
Insurance contract assets, beginning of year	-	-	-	-	-	-
Net balance – (asset) / liability, beginning of year	23,065	-	100,031	4,244	-	127,340
Insurance revenue	(351,022)	-	(4,128)	-	-	(355,150)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	249,442	29	-	249,471
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Impairment losses recognised during the year	-	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	50,773	-	-	-	-	50,773
Total insurance service expenses	50,773	-	249,442	29	-	300,244
Total amounts recognised in the insurance services result	(300,249)	-	245,314	29	-	(54,906)
Finance (income) / expenses from insurance contracts issued	-	-	-	-	-	-
Effect of exchange rate changes	193	-	918	40	-	1,151
Total amounts recognised in total comprehensive income	(300,056)	-	246,232	69	-	(53,755)
Investment components	-	-	-	-	-	-
Other changes	-	-	-	-	-	-

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2022					
	LRC		LIC			
Insurance contracts issued Contracts measured under PAA	**Excluding loss component**	**Loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Insurance acquisition cash flows asset**	**Total**
Cash flows						
Premiums received	355,979	-	-	-	-	355,979
Claims and other directly attributable expenses paid	-	-	(244,791)	-	-	(244,791)
Insurance acquisition cash flows	(51,478)	-	-	-	-	(51,478)
Total cash flows	304,501	-	(244,791)	-	-	59,710
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net balance – (asset) / liability, end of year	27,510	-	101,472	4,313	-	133,295
Insurance contract liabilities, end of year	27,520	-	101,466	4,313	-	133,299
Insurance contract assets, end of year	(10)	-	6	-	-	(4)
Net balance – (asset) / liability, end of year	27,510	-	101,472	4,313	-	133,295

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2023				
	LRC				
Insurance contracts issued Contracts not measured under PAA	**Excluding loss component**	**Loss component**	**LIC**	**Insurance acquisition cash flows asset**	**Total**
Insurance contract liabilities, beginning of year	5,711,360	203,209	200,726	-	6,115,295
Insurance contract assets, beginning of year	(5,119)	514	1,059	-	(3,546)
Net balance – (asset) / liability, beginning of year	5,706,241	203,723	201,785	-	6,111,749
Insurance revenue	(476,201)	-	-	-	(476,201)
Insurance service expenses				-	
Incurred claims and other directly attributable expenses	-	(7,014)	299,406	-	292,392
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	60,454	-	-	60,454
Impairment losses recognised during the year	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-
Insurance acquisition cash flows amortisation	25,372	-	-	-	25,372
Total insurance service expenses	25,372	53,440	299,406	-	378,218
Total amounts recognised in the insurance services result	(450,829)	53,440	299,406	-	(97,983)
Finance (income) / expenses from insurance contracts issued	1,356,089	9,478	1,122	-	1,366,689
Effect of exchange rate changes	272,085	(478)	1,913	-	273,520
Total amounts recognised in total comprehensive income	1,177,345	62,440	302,441	-	1,542,226
Investment components	(856,235)	-	856,235	-	-
Other changes	(294)	(635)	40	-	(889)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2023				
	LRC				
Insurance contracts issued Contracts not measured under PAA	**Excluding loss component**	**Loss component**	**LIC**	**Insurance acquisition cash flows asset**	**Total**
Cash flows					
Premiums received [(1)]	9,167,288	-	-	-	9,167,288
Claims and other directly attributable expenses paid	-	-	(1,092,714)	-	(1,092,714)
Insurance acquisition cash flows	(142,963)	-	-	-	(142,963)
Total cash flows	9,024,325	-	(1,092, 714)	-	7,931,611
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-
Other movements	-	-	-	-	-
Net balance – (asset) / liability, end of year	15,051,382	265,528	267,787	-	15,584,697
Insurance contract liabilities, end of year	15,050,930	265,528	269,321	-	15,585,779
Insurance contract assets, end of year	452	-	(1,534)	-	(1,082)
Net balance – (asset) / liability, end of year	15,051,382	265,528	267,787	-	15,584,697

(1) Included in 'Premiums received' is $7,825,132 relating to Sagicor Canada

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2022				
	LRC				
Insurance contracts issued Contracts not measured under PAA	**Excluding loss component**	**Loss component**	**LIC**	**Insurance acquisition cash flows asset**	**Total**
Insurance contract liabilities, beginning of year	5,192,027	181,265	194,017	-	5,567,309
Insurance contract assets, beginning of year	(3,910)	886	-	-	(3,024)
Net balance – (asset) / liability, beginning of year	5,188,117	182,151	194,017	-	5,564,285
Insurance revenue	(259,576)	-	-	-	(259,576)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(15,182)	171,059	-	155,877
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	28,291	-	-	28,291
Impairment losses recognised during the year	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-
Insurance acquisition cash flows amortisation	8,626	-	-	-	8,626
Total insurance service expenses	8,626	13,109	171,059	-	192,794
Total amounts recognised in the insurance services result	(250,950)	13,109	171,059	-	(66,782)
Finance (income) / expenses from insurance contracts issued	(351,777)	6,709	1,161	-	(343,907)
Effect of exchange rate changes	8,716	512	321	-	9,549
Total amounts recognised in total comprehensive income	(594,011)	20,330	172,541	-	(401,140)
Investment components	(512,864)	-	512,864	-	-
Other changes	(6,282)	1,242	517	-	(4,523)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2022				
	LRC		LIC	Insurance acquisition cash flows asset	Total
Insurance contracts issued Contracts not measured under PAA	Excluding loss component	Loss component			
Cash flows					
Premiums received	1,742,284	-	-	-	1,742,284
Claims and other directly attributable expenses paid	-	-	(678,154)	-	(678,154)
Insurance acquisition cash flows	(111,003)	-	-	-	(111,003)
Total cash flows	1,631,281	-	(678,154)	-	953,127
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-
Other movements	-	-	-	-	-
Net balance – (asset) / liability, end of year	5,706,241	203,723	201,785	-	6,111,749
Insurance contract liabilities, end of year	5,711,360	203,209	200,726	-	6,115,295
Insurance contract assets, end of year	(5,119)	514	1,059	-	(3,546)
Net balance – (asset) / liability, end of year	5,706,241	203,723	201,785	-	6,111,749

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of insurance contract balances

Insurance contracts issued Contracts not measured under PAA	2023 Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Insurance acquisition cash flows asset	Total	2022 Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Insurance acquisition cash flows asset	Total
Insurance contract liabilities, beginning of year	5,113,089	298,751	703,455	-	6,115,295	4,683,941	294,085	589,283	-	5,567,309
Insurance contract assets, beginning of year	(19,747)	6,200	10,001	-	(3,546)	(12,665)	3,631	6,010	-	(3,024)
Net balance – (asset) / liability, beginning of year	5,093,342	304,951	713,456	-	6,111,749	4,671,276	297,716	595,293	-	5,564,285
Changes that relate to current service										
CSM recognised in net (income) / loss for the services provided	-	-	(129,900)	-	(129,900)	-	-	(83,691)	-	(83,691)
Change in the risk adjustment for non-financial risk for risk expired	-	(45,922)	-	-	(45,922)	-	(25,880)	-	-	(25,880)
Experience adjustments – relating to insurance service expenses	17,385	-	-	-	17,385	14,498	-	-	-	14,498
	17,385	(45,922)	(129,900)	-	(158,437)	14,498	(25,880)	(83,691)	-	(95,073)
Changes that relate to future service										
Changes in estimate that adjust the CSM	24,211	25,440	(49,654)	-	(3)	9,791	(3,627)	(6,167)	-	(3)
Changes in estimates that result in onerous contract losses or reversal of losses	53,058	2,013	-	-	55,071	20,014	(798)	-	-	19,216
Contracts initially recognised in the year	(2,156,505)	872,837	1,289,054	-	5,386	(204,324)	25,960	187,442	-	9,078
	(2,079,236)	900,290	1,239,400	-	60,454	(174,519)	21,535	181,275	-	28,291
Changes that relate to past service										
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised during the year	-	-	-	-	-	-	-	-	-	-
Total amounts recognised in the insurance service result	(2,061,851)	854,368	1,109,500	-	(97,983)	(160,021)	(4,345)	97,584	-	(66,782)
Finance (income) / expenses from insurance contracts issued	1,206,318	114,116	46,255	-	1,366,689	(376,668)	10,667	22,094	-	(343,907)
Effect of exchange rate changes	210,289	30,475	32,756	-	273,520	5,111	913	3,525	-	9,549
Total amounts recognised in total comprehensive income	(645,244)	998,959	1,188,511	-	1,542,226	(531,578)	7,235	123,203	-	(401,140)
Other changes	127	12	28	-	167	517	-	(5,040)	-	(4,523)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of insurance contract balances

	2023					2022				
Insurance contracts issued **Contracts not measured under PAA**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Insurance acquisition cash flows asset**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Insurance acquisition cash flows asset**	**Total**
Cash flows										
Premiums received [1]	9,167,288	-	-	-	9,167,288	1,742,284	-	-	-	1,742,284
Claims and other directly attributable expenses paid	(1,092,714)	-	-	-	(1,092,714)	(678,154)	-	-	-	(678,154)
Insurance acquisition cash flows	(142,963)	-	-	-	(142,963)	(111,003)	-	-	-	(111,003)
Total cash flows	7,931,611	-	-	-	7,931,611	953,127	-	-	-	953,127
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-	-	-	-	-
Other movements	(639)	(112)	(305)	-	(1,056)	-	-	-	-	-
Net balance – (asset) / liability, end of year	12,379,197	1,303,810	1,901,690	-	15,584,697	5,093,342	304,951	713,456	-	6,111,749
Insurance contract liabilities, end of year	12,380,332	1,303,806	1,901,641	-	15,585,779	5,113,089	298,751	703,455	-	6,115,295
Insurance contract assets, end of year	(1,135)	4	49	-	(1,082)	(19,747)	6,200	10,001	-	(3,546)
Net balance – (asset) / liability, end of year	12,379,197	1,303,810	1,901,690	-	15,584,697	5,093,342	304,951	713,456	-	6,111,749

[1] Included in 'Premiums received' is $7,825,132 relating to Sagicor Canada

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

The following tables show the impact of contracts recognised in the year, by segment.

(c) Impact of contracts recognised in the year

	2023					2022				
	Contracts issued		Contracts acquired		Total	Contracts issued		Contracts acquired		Total
Sagicor Life **Insurance contracts issued**	Non-onerous	Onerous	Non-onerous	Onerous		Non-onerous	Onerous	Non-onerous	Onerous	
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	27,975	4,419	-	-	32,394	23,386	4,337	-	-	27,723
Claims and other directly attributable expenses	89,403	6,904	-	-	96,307	133,587	10,329	-	-	143,916
Estimates of present value of future cash outflows	117,378	11,323	-		128,701	156,973	14,666	-	-	171,639
Estimates of present value of future cash inflows	(175,144)	(8,818)	-	-	(183,962)	(215,427)	(10,957)	-	-	(226,384)
Risk adjustment for non-financial risk	9,269	599	-	-	9,868	8,381	768	-	-	9,149
CSM	48,499	-	-	-	48,499	50,076	-	-	-	50,076
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	2	3,104	-	-	3,106	3	4,477	-	-	4,480

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(c) Impact of contracts recognised in the year

	2023					2022				
	Contracts issued		Contracts acquired		Total	Contracts issued		Contracts acquired		Total
Sagicor Jamaica Insurance contracts issued	Non-onerous	Onerous	Non-onerous	Onerous		Non-onerous	Onerous	Non-onerous	Onerous	
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	26,177	2,272	-	-	28,449	21,011	3,819	-	-	24,830
Claims and other directly attributable expenses	99,060	11,250	-	-	110,310	97,304	25,681	-	-	122,985
Estimates of present value of future cash outflows	125,237	13,522	-	-	138,759	118,315	29,500	-	-	147,815
Estimates of present value of future cash inflows	(168,096)	(12,174)	-	-	(180,270)	(158,951)	(27,899)	-	-	(186,850)
Risk adjustment for non-financial risk	6,537	709	-	-	7,246	5,717	1,132	-	-	6,849
CSM	36,321	-	-	-	36,321	34,918	-	-	-	34,918
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	(1)	2,057	-	-	2,056	(1)	2,733	-	-	2,732

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(c) Impact of contracts recognised in the year

Sagicor Life USA Insurance contracts issued	2023 Contracts issued Non-onerous	2023 Contracts issued Onerous	2023 Contracts acquired Non-onerous	2023 Contracts acquired Onerous	2023 Total	2022 Contracts issued Non-onerous	2022 Contracts issued Onerous	2022 Contracts acquired Non-onerous	2022 Contracts acquired Onerous	2022 Total
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	37,094	439	-	-	37,533	47,460	1,786	-	-	49,246
Claims and other directly attributable expenses	772,790	796	-	-	773,586	1,046,883	3,144	-	-	1,050,027
Estimates of present value of future cash outflows	809,884	1,235	-	-	811,119	1,094,343	4,930	-	-	1,099,273
Estimates of present value of future cash inflows	(861,237)	(1,058)	-	-	(862,295)	(1,206,059)	(3,756)	-	-	(1,209,815)
Risk adjustment for non-financial risk	5,901	47	-	-	5,948	9,269	691	-	-	9,960
CSM	45,452	-	-	-	45,452	102,447	-	-	-	102,447
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	-	224	-	-	224	-	1,865	-	-	1,865

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(c) Impact of contracts recognised in the year

	2023				
	Contracts issued		**Contracts acquired**		**Total**
Sagicor Canada **Insurance contracts issued**	**Non-onerous**	**Onerous**	**Non-onerous**	**Onerous**	
Estimates of present value of future cash outflows					
Insurance acquisition cash flows	20,650	-	-	-	20,650
Claims and other directly attributable expenses	66,396	-	5,645,490	-	5,711,886
Estimates of present value of future cash outflows	87,046	-	5,645,490	-	5,732,536
Estimates of present value of future cash inflows	(105,573)	-	(7,635,521)	-	(7,741,094)
Risk adjustment for non-financial risk	11,825	-	837,951	-	849,776
CSM	6,702	-	1,152,080	-	1,158,782
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	-	-	-	-	-

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

The following tables show amounts determined on transition to IFRS 17 for insurance revenue and the CSM by transition method, by segment.

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

	2023			2022		
Sagicor Life - Insurance contracts issued	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
Insurance revenue	(38,080)	(66,233)	(104,313)	(28,408)	(67,827)	(96,235)
CSM, beginning of year	147,106	83,687	230,793	117,118	85,719	202,837
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(14,209)	(11,681)	(25,890)	(16,606)	(10,702)	(27,308)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(19,423)	7,547	(11,876)	(8,233)	6,470	(1,763)
Contracts initially recognised in the year	48,377	122	48,499	49,979	97	50,076
	14,745	(4,012)	10,733	25,140	(4,135)	21,005
Finance (income) / expenses from insurance contracts issued	6,647	3,598	10,245	4,633	2,372	7,005
Effect of exchange rate changes	31	92	123	215	(269)	(54)
Total amounts recognised in total comprehensive income	21,423	(322)	21,101	29,988	(2,032)	27,956
CSM, end of year	168,529	83,365	251,894	147,106	83,687	230,793

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

Sagicor Jamaica - Insurance contracts issued	2023 New contracts and contracts measured under the full retrospective approach at transition	2023 Contracts measured under the fair value approach at transition	2023 Total	2022 New contracts and contracts measured under the full retrospective approach at transition	2022 Contracts measured under the fair value approach at transition	2022 Total
Insurance revenue	(57,062)	(60,111)	(117,173)	(46,357)	(50,345)	(96,702)
CSM, beginning of year	193,989	51,485	245,474	159,080	39,173	198,253
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(28,349)	(6,072)	(34,421)	(22,856)	(5,879)	(28,735)
Changes that relate to future service						
Changes in estimates that adjust the CSM	2,036	30,670	32,706	13,167	16,434	29,601
Contracts initially recognised in the year	36,321	-	36,321	34,918	-	34,918
	10,008	24,598	34,606	25,229	10,555	35,784
Finance (income) / expenses from insurance contracts issued	9,673	1,348	11,021	6,901	957	7,858
Effect of exchange rate changes	(3,355)	(850)	(4,205)	2,779	800	3,579
Total amounts recognised in total comprehensive income	16,326	25,096	41,422	34,909	12,312	47,221
CSM, end of year	210,315	76,581	286,896	193,989	51,485	245,474

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

	2023			2022		
Sagicor Life USA - Insurance contracts issued	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
Insurance revenue	(60,949)	(25,871)	(86,820)	(41,641)	(24,998)	(66,639)
CSM, beginning of year	226,772	10,417	237,189	176,722	17,481	194,203
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(35,137)	(1,142)	(36,279)	(26,300)	(1,348)	(27,648)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(46,833)	(3,342)	(50,175)	(32,898)	(6,147)	(39,045)
Contracts initially recognised in the year	45,452	-	45,452	102,448	-	102,448
	(36,518)	(4,484)	(41,002)	43,250	(7,495)	35,755
Finance (income) / expenses from insurance contracts issued	9,060	336	9,396	6,800	431	7,231
Effect of exchange rate changes	-	-	-	-	-	-
Total amounts recognised in total comprehensive income	(27,458)	(4,148)	(31,606)	50,050	(7,064)	42,986
CSM, end of year	199,314	6,269	205,583	226,772	10,417	237,189

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

	2023		
Sagicor Canada - Insurance contracts issued	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
Insurance revenue	(167,895)	-	(167,895)
Changes that relate to current service			
CSM recognised in net (income) / loss for the services provided	(33,310)	-	(33,310)
Changes that relate to future service			
Changes in estimates that adjust the CSM	(20,309)	-	(20,309)
Contracts initially recognised in the year	1,158,782	-	1,158,782
	1,105,163	-	1,105,163
Finance (income) / expenses from insurance contracts issued	15,548	-	15,548
Effect of exchange rate changes	36,606	-	36,606
Total amounts recognised in total comprehensive income	1,157,317	-	1,157,317
CSM, end of year	1,157,317	-	1,157,317

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)
6.2 REINSURANCE CONTRACTS HELD

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the remaining coverage and the incurred claims components

	2023					2022				
	Remaining coverage		Incurred claims			Remaining coverage		Incurred claims		
Reinsurance contracts held Contracts measured under the PAA	**Excluding loss recovery component**	**Loss recovery component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	**Excluding loss recovery component**	**Loss recovery component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Reinsurance contract liabilities, beginning of year	(1,326)	-	120	-	(1,206)	(2,776)	-	2,062	19	(695)
Reinsurance contract assets, beginning of year	10,073	-	16,619	748	27,440	6,261	-	13,325	709	20,295
Net balance – asset / (liability), beginning of year	8,747	-	16,739	748	26,234	3,485	-	15,387	728	19,600
Net income / (expenses) from reinsurance contracts held										
Reinsurance expenses	(80,559)	-	-	-	(80,559)	(65,669)	-	-	-	(65,669)
Other incurred directly attributable expenses	(4,915)	-	-	175	(4,740)	(3,643)	-	-	31	(3,612)
Claims recovered	-	-	29,375	(13)	29,362	-	-	24,012	(16)	23,996
Changes that relate to past service – adjustments to incurred claims	-	-	-	-	-	-	-	-	-	-
Loss – recovery of onerous underlying contracts and adjustments	-	-	-	-	-	-	-	-	-	-
Effect of changes in the risk of reinsurers’ non-performance	-	-	-	-	-	-	-	-	-	-
Net income / (expenses) from reinsurance contracts held	(85,474)	-	29,375	162	(55,937)	(69,312)	-	24,012	15	(45,285)
Finance income / (expenses) from reinsurance contracts held	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	(105)	-	(78)	(6)	(189)	58	-	121	5	184
Total amounts recognised in total comprehensive income	(85,579)	-	29,297	156	(56,126)	(69,254)	-	24,133	20	(45,101)
Investment components	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	5	12	17	-	-	-	-	-

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the remaining coverage and the incurred claims components

	2023					2022				
	Remaining coverage		Incurred claims			Remaining coverage		Incurred claims		
Reinsurance contracts held Contracts measured under the PAA	**Excluding loss recovery component**	**Loss recovery component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**	**Excluding loss recovery component**	**Loss recovery component**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Cash flows										
Premiums paid net of ceding commissions and other directly attributable expenses paid	85,705	-	-	-	85,705	74,516	-	-	-	74,516
Recoveries from reinsurance	-	-	(28,223)	-	(28,223)	-	-	(22,781)	-	(22,781)
Total cash flows	85,705	-	(28,223)	-	57,482	74,516	-	(22,781)	-	51,735
		-					-			
Net balance – asset / (liability), end of year	8,873	-	17,818	916	27,607	8,747	-	16,739	748	26,234
Reinsurance contract liabilities, end of year	(2,035)	-	415	17	(1,603)	(1,326)	-	120	-	(1,206)
Reinsurance contract assets, end of year	10,908	-	17,403	899	29,210	10,073	-	16,619	748	27,440
Net balance – asset / (liability), end of year	8,873	-	17,818	916	27,607	8,747	-	16,739	748	26,234

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the remaining coverage and the incurred claims components

Reinsurance contracts held Contracts not measured under the PAA	2023				2022			
	Remaining coverage		Incurred claims	Total	Remaining coverage		Incurred claims	Total
	Excluding loss recovery component	Loss recovery component			Excluding loss recovery component	Loss recovery component		
Reinsurance contract liabilities, beginning of year	(29,784)	68	(524)	(30,240)	(39,375)	(247)	4,489	(35,133)
Reinsurance contract assets, beginning of year	425,562	7,964	55,600	489,126	555,458	11,882	36,184	603,524
Net balance – asset / (liability), beginning of year	395,778	8,032	55,076	458,886	516,083	11,635	40,673	568,391
Net income / (expenses) from reinsurance contracts held								
Reinsurance expenses	(136,427)	-	-	(136,427)	(9,198)	-	-	(9,198)
Other incurred directly attributable expenses	-	(3)	(6,389)	(6,392)	-	(132)	8	(124)
Claims recovered	-	(350)	92,567	92,217	(6)	(3,193)	21,987	18,788
Changes that relate to past service – adjustments to incurred claims	-	-	-	-	-	-	-	-
Changes that relate to future service – changes in the FCF do not adjust the CSM for the group of underlying insurance contracts	-	11,320	-	11,320	5	(1,349)	-	(1,344)
Effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-
Net income / (expenses) from reinsurance contracts held	(136,427)	10,967	86,178	(39,282)	(9,199)	(4,674)	21,995	8,122
Finance income / (expenses) from reinsurance contracts held	346,436	376	-	346,812	(21,979)	423	1	(21,555)
Effect of exchange rate changes	87,113	511	2,174	89,798	(717)	602	15	(100)
Total amounts recognised in total comprehensive income	297,122	11,854	88,352	397,328	(31,895)	(3,649)	22,011	(13,533)
Investment components	(161,745)	-	161,745	-	(111,067)	-	111,067	-
Other changes	114	(1)	-	113	(133)	46	8,253	8,166

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the remaining coverage and the incurred claims components

Reinsurance contracts held Contracts not measured under the PAA	2023				2022			
	Remaining coverage		Incurred claims	Total	Remaining coverage		Incurred claims	Total
	Excluding loss recovery component	Loss recovery component			Excluding loss recovery component	Loss recovery component		
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid [(1)]	2,520,312	-	-	2,520,312	22,790	-	-	22,790
Recoveries from reinsurance	-	-	(206,147)	(206,147)	-	-	(126,928)	(126,928)
Total cash flows	2,520,312	-	(206,147)	2,314,165	22,790	-	(126,928)	(104,138)
Net balance – asset / (liability), end of year	3,051,581	19,885	99,026	3,170,492	395,778	8,032	55,076	458,886
Reinsurance contract liabilities, end of year	(12,253)	243	(1,187)	(13,197)	(29,784)	68	(524)	(30,240)
Reinsurance contract assets, end of year	3,063,834	19,642	100,213	3,183,689	425,562	7,964	55,600	489,126
Net balance – asset / (liability), end of year	3,051,581	19,885	99,026	3,170,492	395,778	8,032	55,076	458,886

[(1)] Included in 'Premiums paid net of ceding commissions and other directly attributable expenses paid' is $2,493,353 relating to Sagicor Canada

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of reinsurance contract balances

	2023				2022			
Reinsurance contracts held Contracts not measured under the PAA	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Reinsurance contract liabilities, beginning of year	(42,801)	4,548	8,013	(30,240)	(47,935)	6,651	6,151	(35,133)
Reinsurance contract assets, beginning of year	433,571	24,743	30,812	489,126	568,846	25,308	9,370	603,524
Net balance – asset / (liability), beginning of year	390,770	29,291	38,825	458,886	520,911	31,959	15,521	568,391
Changes that relate to current service								
CSM recognised in net income / (loss) for the services received	-	-	(22,256)	(22,256)	-	-	(1,162)	(1,162)
Change in the risk adjustment for non-financial risk for risk expired	-	(12,715)	-	(12,715)	-	(2,581)	-	(2,581)
Experience adjustments	(15,631)	-	-	(15,631)	13,209	-	-	13,209
	(15,631)	(12,715)	(22,256)	(50,602)	13,209	(2,581)	(1,162)	9,466
Changes that relate to future service								
Changes in estimate that adjust the CSM	(2,996)	13,825	(10,830)	(1)	(12,522)	(1,039)	13,559	(2)
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	17,713	(408)	(338)	16,967	736	2,332	(351)	2,717
Contracts initially recognised in the year	(1,063,462)	467,156	596,332	26	(14,519)	243	14,312	36
Changes in the contractual service margin due to recognition of a loss-recovery component from onerous underlying contracts	-	-	(4,824)	(4,824)	-	-	(4,095)	(4,095)
Changes in the contractual service margin due to reversal of a loss-recovery component from onerous underlying contracts	-	-	(848)	(848)	-	-	-	-
	(1,048,745)	480,573	579,492	11,320	(26,305)	1,536	23,425	(1,344)
Changes that relate to past service								
Changes that relate to past service – adjustments to the incurred claims	-	-	-	-	-	-	-	-
Experience adjustments – arising from ceded premiums paid during the year	-	-	-	-	-	-	-	-
Effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of reinsurance contract balances

Reinsurance contracts held Contracts not measured under the PAA	2023 Present value of future cash flows	2023 Risk adjustment for non-financial risk	2023 CSM	2023 Total	2022 Present value of future cash flows	2022 Risk adjustment for non-financial risk	2022 CSM	2022 Total
Net income / (expenses) from reinsurance contracts held	(1,064,376)	467,858	557,236	(39,282)	(13,096)	(1,045)	22,263	8,122
Finance income / (expenses) from reinsurance contracts held	283,252	55,138	8,422	346,812	(20,427)	(1,620)	492	(21,555)
Effect of exchange rate changes	54,270	16,821	18,707	89,798	(35)	(3)	(62)	(100)
Total amounts recognised in total comprehensive income	(726,854)	539,817	584,365	397,328	(33,558)	(2,668)	22,693	(13,533)
Other changes	137	(15)	(9)	113	7,555	-	611	8,166
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	2,520,312	-	-	2,520,312	22,790	-	-	22,790
Recoveries from reinsurance	(206,147)	-	-	(206,147)	(126,928)	-	-	(126,928)
Total cash flows	2,314,165	-	-	2,314,165	(104,138)	-	-	(104,138)
Net balance – asset / (liability), end of year	1,978,218	569,093	623,181	3,170,492	390,770	29,291	38,825	458,886
Reinsurance contract liabilities, end of year	(33,202)	4,077	15,928	(13,197)	(42,801)	4,548	8,013	(30,240)
Reinsurance contract assets, end of year	2,011,420	565,016	607,253	3,183,689	433,571	24,743	30,812	489,126
Net balance – asset / (liability), end of year	1,978,218	569,093	623,181	3,170,492	390,770	29,291	38,825	458,886

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

The following tables show the impact of contracts recognised in the year, by segment.

(c) Impact of contracts recognised in the year

	2023					2022				
	Contracts held		Contracts acquired		Total	Contracts held		Contracts acquired		Total
Sagicor Life Reinsurance contracts held	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain		Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Estimates of present value of future cash inflows	-	3,058	-	-	3,058	-	2,064	-	-	2,064
Estimates of present value of future cash outflows	-	(1,158)	-	-	(1,158)	-	(1,156)	-	-	(1,156)
Risk adjustment for non-financial risk	-	(157)	-	-	(157)	-	(83)	-	-	(83)
CSM	(25)	(1,743)	-	-	(1,768)	(31)	(830)	-	-	(861)
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	(25)	-	-	-	(25)	(31)	(5)	-	-	(36)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(c) Impact of contracts recognised in the year

	2023					2022				
	Contracts held		Contracts acquired		Total	Contracts held		Contracts acquired		Total
Sagicor Jamaica Reinsurance contracts held	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain		Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Estimates of present value of future cash inflows	242	-	-	-	242	340	-	-	-	340
Estimates of present value of future cash outflows	(414)	-	-	-	(414)	(557)	-	-	-	(557)
Risk adjustment for non-financial risk	38	-	-	-	38	34	-	-	-	34
CSM	134	-	-	-	134	184	-	-	-	184
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	-	-	-	-	-	1	-	-	-	1

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(c) Impact of contracts recognised in the year

	2023					2022				
	Contracts held		Contracts acquired			Contracts held		Contracts acquired		
Sagicor Life USA Reinsurance contracts held	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	Total	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	Total
Estimates of present value of future cash inflows	1,021	-	-	-	1,021	607	-	-	-	607
Estimates of present value of future cash outflows	(6,759)	-	-	-	(6,759)	(14,001)	-	-	-	(14,001)
Risk adjustment for non-financial risk	176	-	-	-	176	126	-	-	-	126
CSM	5,562	-	-	-	5,562	13,267	-	-	-	13,267
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	-	-	-	-	-	(1)	-	-	-	(1)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(c) Impact of contracts recognised in the year

	2023				
	Contracts held		Contracts acquired		Total
Sagicor Canada Reinsurance contracts held	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Estimates of present value of future cash inflows	22,099	-	2,402,255	-	2,424,354
Estimates of present value of future cash outflows	(19,213)	-	(1,349,489)	-	(1,368,702)
Risk adjustment for non-financial risk	(4,845)	-	(461,940)	-	(466,785)
CSM	1,959	-	(590,827)	-	(588,868)
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	-	-	(1)	-	(1)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

	2023			2022		
Sagicor Life - Reinsurance contracts held	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
CSM, beginning of year	912	11,066	11,978	(3)	5,607	5,604
Changes that relate to current service						
CSM recognised in net income / (loss) for the services received	(126)	793	667	(59)	192	133
Changes that relate to future service						
Changes in estimates that adjust the CSM	7,089	1,038	8,127	288	5,201	5,489
Contracts initially recognised in the year	1,699	69	1,768	804	57	861
Loss- recovery component recognised on onerous underlying contracts	-	-	-	-	-	-
Reversal of loss-recovery component from onerous underlying contracts	(60)	(820)	(880)	(58)	(176)	(234)
	8,602	1,080	9,682	975	5,274	6,249
Finance income / (expenses) from reinsurance contracts held	37	211	248	6	184	190
Effect of exchange rate changes	31	1	32	(66)	1	(65)
Total amounts recognised in total comprehensive income	8,670	1,292	9,962	915	5,459	6,374
CSM, end of year	9,582	12,358	21,940	912	11,066	11,978

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

	2023			2022		
Sagicor Jamaica - Reinsurance contracts held	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
CSM, beginning of year	4,327	(1,145)	3,182	-	903	903
Changes that relate to current service						
CSM recognised in net income / (loss) for the services received	(69)	(243)	(312)	(18)	(158)	(176)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(3,566)	5,902	2,336	4,139	(1,771)	2,368
Contracts initially recognised in the year	134	-	134	184	-	184
Loss- recovery component recognised on onerous underlying contracts	-	-	-	-	-	-
Reversal of loss-recovery component from onerous underlying contracts	-	(306)	(306)	-	(117)	(117)
	(3,501)	5,353	1,852	4,305	(2,046)	2,259
Finance income / (expenses) from reinsurance contracts held	104	-	104	17	-	17
Effect of exchange rate changes	(73)	(35)	(108)	5	(2)	3
Total amounts recognised in total comprehensive income	(3,470)	5,318	1,848	4,327	(2,048)	2,279
CSM, end of year	857	4,173	5,030	4,327	(1,145)	3,182

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

	2023			2022		
Sagicor Life USA - Reinsurance contracts held	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
CSM, beginning of year	13,448	10,217	23,665	-	9,014	9,014
Changes that relate to current service						
CSM recognised in net income / (loss) for the services provided	(5,062)	(629)	(5,691)	(33)	(1,086)	(1,119)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(9,556)	(6,648)	(16,204)	1,333	4,980	6,313
Contracts initially recognised in the year	5,562	-	5,562	13,267	-	13,267
Loss- recovery component recognised on onerous underlying contracts	4,420	(9,244)	(4,824)	(1,199)	(2,896)	(4,095)
Reversal of loss-recovery component from onerous underlying contracts	-	-	-	-	-	-
	(4,636)	(16,521)	(21,157)	13,368	998	14,366
Finance income / (expenses) from reinsurance contracts held	(10)	159	149	80	205	285
Effect of exchange rate changes	-	-	-	-	-	-
Total amounts recognised in total comprehensive income	(4,646)	(16,362)	(21,008)	13,448	1,203	14,651
CSM, end of year	8,802	(6,145)	2,657	13,448	10,217	23,665

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

	2023		
Sagicor Canada - Reinsurance contracts held	**New contracts and contracts measured under the full retrospective approach at transition**	**Contracts measured under the fair value approach at transition**	**Total**
Changes that relate to current service			
CSM recognised in net income / (loss) for the services provided	(16,920)	-	(16,920)
Changes that relate to future service			
Changes in estimates that adjust the CSM	(5,089)	-	(5,089)
Contracts initially recognised in the year	588,868	-	588,868
Loss- recovery component recognised on onerous underlying contracts	-	-	-
Reversal of loss-recovery component from onerous underlying contracts	-	-	-
	566,859	-	566,859
Finance income / (expenses) from reinsurance contracts held	7,921	-	7,921
Effect of exchange rate changes	18,774	-	18,774
Total amounts recognised in total comprehensive income	593,554	-	593,554
CSM, end of year	593,554	-	593,554

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.3 SUMMARY OF LOSS COMPONENT, PRESENT VALUE OF FUTURE CASH FLOWS, RISK ADJUSTMENT AND CSM

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
2023					
LRC - Excluding loss component	1,272,052	771,760	4,241,255	8,799,768	15,084,835
LRC - Loss component	55,745	91,916	117,867	-	265,528
Present value of future cash flows	1,118,301	557,486	4,085,788	6,725,823	12,487,398
Risk adjustment for non-financial risk	133,380	78,013	113,605	983,402	1,308,400
CSM	251,894	286,896	205,583	1,157,317	1,901,690

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Total
2022				
LRC - Excluding loss component	1,194,410	744,199	3,795,142	5,733,751
LRC - Loss component	35,160	87,623	80,940	203,723
Present value of future cash flows	1,039,107	582,899	3,572,808	5,194,814
Risk adjustment for non-financial risk	128,623	60,241	120,400	309,264
CSM	230,793	245,474	237,189	713,456

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.4 LIABILITY FOR INCURRED CLAIMS BY SEGMENT

Summary of LIC by segment	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
2023					
Gross LIC:					
Insurance contracts issued	190,068	75,034	45,854	66,774	377,730
Reinsurers' share of LIC:					
Reinsurance contracts held	16,776	9,117	22,349	69,440	117,682
2022					
Gross LIC:					
Insurance contracts issued	115,152	68,488	54,315	-	237,955
Reinsurers' share of LIC:					
Reinsurance contracts held	19,050	8,361	47,160	-	74,571

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.4 LIABILITY FOR INCURRED CLAIMS BY SEGMENT (continued)

The liability for incurred claims represented by insurance lines of business is as follows:

	Gross LIC		Reinsurers' share	
	2023	2022	2023	2022
Individual life	300,591	109,020	101,994	54,547
Group life and health	19,493	73,245	3,266	8,864
Property and casualty (note 37.2)	57,646	55,690	12,422	11,160
	377,730	237,955	117,682	74,571

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.5 INVESTMENT CONTRACT LIABILITIES

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
2023					
Movement for the year:					
Balance, beginning of year	272,267	133,531	66,499	-	472,297
Amounts assumed on acquisition (note 33.1)	47	-	-	9,462	9,509
Contributions received	19,161	17,823	9,201	-	46,185
Benefits paid	(32,303)	(19,081)	(18,587)	(703)	(70,674)
Investment return from underlying assets	12,717	6,089	5,069	55	23,930
Asset management fees charged	(1,382)	(87)	-	-	(1,469)
Effect of exchange rate changes	638	(2,846)	-	288	(1,920)
Balance, end of year	271,145	135,429	62,182	9,102	477,858

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Total
2022				
Movement for the year:				
Balance, beginning of year	277,753	125,758	64,583	468,094
Contributions received	24,721	17,536	17,413	59,670
Benefits paid	(40,552)	(16,522)	(17,095)	(74,169)
Investment return from underlying assets	10,345	5,155	1,598	17,098
Asset management fees charged	-	(901)	-	(901)
Effect of exchange rate changes	-	2,505	-	2,505
Balance, end of year	272,267	133,531	66,499	472,297

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

7. MISCELLANEOUS ASSETS AND RECEIVABLES

	2023	2022 (restated)
Net defined benefit assets (note 27)	20,693	20,898
Real estate developed or held for resale	101,927	109,435
Prepaid and deferred expenses (i)	38,432	33,324
Legal claim (note 13)	348	353
Finance leases	1,297	1,109
Other assets and accounts receivable	135,161	61,119
	297,858	226,238

Amounts due from managed funds included in receivables	4,473	3,790
Amounts expected to be realised within one year included in real estate developed or held for resale	36,130	82,621

(i) Amounts are expected to be realised within one year.

8. INCOME TAX ASSETS

	2023	2022 (restated)
Deferred income tax assets (note 29)	268,729	83,082
Income and withholding taxes recoverable	62,646	52,860
	331,375	135,942

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

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

9. ASSOCIATES AND JOINT VENTURES

9.1 Interest in Associates and Joint Ventures

Name of Entity	Country of Incorporation	% interest recognised		Nature of relationship	Measurement Method	Carrying Amount	
		2023	2022			2023	2022 (restated)
RGM Limited	Trinidad & Tobago	33%	33%	Associate	Equity Method	28,048	28,017
FamGuard Corporation Limited [(1)]	Bahamas	20%	20%	Associate	Equity Method	24,506	20,506
Primo Holding Limited	Barbados	38%	38%	Associate	Equity Method	289	298
Sagicor Costa Rica SCR, S.A.	Costa Rica	50%	50%	Joint Venture	Equity Method	14,974	12,118
						67,817	60,939

(1) FamGuard Corporation Limited is listed on the Bahamas International Securities Exchange. The proportionate share of market value calculated on the basis of the year-end closing rate of $4.20 per share was $25,200 (2022 – $22,440).

The reconciliation of carrying amounts for the year of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A	
	2023	2022	2023	2022 (restated)	2023	2022	2023	2022 (restated)
Reconciliation to carrying amounts:								
Investment, beginning of year	28,017	26,854	20,506	19,462	298	305	12,118	8,640
Dividends received	(1,371)	-	(880)	(1,000)	-	-	-	
Share of income / (loss)	1,692	1,414	4,399	1,829	(9)	(7)	1,574	2,870
Share of amortisation or impairment of intangible assets which were identified on acquisition	-	-	(10)	(10)	-	-	-	-
Share of income taxes	(398)	(340)	-	-	-	-	-	-
Share of other comprehensive income	-	-	491	225	-	-	1,552	393
Effects of exchange rate changes	108	89	-	-	-	-	(270)	215
Investment, end of year	28,048	28,017	24,506	20,506	289	298	14,974	12,118

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

9. ASSOCIATES AND JOINT VENTURES (continued)

9.1 Interest in Associates and Joint Ventures (continued)

The reconciliation of the share of net assets based on the summarised financial information to carrying amounts of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A.	
	2023	2022	2023	2022 (restated)	2023	2022	2023	2022 (restated)
Net Assets	84,146	84,057	122,475	119,303	760	784	29,947	24,237
% Interest	33%	33%	20%	20%	38%	38%	50%	50%
Share of net assets	28,048	28,017	24,495	23,861	289	298	14,974	12,118
Goodwill arising from investment in associate	-	-	11	19	-	-	-	-
Change in net assets on restatement	-	-	-	(3,374)	-	-	-	-
Investment, end of year	28,048	28,017	24,506	20,506	289	298	14,974	12,118

9.2 Commitments and contingent liabilities

Other commitments at the year-end if called are $211 (2022 – $206) and contingent liabilities exist of $51 (2022 – $51).

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

9. ASSOCIATES AND JOINT VENTURES (continued)

9.3 Summarised Financial Information

Summarised financial information from the financial statements of associates and joint ventures is set out in the three tables which follow.

Entities with insurance operations reflect restatements of certain 2022 comparative balances as a result of the implementation of IFRS 17.

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A	
	2023	2022	2023	2022 (restated)	2023	2022	2023	2022 (restated)
ASSETS								
Property, plant and equipment	1,344	1,196	28,394	29,287	-	-	368	154
Financial investments	-	-	311,330	305,284	-	-	27,693	10,766
Reinsurance contract assets	-	-	8,195	8,094	-	-	589	633
Insurance contract assets	-	-	-	-	-	-	-	-
Cash resources	6,322	9,258	13,609	13,987	-	-	2,110	1,184
Other investments and assets	120,674	121,070	15,249	13,990	1,000	1,000	2,894	23,655
Total assets	128,340	131,524	376,777	370,642	1,000	1,000	33,654	36,392
LIABILITIES								
Insurance contract liabilities	-	-	244,740	240,315	-	-	351	8,550
Reinsurance contract liabilities	-	-	-	-	-	-	-	-
Investment contract liabilities	-	-	595	535	-	-	-	-
Notes and loans payable	-	-	-	-	-	-	-	3,586
Other liabilities	44,194	47,467	8,967	10,489	240	216	3,356	19
Total liabilities	44,194	47,467	254,302	251,339	240	216	3,707	12,155
Net assets	84,146	84,057	122,475	119,303	760	784	29,947	24,237

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

9. ASSOCIATES AND JOINT VENTURES (continued)

9.3 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A	
	2023	2022	2023	2022 (restated)	2023	2022	2023	2022 (restated)
WORKING CAPITAL								
Current assets	13,179	15,995	18,487	17,860	-	-	18,161	25,374
Current liabilities	4,605	6,849	8,967	10,489	44	44	1,659	8,550
Net current assets / (liabilities)	8,574	9,146	9,520	7,371	(44)	(44)	16,502	16,824
Cash and cash equivalents included in current assets	6,322	9,258	13,609	13,987	-	-	2,110	1,184
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	1,095	2,570	-	-	-	-	1,308	-
NON-CURRENT ASSETS / LIABILITIES								
Non-current assets	115,161	115,529	358,290	352,782	1,000	1,000	15,493	11,018
Non-current liabilities	39,589	40,618	245,335	240,850	196	172	2,048	3,605
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	39,589	40,618	245,335	240,850	-	-	2,049	3,605

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

9. ASSOCIATES AND JOINT VENTURES (continued)

9.3 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Sagicor Costa Rica SCR, S.A	
	2023	2022	2023	2022 (restated)	2023	2022	2023	2022 (restated)
Summarised statement of comprehensive income								
Insurance service result	-	-	11,257	8,744	-	-	13,709	13,421
Net investment income	28,523	25,101	19,322	14,826	-	-	(472)	(303)
Net insurance finance expense	-	-	(15,505)	(11,773)	-	-	-	-
Net insurance and investment result	28,523	25,101	15,074	11,797	-	-	13,237	13,118
Fees and other income	-	-	-	-	-	-	-	1,457
Other income	-	-	2,083	2,298	-	-	-	-
Other operating expenses	(20,038)	(17,314)	(12,021)	(9,898)	(24)	(19)	(8,455)	(7,308)
Other finance costs	(3,285)	(3,689)	-	-	-	-	-	-
Income before taxes	5,200	4,098	5,136	4,197	(24)	(19)	4,782	7,267
Income taxes	(1,194)	(904)	-	-	-	-	(1,634)	(1,527)
Net income / (loss) for the year	4,006	3,194	5,136	4,197	(24)	(19)	3,148	5,740
Other comprehensive income	-	-	-	-	-	-	2,563	1,313
Total comprehensive income	4,006	3,194	5,136	4,197	(24)	(19)	5,711	7,053
Interest income	-	-	19,322	14,826	-	-	1,756	1,200
Interest expense	3,285	3,808	-	-	-	-	(199)	(195)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

10. INTANGIBLE ASSETS

10.1 Analysis of intangible assets and changes for the year

	Goodwill	Customer & broker relationships	Trade names	Software	Syndicate capacity & licences	Total
2023						
Net book value, beginning of year	74,973	11,357	2,680	16,303	-	105,313
Additions at cost	-	-	-	4,704	-	4,704
Assumed on acquisition (note 33.1)	-	-	-	14,393	7	14,400
Transfer from property, plant and equipment (note 12)	-	-	-	8,531	-	8,531
Amortisation/impairment charges	(29,265)	(2,262)	(5)	(7,741)	-	(39,273)
Effects of exchange rate changes	(683)	(170)	(57)	395	-	(515)
Net book value, end of year	45,025	8,925	2,618	36,585	7	93,160
Represented by:						
Cost or valuation	47,253	36,510	6,096	127,072	7	216,938
Accumulated depreciation and impairments	(2,228)	(27,585)	(3,478)	(90,487)	-	(123,778)
	45,025	8,925	2,618	36,585	7	93,160

	Goodwill	Customer & broker relationships	Trade names	Software	Total
2022					
Net book value, beginning of year	56,996	10,432	2,638	19,035	89,101
Additions at cost	-	161	-	4,234	4,395
Identified on acquisition: - Alliance Financial Services Limited (note 33.2)	17,389	4,488	65	-	21,942
Transfer from property, plant and equipment (note 12)	-	-	-	804	804
Derecognised on disposal of subsidiary: - X-Fund Limited (note 33.4)	-	(1,752)	-	-	(1,752)
Amortisation/impairment charges	-	(2,177)	(77)	(7,900)	(10,154)
Divestitures and disposals	-	-	-	(9)	(9)
Effects of exchange rate changes	588	205	54	139	986
Net book value, end of year	74,973	11,357	2,680	16,303	105,313
Represented by:					
Cost or valuation	77,973	37,422	6,228	98,798	220,421
Accumulated depreciation and impairments	(3,000)	(26,065)	(3,548)	(82,495)	(115,108)
	74,973	11,357	2,680	16,303	105,313

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

10. INTANGIBLE ASSETS

10.2 Impairment of intangible assets

Goodwill arises from past acquisitions and is allocated to cash-generating units (CGUs). Goodwill is tested annually for impairment. The recoverable amount of a CGU is determined as the higher of its value in use or its fair value less costs to sell.

For those CGU's where the fair value less costs of disposal methodology is used, financial projections are used as inputs to determine maintainable earnings over time to which is applied an appropriate earnings' multiple. For those CGU's where the value in use methodology is used, cash flows are extracted from financial projections to which are applied appropriate discount factors and residual growth rates, or alternatively, the cash flows from the financial projections are extended to 50 years using an actuarial appraisal value technique which incorporates appropriate discount rates and solvency capital requirements. As disclosed in note 2.8(a), goodwill is allocated to the Group's reportable operating segments.

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

The carrying values of goodwill and the impairment test factors used are considered in the following sections.

(a) Sagicor Life operating segment

	2023	2022
Carrying value of goodwill	-	26,582

(i) Years ended December 31, 2023 & 2022

An actuarial appraisal value technique was adopted to test goodwill impairment. The principal assumptions included the following:

- Discount rates of 10% (2022 – 10%) for individual life and annuity in force business;
- New individual life and annuity business was included for the seven-year period 2024 to 2030, (seven-year period 2023 to 2029);
- Annual growth rates for new individual life and annuity business were -46% to 5% for 2024 and -1% to 8% from 2025 to 2030 (2022: – 49% to 10% for 2023 and 5% to 11% from 2024 to 2029);
- Discount rates of 14% (2022 – 14%) for new individual life and annuity business;
- Minimum Continuing Capital and Surplus Ratio (MCCSR) of 175% (2022 – 175%).

The appraisal value, based on the actuarial assumptions and interest rate environment at year end, suggested the goodwill was fully impaired. As at December 31, 2023, there is no further goodwill remaining in the Sagicor Life operating segment.

(b) Sagicor Jamaica operating segment

	2023	2022
Carrying value of goodwill	45,025	45,710

The fair value less costs of disposal methodology was adopted to test goodwill impairment in both years. The after-tax multiple used for the segment 10.0 (2022 – 9.8) was derived from a pre-tax factor of 7.0 (2022 – 7.0) using an iterative method.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

10. INTANGIBLE ASSETS

10.2 Impairment of intangible assets (continued)

Sensitivity

The possible impairment of goodwill is sensitive to changes in earnings multiples and after-tax earnings. This is illustrated in the following table.

	2023 test		
	Scenario 1	**Scenario 2**	**Scenario 3**
After-tax earnings multiples	10.0	9.0	8.0
Reduction in forecast earnings	n/a	10.0%	10.0%
Excess of recoverable amount (of 49.11% interest)	79,921	25,689	n/a
Impairment (of 49.11% interest)	Nil	Nil	(13,276)

(c) Sagicor General Insurance Inc

	2023	**2022**
Carrying value of goodwill	-	2,681

The value-in-use methodology has been used to test goodwill impairment in both years. The pre-tax discount factor was 17.2% (2022 – 17.2%) which was derived from an after-tax factor of 14.5% (2022 – 15.0%) using an iterative method. The residual growth rate was 2% (2022 – 2.0%).

Based on the results of the testing, goodwill amounting to $2,681 was impaired. There is no further goodwill remaining on Sagicor General.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

11. INVESTMENT PROPERTY

The movement in investment property for the year is as follows:

	2023	2022
Balance, beginning of year	77,359	75,954
Additions at cost	9,431	-
Amounts assumed on acquisition	10	-
Transfer from real estate developed for resale (note 7)	-	1,707
Transfer from (to) property, plant and equipment (note 12)	599	(235)
Disposals	(1,617)	(480)
Fair value changes recorded in net investment income	(217)	175
Effects of exchange rate changes	(190)	238
Balance, end of year	85,375	77,359

Investment property includes $7,428 (2022 - $7,374) which represents the Group's proportionate interest in joint operations summarised in the following table.

Country	Description of property	Percentage ownership recognised
Barbados	Freehold lands	50%
	Freehold office buildings	33%
Trinidad & Tobago	Freehold office building	60%

Pension Funds managed by the Group own the remaining 50% interest in freehold lands in Barbados, and a 33% interest in a freehold office building in Barbados.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

12. PROPERTY, PLANT AND EQUIPMENT

	2023				
	Owner-occupied properties	Owner-managed hotel properties	Office furnishing, equipment & vehicles	Right-of-use assets	Total
Net book value, beginning of year	108,197	-	40,961	29,697	178,855
Additions at cost	10,155	-	12,571	4,644	27,370
Additions arising from acquisitions	4	-	3,875	6,738	10,617
Asset retirement obligation	-	-	-	-	-
Transfer from (to) investment property (note 11)	(599)	-	-	-	(599)
Transfer to intangible assets (note 10)	-	-	(8,531)	-	(8,531)
Other transfers		-	(2)	441	439
Disposals and divestitures	(681)	-	(571)	(485)	(1,737)
Fair value changes recorded in OCI	5,408	-	-	-	5,408
Depreciation charge	(968)	-	(8,233)	(6,452)	(15,653)
Effects of exchange rate changes	(401)	-	(182)	(45)	(628)
Net book value, end of year	121,115	-	39,888	34,538	195,541
Represented by:					
Cost or valuation	123,631	-	164,213	60,779	348,623
Accumulated depreciation	(2,516)	-	(124,325)	(26,241)	(153,082)
	121,115	-	39,888	34,538	195,541

Owner-occupied properties consist mainly of commercial offices but include lands of $35,878 (2022 -$34,388) utilised largely in farming operations.

Owner-occupied properties, equipment & vehicles include operating leases held as lessor.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	2022				
	Owner-occupied properties	**Owner-managed hotel properties**	**Office furnishing, equipment & vehicles**	**Right-of-use assets**	**Total**
Net book value, beginning of year	108,480	88,235	43,590	26,476	266,781
Additions at cost	537	97	17,000	9,254	26,888
Additions arising from acquisitions	-	-	68	-	68
Asset retirement obligation	-	-	-	34	34
Transfer from investment property (note 11)	235	-	-	-	235
Transfer to intangible assets (note 10)	-	-	(804)	-	(804)
Transfer to real estate developed or held for sale (note 7)	(880)	-	-	-	(880)
Other transfers	-	-	-	(9)	(9)
Derecognised on disposal of subsidiary: - X-Fund Limited (note 33.4)	-	(101,922)	(6,432)	-	(108,354)
Disposals and divestitures	(106)	-	(225)	(498)	(829)
Fair value changes recorded in OCI	475	16,572	-	-	17,047
Depreciation charge	(978)	(1,592)	(12,428)	(5,788)	(20,786)
Effects of exchange rate changes	434	(1,390)	192	228	(536)
Net book value, end of year	108,197	-	40,961	29,697	178,855
Represented by:					
Cost or valuation	110,488	-	162,591	51,271	324,350
Accumulated depreciation	(2,291)	-	(121,630)	(21,574)	(145,495)
	108,197	-	40,961	29,697	178,855

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022 (restated)
Suspense and other amounts due	42,744	37,904
Legal claim (i)	348	353
Other accounts payable and accrued liabilities	250,690	160,324
	293,782	198,581

(i) 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 (”the Bank”), (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 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 Jamaica appealed the Supreme Court decision and judgement was delivered on July 31, 2018, which ruled that the award previously made 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 judgement which was delivered in January 2019. The amount previously awarded to the Claimant has been recorded as payable to the Claimant, plus accrued interest, and a corresponding receivable from Finsac / Government of Jamaica has been recorded (note 7).

On July 1, 2019, the Claimant filed an application for conditional leave to appeal to the Privy Council on the issue of costs, with final leave being granted on October 26, 2020.

The Privy Council heard the matter in May 2022 and delivered its judgement on December 8, 2022. The parties were invited by the Privy Council to make submissions as to costs.

On March 2, 2023, the Privy Council ordered an interim payment to be made to the Claimant which was duly paid by the Government of Jamaica. The substantive award, which is indemnified by the Government of Jamaica, is subject to an accounting exercise by the Privy Council.

14. INCOME TAX LIABILITIES

	2023	2022 (restated)
Deferred income tax liabilities (note 29)	4,386	4,131
Income taxes payable	25,994	16,107
	30,380	20,238

Income taxes payable are expected to be settled within a year of the financial statements’ date.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

15. DEPOSIT AND SECURITY LIABILITIES

	Carrying Value					
2023	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Sagicor Canada**	**Head office and other operating companies**	**Total**
Liabilities at amortised cost:						
Other funding instruments	-	98,325	357,745	764,706	-	1,220,776
Customer deposits	1,777	1,013,685	-	-	50,981	1,066,443
Securities sold for repurchase	71,796	588,724	-	-	-	660,520
Bank overdrafts	2,153	-	-	-	-	2,153
	75,726	1,700,734	357,745	764,706	50,981	2,949,892
Liabilities at fair value through FVTPL:						
Derivative financial instruments (note 36.9)	-	-	-	538	-	538
	-	-	-	538	-	538
	75,726	1,700,734	357,745	765,244	50,981	2,950,430

	Fair Value					
2023	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Sagicor Canada**	**Head office and other operating companies**	**Total**
Liabilities at amortised cost:						
Other funding instruments	-	98,086	357,745	903,249	-	1,359,080
Customer deposits	1,777	1,016,720	-	-	50,981	1,069,478
Securities sold for repurchase	71,796	588,724	-	-	-	660,520
Bank overdrafts	2,153	-	-	-	-	2,153
	75,726	1,703,530	357,745	903,249	50,981	3,091,231
Liabilities at fair value through FVTPL:						
Structured products	-	-	-	-	-	-
Derivative financial instruments (note 36.9)	-	-	-	538	-	538
	-	-	-	538	-	538
	75,726	1,703,530	357,745	903,787	50,981	3,091,769

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

15. DEPOSIT AND SECURITY LIABILITIES (continued)

	Carrying Value				
2022	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Head office and other operating companies**	**Total**
Liabilities at amortised cost:					
Other funding instruments	-	111,536	428,315	-	539,851
Customer deposits	-	965,737	-	15,836	981,573
Securities sold for repurchase	-	578,681	-	76,067	654,748
Bank overdrafts	1,737	-	-	-	1,737
	1,737	1,655,954	428,315	91,903	2,177,909
Liabilities at fair value through FVTPL:					
Structured products	-	4,346	-	-	4,346
Derivative financial instruments (note 36.9)	-	16	-	-	16
	-	4,362	-	-	4,362
	1,737	1,660,316	428,315	91,903	2,182,271

	Fair Value				
2022	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Head office and other operating companies**	**Total**
Liabilities at amortised cost:					
Other funding instruments	-	111,608	428,315	-	539,923
Customer deposits	-	965,737	-	15,836	981,573
Securities sold for repurchase	-	578,681	-	76,067	654,748
Bank overdrafts	1,737	-	-	-	1,737
	1,737	1,656,026	428,315	91,903	2,177,981
Liabilities at fair value through FVTPL:					
Structured products	-	4,346	-	-	4,346
Derivative financial instruments (note 36.9)	-	16	-	-	16
	-	4,362	-	-	4,362
	1,737	1,660,388	428,315	91,903	2,182,343

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

15. DEPOSIT AND SECURITY LIABILITIES (continued)

Other funding instruments consist of loans from banks and other financial institutions and include balances of $357,745 (2022 - $428,315) due to the Federal Home Loan Bank of Dallas (FHLB). The Group participates in the FHLB programme in which funds received from the Bank are invested in mortgages and mortgage-backed securities.

Included in other funding instruments is an amount on deposit from a reinsurer which is part of the net identifiable assets acquired from the ivari acquisition in October this year. The deposit is repayable according to a prescribed repayment schedule to year 2077 and an annual interest rate of about 8.54% is applied to the outstanding deposit balance monthly. The deposit was recorded at fair value with the ivari acquisition and subsequently measured at amortised cost. The carrying amount as at December 31, 2023 was $764,706.

Structured products are offered by a banking subsidiary. A structured product is a pre-packaged investment strategy created to meet specific needs that cannot be met from the standardised financial instruments available in the market. Structured products can be used as an alternative to a direct investment, as part of the asset allocation process to reduce risk exposure of a portfolio, or to capitalise on current market trends.

Collateral for other funding instruments and securities sold under agreements to resell is set out in note 5.3.

16. LEASE LIABILITIES

The lease liabilities recognised are as follows:

	December 31, 2023	December 31, 2022
Current lease liabilities	9,419	7,394
Non-current lease liabilities	28,568	25,900
	37,987	33,294

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

	December 31, 2023	December 31, 2022
Land & buildings	33,625	28,457
Office furnishing, equipment & vehicles	913	1,240
Total right-of-use assets(1)	34,538	29,697

(1) Included in property, plant and equipment

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

17. NOTES AND LOANS PAYABLE

The following table presents the carrying values of notes and loans payable.

	2023		2022	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
5.30% senior notes due 2028 (a)	539,124	537,306	535,421	507,055
6.50% unsecured bond due 2023 (b)	-	-	19,963	19,839
5.75% unsecured bond due 2023 (b)	-	-	26,613	26,321
10.50% unsecured bond due 2024 (c)	29,304	30,035	-	-
7.50% unsecured bond due 2024 (c)	21,060	21,332	-	-
6.75% notes due 2024 (d)	14,251	14,299	14,559	14,414
Bank loans and other funding instruments (e)	36,092	36,092	35,979	35,979
SOFR+200 bps revolving credit facility (f)	4,007	4,007	-	-
SOFR+500 bps term loan (g)	301,828	301,828	-	-
	945,666	944,899	632,535	603,608

(a) Senior Notes Due 2028

On May 13, 2021, Sagicor Financial Company Ltd. issued US$400 million of senior notes due 2028 (the “New Notes”). The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Company used partial proceeds of the transaction to repurchase US$318 million principal amount of 8.875% Notes due 2022 which were issued by its subsidiary, Sagicor Finance 2015 Limited. In May 2021, the Group made a cash tender offer for the Notes and cash tenders totalling US$130 million were accepted. On August 11, 2021, the Company redeemed all of the remaining US$188 million principal amount of the 2022 notes at an aggregate redemption price of US$188 million.

On December 15, 2021, the Group issued an additional US$150 million principal amount of the New Notes. These New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Group had, in total, US$550 million principal amount of the New Notes outstanding at the year end.

Pursuant to the terms of the New Notes, the Group may redeem the New Notes under the scenario as summarised below:

Optional Redemption with an Applicable Premium - At any time on or after May 13, 2024, the Group may redeem the New Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the New Notes redeemed, to the applicable date of redemption.

At December 31, 2023, the Group has estimated the fair value of the optional redemption embedded derivative at US$7.2 million (2022 – US$9.4 million).

17. NOTES AND LOANS PAYABLE (continued)

(b) On May 26, 2023, these facilities carrying annual interest rates of 6.50% and 5.75%, and with original issue date of September 16, 2019, were refinanced and extended per (c) below. At December 31, 2023, Sagicor Investments Jamaica Limited held an investment of US$ Nil (2022 - US$12.8 million) in Tranche A.

(c) The newly extended facilities remain in two Tranches, with Tranche A up to J$4,490,000,000 from previous limit of J$4,895,140,000 and Tranche B up to US$20,973,000 from previous limit of US$26,400,000, carrying updated annual interest rates of 10.50% and 7.50% respectively. Interest is payable quarterly and commenced on May 26, 2023. The Tranches mature on June 26, 2024.

(d) On August 16, 2019, Sagicor Investments Jamaica Limited issued J$4.4 billion notes in two Tranches, Tranche A J$2.22 billion and Tranche B J$2.18 billion, carrying annual rates of 5.00% and 6.75% respectively. Tranche A matured on September 16, 2020 and the remaining Tranche B has a maturity date of August 16, 2024.

(e) Bank loans and other funding instruments include the following:

(i) On May 24, 2019, Sagicor General Insurance Inc entered into a US$12 million loan agreement. The interest rate is 3.50% per annum and the loan matures on July 31, 2024.

(ii) On October 1, 2020, The Estates (Residential Properties) Limited issued cumulative preference shares in the amount of US$9 million. Dividends accrue at a rate of 6.75% per annum and are payable semi-annually. The preference shares are redeemable on September 30, 2027.

(iii) On May 3, 2021, The Estates (Residential Properties) Limited entered into a US$17 million construction loan agreement with First Caribbean International Bank (Barbados) Limited. The interest rate is 3.50% per annum and the loan was repayable on June 11, 2023, 2 years from the date of issuance. The facility was available in multiple drawdowns over this period. As a result of delays in relation to the project, the date for full repayment of the loan has been extended to March 15, 2024.

(iv) On February 24, 2023, an additional loan of US$12.5 million was issued to The Estates (Residential Properties) Limited by First Caribbean International Bank (Barbados) Limited. The loan bears interest at a rate of 3.50% per annum and is repayable on August 24, 2025. The facility is available in multiple drawdowns over this period.

(f) On August 2, 2023, Sagicor Financial Company Ltd. entered into a credit agreement to establish a revolving credit facility in the principal amount of up to US$125 million. Interest is payable monthly and based on SOFR+200 bps. The facility is subject to certain covenants and matures on August 2, 2026 or such date to which the facility may be extended. As at December 31, 2023, US$4 million was drawn down from the facility and subsequently repaid in January 2024.

(g) On October 3, 2023, Sagicor Financial Company Ltd. entered into a credit and guarantee agreement to establish a floating rate loan facility in the amount of US $320 million. Interest is payable monthly and based on the SOFR+500 bps. Principal repayments of US$29.7 million are due semi-annually in April and October of each year. This facility is subject to certain covenants and matures on August 24, 2027.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

17. NOTES AND LOANS PAYABLE (continued)

Movement for the year to December 31:	2023	2022
Balance, beginning of year	632,535	683,388
Valuation of call option embedded derivative	2,225	1,925
Additions:		
Gross principal	385,619	62,138
Less: Expenses	(20,295)	(404)
	365,324	61,734
Repayments:		
Principal	(57,219)	(71,748)
Interest	(43,341)	(35,149)
	(100,560)	(106,897)
Derecognised on disposal of subsidiary, X-Fund Limited (note 33.4)	-	(44,655)
Amortisation during the year	3,594	1,838
Accrued interest	43,161	35,155
Effects of exchange rate changes	(613)	47
Balance, end of the year	945,666	632,535

18. OTHER LIABILITIES / RETIREMENT BENEFIT LIABILITIES

	2023	2022
Net defined benefit liabilities (note 27)	73,854	65,458
Other provisions	6,623	238
	80,477	65,696

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

19. COMMON SHARES

The authorised share capital of the Company is US$200,000,000 divided into 10,000,000,000 common shares of US$0.01 each and 10,000,000,000 preference shares of US$0.01 each.

The common shares issued are as follows:

	2023			
	Number in 000's	**Share capital**	**Share premium**	**Total**
Issued and fully paid:				
Balance, beginning of year	142,768	1,427	735,206	736,633
Repurchase of shares (note 19.1)	(2,438)	(24)	(12,539)	(12,563)
	140,330	1,403	722,667	724,070
Allotments arising from:				
Common shares	735	7	2,693	2,700
	141,065	1,410	725,360	726,770
Balance, end of year				
Treasury shares:				
Shares held for LTI and ESOP, end of year (note 26.1)	(50)	(1)	(275)	(276)
Shares repurchased but not cancelled	(13)	-	(56)	(56)
Total	141,002	1,409	725,029	726,438

	2022			
	Number in 000's	**Share capital**	**Share premium**	**Total**
Issued and fully paid:				
Balance, beginning of year	143,184	1,432	737,394	738,826
Repurchase of shares (note 19.1)	(1,184)	(12)	(6,095)	(6,107)
	142,000	1,420	731,299	732,719
Allotments arising from:				
Common shares	768	7	3,907	3,914
Balance, end of year	142,768	1,427	735,206	736,633
Treasury shares:				
Shares held for LTI and ESOP, end of year (note 26.1)	(50)	(1)	(275)	(276)
Shares repurchased but not cancelled	(2)	-	(9)	(9)
Total	142,716	1,426	734,922	736,348

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

19. COMMON SHARES (continued)

19.1 Share buyback programme

In 2020, the board of directors of SFC authorised a share buyback programme that allows the Company to repurchase its common shares (the "NCIB Shares"). The Toronto Stock Exchange (the "TSX") accepted the Company's notice of intention to make a normal course issuer bid ("NCIB") through which the Company was authorised to purchase up to 8,000,000 of the NCIB Shares during the 12-month period commencing June 22, 2020 and ending June 21, 2021.

On June 22, 2022, the Company announced that the TSX accepted the Company's notice of intention to renew its normal course issuer bid ("NCIB") through which the Company may purchase up to 9,134,417 of the NCIB Shares during the 12-month period commencing June 24, 2022 and ending June 23, 2023. Under the NCIB, purchases may be made on the open market through the facilities of the TSX and/or alternative Canadian trading systems at the market price at the time of acquisition, as well as by other means as may be permitted by TSX rules and applicable securities laws.

During the year, the Company repurchased 2,438,427 shares at a total cost of US$9.2 million (2022 - 1,183,572 shares at a total cost of US$6.0 million) which were subsequently cancelled. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium on the repurchase of shares has been recorded directly in retained earnings.

The cost of shares totaling US$0.06 million, which were repurchased at the period end date but not cancelled, US$0.01 million (2022 - US$0.009 million), has been reflected in treasury shares.

19.2 Common share dividends

Common share dividends declared and paid are set out in the following table.

	2023		2022	
	Per share	**Total**	**Per share**	**Total**
Dividends declared and paid during the year:				
Three-month period ended:				
– March 31	5.625¢	8,010	5.625¢	8,035
– June 30	5.625¢	8,018	5.625¢	8,052
– September 30	5.625¢	7,995	5.625¢	8,024
– December 31	5.625¢	7,941	5.625¢	8,030
Total		31,964		32,141

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

20. RESERVES

	Fair value reserves						
	Owner-occupied and owner-managed property	**FVTOCI assets**	**Cash flow hedges**	**Currency translation reserves**	**Warrant reserve**[1]	**Other reserves**	**Total reserves**
2023							
Restated balance as at December 31, 2022	24,771	(53,908)	(35)	(168,508)	20,062	62,177	(115,441)
Total comprehensive income	3,271	9,723	-	23,378	-	-	36,372
Transactions with holders of equity instruments:							
Allocated to reserve for equity compensation benefits	-	-	-	-	-	4,546	4,546
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	(4,096)	(4,096)
Changes in ownership interest in subsidiaries	3	158	-	439		15	615
Transfers to retained earnings and other movements	-	-	-	-	-	4,587	4,587
Balance as at December 31, 2023	28,045	(44,027)	(35)	(144,691)	20,062	67,229	(73,417)

(1) The Group has 34,774,993 (2022 - 34,774,993) warrants outstanding which have an exercise price of CDN $11.50 per share. These warrants expire on December 5, 2024. The warrants are listed on the Toronto Stock Exchange.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

20. RESERVES (continued)

	Fair value reserves							
	Owner-occupied and owner-managed property	FVTOCI assets	Actuarial liabilities	Cash flow hedges	Currency translation reserves	Warrant reserve[1]	Other reserves	Total reserves
2022 (restated)								
Balance as at December 31, 2021								
as previously reported	25,469	119,739	(114,384)	(35)	(169,254)	20,062	57,931	(60,472)
Impact of initial application of IFRS 17	-	-	114,384	-	(4,271)	-	-	110,113
Impact of application of IFRS 9 policy choices as a result of IFRS 17 implementation	-	(120,727)	-	-	-	-	-	(120,727)
Restated balance as at January 1, 2022	25,469	(988)	-	(35)	(173,525)	20,062	57,931	(71,086)
Total comprehensive income	527	(52,920)	-	-	5,017	-	-	(47,376)
Transactions with holders of equity instruments:								
Allocated to reserve for equity compensation benefits	-	-	-	-	-	-	5,575	5,575
Eliminated from reserve for equity compensation benefits	-	-	-	-	-	-	(5,176)	(5,176)
Transfers to retained earnings and other movements	(1,225)	-	-	-	-	-	3,847	2,622
Restated balance as at December 31, 2022	24,771	(53,908)	-	(35)	(168,508)	20,062	62,177	(115,441)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES

(a) Insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held, by reporting segment, is included in the following tables.

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
2023					
Insurance revenue					
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC:					
Expected incurred claims and other directly attributable expenses after loss component allocation	58,708	71,209	28,413	116,677	275,007
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	13,091	7,196	9,056	16,579	45,922
CSM recognised in net income / (loss) for the services provided	25,890	34,421	36,279	33,310	129,900
Insurance acquisition cash flows recovery	6,624	4,347	13,072	1,329	25,372
Insurance revenue for contracts not measured under the PAA	104,313	117,173	86,820	167,895	476,201
Insurance revenue from contracts measured under the PAA	195,648	190,672	-	-	386,320
Total insurance revenue	**299,961**	**307,845**	**86,820**	**167,895**	**862,521**
Insurance service expenses					
Incurred claims and other directly attributable expenses	(199,791)	(201,588)	(48,954)	(105,175)	(555,508)
Losses on onerous contracts and reversal of those losses	(20,080)	(2,313)	(38,061)	-	(60,454)
Insurance acquisition cash flows amortisation	(37,783)	(27,942)	(13,072)	(1,329)	(80,126)
Total insurance service expenses	**(257,654)**	**(231,843)**	**(100,087)**	**(106,504)**	**(696,088)**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(a) Insurance service result (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
2023					
Net income / (expenses) from reinsurance contracts held					
Reinsurance expenses – contracts not measured under the PAA					
Amounts relating to the changes in the remaining coverage:					
Expected claims and other directly attributable expenses recovery	689	(1,277)	(12,842)	(88,026)	(101,456)
Change in the risk adjustment recognised for the risk expired	659	(207)	(2,879)	(10,288)	(12,715)
CSM recognised in net income / (loss) for the services received	667	(312)	(5,691)	(16,920)	(22,256)
Reinsurance expenses – contracts not measured under the PAA	2,015	(1,796)	(21,412)	(115,234)	(136,427)
Reinsurance expenses – contracts measured under the PAA	(41,949)	(38,610)	-	-	(80,559)
Other incurred directly attributable expenses	-	(2,440)	(8,692)	-	(11,132)
Claims recovered	14,143	19,354	10,414	77,668	121,579
Changes in fulfilment cash flows which relate to onerous underlying contracts	(552)	(66)	11,938	-	11,320
Reversals of loss-recovery component other than changes in fulfilment cash flows	(8)	-	-	-	(8)
Total net income / (expenses) from reinsurance contracts held	**(26,351)**	**(23,558)**	**(7,752)**	**(37,566)**	**(95,227)**
Total insurance service result	**15,956**	**52,444**	**(21,019)**	**23,825**	**71,206**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(a) Insurance service result (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Total
2022				
Insurance revenue				
Contracts not measured under the PAA				
Amounts relating to the changes in the LRC:				
Expected incurred claims and other directly attributable expenses after loss component allocation	52,553	60,187	28,639	141,379
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	12,554	6,552	6,774	25,880
CSM recognised in net income / (loss) for the services provided	27,308	28,735	27,648	83,691
Insurance acquisition cash flows recovery	3,820	1,228	3,578	8,626
Insurance revenue for contracts not measured under the PAA	96,235	96,702	66,639	259,576
Insurance revenue from contracts measured under the PAA	189,444	165,706	-	355,150
Total insurance revenue	**285,679**	**262,408**	**66,639**	**614,726**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(185,451)	(168,742)	(51,155)	(405,348)
Losses on onerous contracts and reversal of those losses	(12,857)	(5,540)	(9,894)	(28,291)
Insurance acquisition cash flows amortisation	(33,846)	(21,975)	(3,578)	(59,399)
Total insurance service expenses	**(232,154)**	**(196,257)**	**(64,627)**	**(493,038)**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(a) Insurance service result (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Total
2022				
Net income / (expenses) from reinsurance contracts held				
Reinsurance expenses – contracts not measured under the PAA				
Amounts relating to the changes in the remaining coverage:				
Expected claims and other directly attributable expenses recovery	(4,860)	(1,096)	448	(5,508)
Change in the risk adjustment recognised for the risk expired	(362)	(180)	(2,039)	(2,581)
CSM recognised in net income / (loss) for the services received	133	(176)	(1,119)	(1,162)
Other net cost / gain recognised in profit and loss	53	-	-	53
Reinsurance expenses – contracts not measured under the PAA	(5,036)	(1,452)	(2,710)	(9,198)
Reinsurance expenses – contracts measured under the PAA	(37,595)	(28,074)	-	(65,669)
Other incurred directly attributable expenses	-	(3,736)	-	(3,736)
Claims recovered	16,172	13,981	12,631	42,784
Changes in fulfilment cash flows which relate to onerous underlying contracts	(162)	(186)	(996)	(1,344)
Total net income / (expenses) from reinsurance contracts held	**(26,621)**	**(19,467)**	**8,925**	**(37,163)**
Total insurance service result	**26,904**	**46,684**	**10,937**	**84,525**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(b) Amounts determined on transition to IFRS 17

The following table shows an analysis of insurance revenue and CSM by transition method, by reporting segments.

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
2023					
INSURANCE CONTRACTS ISSUED					
Insurance revenue					
New contracts and contracts measured under the full retrospective approach at transition	38,080	57,062	60,949	167,895	323,986
Contracts measured under the fair value approach at transition	66,233	60,111	25,871	-	152,215
	104,313	**117,173**	**86,820**	**167,895**	**476,201**
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	168,529	210,315	199,314	1,157,317	1,735,475
Contracts measured under the fair value approach at transition	83,365	76,581	6,269	-	166,215
	251,894	**286,896**	**205,583**	**1,157,317**	**1,901,690**
REINSURANCE CONTRACTS HELD					
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	9,582	857	8,802	593,554	612,795
Contracts measured under the fair value approach at transition	12,358	4,173	(6,145)	-	10,386
	21,940	**5,030**	**2,657**	**593,554**	**623,181**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(b) Amounts determined on transition to IFRS 17 (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other operating companies	Total
2022					
INSURANCE CONTRACTS ISSUED					
Insurance revenue					
New contracts and contracts measured under the full retrospective approach at transition	28,408	46,357	41,641	-	116,406
Contracts measured under the fair value approach at transition	67,827	50,345	24,998	-	143,170
	96,235	**96,702**	**66,639**	**-**	**259,576**
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	147,106	193,989	226,772	-	567,867
Contracts measured under the fair value approach at transition	83,687	51,485	10,417	-	145,589
	230,793	**245,474**	**237,189**	**-**	**713,456**
REINSURANCE CONTRACTS HELD				-	
CSM, end of year				-	
New contracts and contracts measured under the full retrospective approach at transition	912	4,327	13,448	-	18,687
Contracts measured under the fair value approach at transition	11,066	(1,145)	10,217	-	20,138
	11,978	**3,182**	**23,665**	**-**	**38,825**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(c) Expected recognition of the contractual service margin

The following tables summarise the expected recognition of the contractual service margin based on the estimate of the CSM using discounted coverage units to allocate the CSM to each year, by reporting segment.

INSURANCE CONTRACTS ISSUED	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
Contracts not measured under the PAA					
2023					
Number of years until expected to be recognised					
1	14,178	23,095	12,673	125,235	175,181
2	11,454	19,978	15,995	111,036	158,463
3	9,400	17,216	15,163	98,649	140,428
4	7,906	15,166	12,837	87,990	123,899
5	6,669	13,642	10,971	78,861	110,143
6-10	28,063	53,916	63,504	289,205	434,688
>10	174,224	143,883	74,440	366,341	758,888
Total	**251,894**	**286,896**	**205,583**	**1,157,317**	**1,901,690**
2022					
Number of years until expected to be recognised					
1	23,952	19,942	20,781	-	64,675
2	22,894	18,439	19,930	-	61,263
3	21,835	17,183	19,237	-	58,255
4	20,800	16,157	16,981	-	53,938
5	19,894	15,247	13,435	-	48,576
6-10	73,613	64,845	60,348	-	198,806
>10	47,805	93,661	86,477	-	227,943
Total	**230,793**	**245,474**	**237,189**	-	**713,456**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(c) Expected recognition of the contractual service margin (continued)

REINSURANCE CONTRACTS HELD	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Total
Contracts not measured under the PAA					
2023					
Number of years until expected to be recognised					
1	5,104	302	1,063	65,936	72,405
2	2,924	293	793	57,945	61,955
3	1,829	264	961	51,413	54,467
4	1,250	240	943	45,715	48,148
5	931	223	792	40,804	42,750
6-10	2,853	906	1,885	148,336	153,980
>10	7,049	2,802	(3,780)	183,405	189,476
Total	**21,940**	**5,030**	**2,657**	**593,554**	**623,181**
2022					
Number of years until expected to be recognised					
1	4,380	248	778	-	5,406
2	2,420	246	3,998	-	6,664
3	1,435	224	1,628	-	3,287
4	904	207	20,539	-	21,650
5	571	192	(722)	-	41
6-10	862	652	(1,629)	-	(115)
>10	1,406	1,413	(927)	-	1,892
Total	**11,978**	**3,182**	**23,665**	**-**	**38,825**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

22. INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES

An analysis of net investment income and net insurance finance expenses, by reporting segment, is presented in the following tables:

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Head office and other operating companies	Total
2023						
NET INVESTMENT INCOME / (EXPENSES) – UNDERLYING ASSETS						
Gain / (loss) on derecognition of amortised cost investments	-	(8)	-	-	-	(8)
Gain / (loss) on derecognition of assets carried at FVTOCI	-	619	-	-	-	619
Interest income earned from financial assets measured at amortised cost and FVTOCI	8,719	7,841	-	-	-	16,560
Net gain / (loss) on FVTPL investments	85,057	70,548	311,697	796,020	-	1,263,322
Net credit impairment recovery / (loss)	184	1	-	-	-	185
Net investment income / (expenses) – underlying assets	**93,960**	**79,001**	**311,697**	**796,020**	**-**	**1,280,678**
NET INVESTMENT INCOME / (EXPENSES) – OTHER INVESTMENTS						
Gain / (loss) on derecognition of amortised cost investments	-	-	-	-	(1)	(1)
Gain / (loss) on derecognition of assets carried at FVTOCI	525	2,838	(1,751)	-	103	1,715
Interest income earned from financial assets measured at amortised cost and FVTOCI	13,008	142,694	48,838	-	3,021	207,561
Net gain / (loss) on FVTPL investments	12,728	2,972	44,595	-	2,905	63,200
Net credit impairment recovery / (loss)	(473)	(2,940)	(531)	-	(177)	(4,121)
Net investment income – other investments	**25,788**	**145,564**	**91,151**	**-**	**5,851**	**268,354**
NET INVESTMENT INCOME / (EXPENSES) – OTHER						
Net change in investment contract liabilities	-	-	-	(55)	-	(55)
Investment property – rental income	1,902	452	-	-	292	2,646
Investment property – realised gains	71	-	-	-	-	71
Investment property – unrealised gains	(994)	1,205	-	-	-	211
Other investment income	273	(387)	2,139	-	(121)	1,904
Net investment income – other	**1,252**	**1,270**	**2,139**	**(55)**	**171**	**4,777**
TOTAL NET INVESTMENT INCOME / (EXPENSES)	**121,000**	**225,835**	**404,987**	**795,965**	**6,022**	**1,553,809**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

22. INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Sagicor Canada	Head office and other operating companies	Total
2023						
FINANCE INCOME / (EXPENSES) FROM INSURANCE CONTRACTS ISSUED						
Changes in fair value of underlying assets of contracts measured under the VFA	-	(57)	-	-	-	(57)
Interest accreted	(45,091)	(22,857)	(220,235)	(112,954)	-	(401,137)
Effect of changes in interest rates and other financial assumptions	(50,886)	(4,925)	(77,385)	(832,299)	-	(965,495)
Finance income/ (expenses) from insurance contracts issued	**(95,977)**	**(27,839)**	**(297,620)**	**(945,253)**	**-**	**(1,366,689)**
FINANCE INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD						
Interest accreted	(1,387)	1	19,485	36,433	-	54,532
Effect of changes in interest rates and other financial assumptions	7,336	923	13,127	270,999	-	292,385
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	(105)	-	-	-	(105)
Finance income/ (expenses) from reinsurance contracts held	**5,949**	**819**	**32,612**	**307,432**	**-**	**346,812**
NET INSURANCE FINANCE INCOME / (EXPENSES)	**(90,028)**	**(27,020)**	**(265,008)**	**(637,821)**	**-**	**(1,019,877)**
SUMMARY OF THE AMOUNTS RECOGNISED IN THE STATEMENT OF INCOME						
Net investment income / (expenses) – underlying assets	93,960	79,001	311,697	796,020	-	1,280,678
Net investment income / (expenses) – other investments	25,788	145,564	91,151	-	5,851	268,354
Net investment income / (expenses) – other	1,252	1,270	2,139	(55)	171	4,777
Net insurance finance income / (expenses)	(90,028)	(27,020)	(265,008)	(637,821)	-	(1,019,877)
	30,972	**198,815**	**139,979**	**158,144**	**6,022**	**533,932**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

22. INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other operating companies	Total
2022 (restated)					
NET INVESTMENT INCOME / (EXPENSES) – UNDERLYING ASSETS					
Gain / (loss) on derecognition of amortised cost investments	567	3,777	-	-	4,344
Gain / (loss) on derecognition of assets carried at FVTOCI	(418)	438	-	-	20
Interest income earned from financial assets measured at amortised cost and FVTOCI	11,822	6,947	-	-	18,769
Net gain / (loss) on FVTPL investments	29,701	(70,733)	(317,923)	-	(358,955)
Net credit impairment recovery / (loss)	373	1	-	-	374
Net investment income / (expenses) – underlying assets	**42,045**	**(59,570)**	**(317,923)**	**-**	**(335,448)**
NET INVESTMENT INCOME / (EXPENSES) – OTHER INVESTMENTS					
Gain / (loss) on derecognition of amortised cost investments	32	-	(54)	(7)	(29)
Gain / (loss) on derecognition of assets carried at FVTOCI	259	(115)	(849)	-	(705)
Interest income earned from financial assets measured at amortised cost and FVTOCI	8,595	115,650	29,076	6,569	159,890
Net gain / (loss) on FVTPL investments	5,645	(12,184)	(70,808)	(19,913)	(97,260)
Net credit impairment recovery / (loss)	51	(3,796)	(651)	(97)	(4,493)
Net investment income – other investments	**14,582**	**99,555**	**(43,286)**	**(13,448)**	**57,403**
NET INVESTMENT INCOME / (EXPENSES) – OTHER					
Investment property – rental income	1,914	372	-	-	2,286
Investment property – unrealised gains	(1,399)	1,530	-	(14)	117
Other investment income	(955)	(59)	797	(174)	(391)
Net investment income – other	**(440)**	**1,843**	**797**	**(188)**	**2,012**
TOTAL NET INVESTMENT INCOME / (EXPENSES)	**56,187**	**41,828**	**(360,412)**	**(13,636)**	**(276,033)**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

22. INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES (continued)

	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office and other operating companies	Total
2022 (restated)					
FINANCE INCOME / (EXPENSES) FROM INSURANCE CONTRACTS ISSUED					
Changes in fair value of underlying assets of contracts measured under the VFA	-	11,354	-	-	11,354
Interest accreted	(25,791)	(18,699)	(139,887)	-	(184,377)
Effect of changes in interest rates and other financial assumptions	10,087	94,041	412,802	-	516,930
Finance income/(expenses) from insurance contracts issued	**(15,704)**	**86,696**	**272,915**	**-**	**343,907**
FINANCE INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD					
Interest accreted	(839)	(21)	23,307	-	22,447
Effect of changes in interest rates and other financial assumptions	(291)	1,545	(45,256)	-	(44,002)
Finance income/(expenses) from reinsurance contracts held	**(1,130)**	**1,524**	**(21,949)**	**-**	**(21,555)**
NET INSURANCE FINANCE INCOME / (EXPENSES)	**(16,834)**	**88,220**	**250,966**	**-**	**322,352**
SUMMARY OF THE AMOUNTS RECOGNISED IN THE STATEMENT OF INCOME					
Net investment income / (expenses) – underlying assets	42,045	(59,570)	(317,923)	-	(335,448)
Net investment income / (expenses) – other investments	14,582	99,555	(43,286)	(13,448)	57,403
Net investment income / (expenses) – other	(440)	1,843	797	(188)	2,012
Net insurance finance income / (expenses)	(16,834)	88,220	250,966	-	322,352
	39,353	**130,048**	**(109,446)**	**(13,636)**	**46,319**

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

23. FEES AND OTHER INCOME

	Fees recognised a point in time	Fees recognised over time	Other income	Total
2023				
Service contract income	42,513	49,008	-	91,521
Fee income – assets under administration	-	3,267	-	3,267
Commission income on insurance and reinsurance contracts	-	(5)	186	181
Other fees and commission income	19,536	1,856	7,419	28,811
Finance leases income	-	-	120	120
Foreign exchange gains / (losses)	-	-	(1,577)	(1,577)
Other operating and miscellaneous income	6,757	-	(11,368)	(4,611)
	68,806	54,126	(5,220)	117,712
2022 (restated)				
Service contract income	36,913	47,431	-	84,344
Fee income – assets under administration	-	3,150	-	3,150
Commission income on insurance and reinsurance contracts	-	-	165	165
Other fees and commission income	15,982	1,756	12,707	30,445
Finance lease income	-	-	89	89
Foreign exchange gains / (losses)	-	-	(1,849)	(1,849)
Hotel revenue	6,960	20,932	2,504	30,396
Other operating and miscellaneous income	124	(33)	992	1,083
	59,979	73,236	14,608	147,823

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

24. EXPENSES BY NATURE

An analysis of the expense incurred by the Group is included in the below table:

	2023			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
Employee expenses	45,134	43,966	124,931	214,031
Commissions and related compensation	97,166	36,145	3,380	136,691
Asset taxes	709	1,001	6,929	8,639
Claims adjustment expenses	-	224,148	-	224,148
Depreciation, amortisation and intangible asset impairment charges	2,811	2,315	43,937	49,063
Audit, legal and other professional fees	6,019	7,054	30,361	43,434
Other administrative expenses	36,942	27,778	140,514	205,234
	188,781	342,407	350,052	881,240

	2022			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
Employee expenses	40,377	33,662	113,905	187,944
Commissions and related compensation	91,338	34,384	2,712	128,434
Asset taxes	-	-	8,354	8,354
Claims adjustment expenses	-	182,618	-	182,618
Depreciation, amortisation and intangible asset impairment charges	4,187	2,860	23,678	30,725
Audit, legal and other professional fees	6,785	4,488	21,147	32,420
Other administrative expenses	29,810	21,079	128,156	179,045
	172,497	279,091	297,952	749,540

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

24.1 EMPLOYEE COSTS

Included in employee expenses and commissions and related compensation are the following:

	2023	2022
Administrative staff salaries, directors' fees and short-term benefits	179,088	150,455
Social security and defined contribution retirement costs	16,397	13,286
Equity-settled compensation benefits (note 26.1 to 26.2)	8,459	6,946
Cash-settled compensation benefits	(469)	(342)
Defined benefit expense (note 27 (b))	8,028	9,798
	211,503	180,143

25. OTHER INTEREST AND FINANCE COSTS

Other interest and finance costs are comprised as follows:

	2023	2022
Other interest costs (note 25.1)	105,640	61,284
Finance costs (note 25.2)	49,646	39,626
	155,286	100,910

25.1 Other interest costs

	2023	2022
Interest expense (amortised cost liabilities):		
Investment contracts	14,040	10,481
Other funding instruments	32,635	10,623
Customer deposits	17,319	9,772
Securities sold for repurchase	31,151	19,273
Other	484	2,858
	95,629	53,007
Fair value changes and interest expense (FVTPL liabilities)	10,011	8,277
	105,640	61,284

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

25. OTHER INTEREST AND FINANCE COSTS (continued)

25.2 Finance costs

	2023	2022
5.30% senior notes due 2028	30,628	30,548
5.50% unsecured bond due 2022	-	601
6.25% unsecured bond due 2022	-	726
6.50% unsecured bond due 2023	839	798
5.75% unsecured bond due 2023	665	1,126
10.50% unsecured bond due 2024	1,921	-
7.50% unsecured bond due 2024	1,009	-
6.75% notes due 2024	963	960
Bank loans & other funding instruments	1,694	1,609
SOFR+200 bps revolving credit facility	481	-
SOFR+500 bps term loan	9,930	-
Mortgage loans	-	1,727
Lease liabilities (1)	1,516	1,531
	49,646	39,626

(1) Interest expense arising from lease liabilities recognised in conformity with IFRS 16.

26. EQUITY COMPENSATION BENEFITS

26.1 Sagicor Financial Company Ltd.

Effective December 31, 2005, SFCL introduced the LTI plan and the ESOP. A total of 26,555,274 common shares of SFCL (or 10% of shares then in issue) has been set aside for the purposes of the long-term incentive (LTI) plan and the Employee Share Ownership Plan (ESOP).

In 2017, the shareholders of SFCL approved the increase in the number of SFCL's shares reserved for the LTI and ESOP from 26,555,274 common shares to 40,400,000 common shares.

On December 5, 2019, concurrent with the closing of the transaction between Alignvest Acquisition II Corporation ("Alignvest") and Sagicor Financial Corporation Limited ("SFCL"), restricted share grants, share options and ESOP awards were exchanged for grants, options and awards in SFC. SFCL common shares not purchased for cash were exchanged for common shares of SFC on an exchange ratio of one SFC common share for 4.328 of SFCL common shares ("Exchange Ratio"). 3,680,687 restricted share grants were exchanged for 850,276 restricted share grants and 2,297,517 ESOP awards were exchanged for 526,831 ESOP awards in SFC (the "Replacement Grants"). 20,250,604 options were exchanged for 4,678,152 options to purchase common shares of Sagicor Financial Company Ltd (the "Replacement Options"). The Replacement Options provide an optionee the ability to purchase common shares of Sagicor Financial Company Ltd at a price per share linked to the award year (as adjusted by the exchange ratio), and the terms and conditions of the Replacement Options have remained the same as the initial terms and conditions. The terms of the Replacement Grants remain unchanged. Since these modifications did not increase the total fair value of the Replacement Options or the Replacement Grants, the Sagicor group continues to account for the cost of compensation services received as consideration for the equity instruments granted as if the replacement had not occurred.

The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option pricing model as disclosed in section (b) below.

26. EQUITY COMPENSATION BENEFITS

26.1 Sagicor Financial Company Ltd.

(a) LTI plan (2005) – share grants

At inception, restricted share grants have been granted to designated key management of the Sagicor group. Share grants may vest over a four-year period beginning at the grant date. The vesting of share grants is conditional upon the relative profitability of the Sagicor group as compared to a number of peer companies. Relative profitability is measured with reference to the financial year preceding the vesting date.

In 2023, a revision was made to the LTI (2005) restricted share grants plan. For performance year 2023 and onwards the LTI shall be delivered in share units, 50% of which are Restricted Share Units (‘RSUs’) and 50% of which are Performance Share Units (‘PSUs’). The RSU vest equally over a three-year period beginning at the grant date. The PSU however, vest only at the end of the three-year period following the grant date.

This approach is applied prospectively. All grants issued previously will continue to vest based on the criteria in place at the grant date.

The movement in share grants during the year is as follows:

	2023		2022	
	Number of grants ‘000	Weighted average price	Number of grants ‘000	Weighted Average price
Balance, beginning of year	804	US$4.54	792	US$4.83
Grants issued	593	US$4.95	779	US$4.35
Grants vested	(296)	US$4.67	(608)	US$4.65
Grants lapsed/forfeited	(37)	US$4.78	(159)	US$4.74
Balance, end of year	1,064	US$4.72	804	US$4.54

Grants issued may be satisfied out of new shares issued by Sagicor Financial Company Ltd. or by shares acquired in the market. No shares were utilised during the year. Shares acquired and classified as treasury shares were as follows:

	2023		2022	
	Number in 000’s	$000	Number in 000’s	$000
Balance, beginning of year and end of year	40	206	40	206

(b) LTI plan – share options

No share options have been granted to designated key management of the Group during the year. Options were granted at the fair market price of SFCL shares prevailing one year before the option is granted. Options vest over four years, 25% each on the first four anniversaries of the grant date. Options are exercisable up to 10 years from the grant date.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

26. EQUITY COMPENSATION BENEFITS (continued)

26.1 Sagicor Financial Company Ltd. (continued)

The movement in share options for the year and details of the share options and assumptions used in determining their pricing are as follows:

	2023		2022	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	1,040	4.68	1,365	4.65
Options exercised	-	-	(272)	4.52
Options adjustments	-	-	(53)	4.66
Balance, end of year	1,040	4.76	1,040	4.68
Exercisable at the end of the year	871	4.69	871	4.69
Share price at grant date	USD 3.72 - 10.82		US$3.72 - 10.82	
Fair value of options at grant date	USD 0.67 - 2.99		US$0.67 - 2.99	
Expected volatility	18.6% - 35.8%		18.6% - 35.8%	
Expected life	7.0 years		7.0 years	
Expected dividend yield	2.6% - 4.7%		2.6% - 4.7%	
Risk-free interest rate	4.5% - 6.8%		4.5% - 6.8%	

The expected volatility of options is based on statistical analysis of monthly share prices over the 7 years prior to grant date.

26. EQUITY COMPENSATION BENEFITS (continued)

26.1 Sagicor Financial Company Ltd. (continued)

(c) LTI plan (2019) – restricted share grants

On December 5, 2019, also concurrent with the closing of the transaction between Alignvest Acquisition II Corporation and Sagicor Financial Corporation Limited, the Company introduced a replacement award for years 2020, 2021 and 2022 under a Sagicor Financial Company Ltd. equity-based plan, in lieu of the foregoing award of restricted share units of the LTI plan introduced for certain executives in December 31, 2005.

Under the plan, certain executives are awarded a number of restrictive share units of Sagicor Financial Company Ltd. which will vest in accordance with the conditions noted below:

(a) Subject to the executives' continued employment on the first, second and third anniversary dates of the vesting commencement date;

(b) Subject to the Company achieving its return on equity target for the relevant year, as laid out in the Company's strategic plan or executive award agreement approved by the Company.

(c) Subject to the shares of the Company trading above Canadian $12.00 per share for 20 out of any 30-day consecutive trading days prior to December 31, 2024.

The movement in these restricted share grants during the year is as follows:

	2023		2022	
	Number of grants '000	**Weighted average price**	**Number of grants '000**	**Weighted average price**
Balance, beginning of year	715	US$5.01	406	US$5.25
Grants issued [1]	500	US$4.44	502	US$4.63
Grants vested	(421)	US$4.62	(193)	US$4.73
Balance, end of year	794	US$4.69	715	US$5.01

[1] Grants issued during the year represent a special award issued to designated key management. The shares will vest subject to the executives' continued employment for 3 years post grant date.

(d) ESOP

From 2006, SFCL approved awards under the ESOP in respect of permanent administrative employees and sales agents of SFCL and certain subsidiaries. The ESOP is administered by SFC and the amount awarded is used to acquire Sagicor Financial Company Ltd. shares. Shares vest over a four-year period in equal tranches and are issued as they vest. No shares were utilised during the year. Shares acquired and classified as treasury shares were as follows:

	2023		2022	
	Number in 000's	**$000**	**Number in 000's**	**$000**
Balance, beginning of year and end of year	10	70	10	70

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

26. EQUITY COMPENSATION BENEFITS (continued)

26.1 Sagicor Financial Company Ltd. (continued)

(e) LTI plan (2023) – share options

In April 2023, Sagicor Financial Company Ltd. granted share options to designated key management of the Group. Options vest over four years, (25% per year) starting December 31, 2023, with continued vesting on each anniversary following the first vesting date. Options are exercisable up to 10 years from the grant date.

The movement in share options for the year and details of the share options and assumptions used in determining their pricing are as follows:

	2023	
	Number of grants ‘000	**Weighted average price**
Balance, beginning of year	-	-
Options granted	4,000	US$5.91
Options exercised	-	-
Balance, end of year	4,000	US$5.91
Exercisable at the end of the year	1,000	US$5.91
Share price at grant date	USD 4.43 - 7.39	
Fair value of options at grant date	USD 0.17 - 0.37	
Expected volatility	28.10%	
Expected life	10.0 years	
Expected dividend yield	6.30%	
Risk-free interest rate	3.30%	

The expected volatility of options is based on statistical analysis of monthly share prices over the 10 years prior to grant date.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

26.2 Sagicor Group Jamaica Limited (SGJ)

(a) Long-term incentive plan

Sagicor Group Jamaica Limited 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 instalments beginning the first December 31 following the grant date and for the next three December 31 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 March 31 of the measurement year. The exercise price of the options is the closing bid price on March 31 of the measurement year.

Details of the share options outstanding are set out in the following table. J$ represents Jamaica dollars.

	2023		2022	
	Number of options ‘000	**Weighted average exercise price**	**Number of options ‘000**	**Weighted average exercise price**
Balance, beginning of year	10,526	J$40.15	10,253	J$33.73
Options granted	2,650	J$57.00	2,660	J$51.88
Options exercised	(859)	J$28.00	(2,387)	J$25.63
Balance, end of year	12,317	J$44.60	10,526	J$40.15
Exercisable at the end of the year	7,992	J$39.00	6,815	J$38.08

Further details of share options and the assumptions used in determining their pricing are as follows:

	2023	2022
Fair value of options outstanding	J$46,140,926	J$43,468,000
Share price at grant date	J$23.65 - 57.44	J$10.49 - 51.88
Exercise price	J$23.65 - 57.44	J$10.49 - 51.88
Standard deviation of expected share price returns	28.0%	29.0%
Remaining contractual term	0.25 - 7 years	0.25 - 7 years
Risk-free interest rate	6.30%	5.4.%

The expected volatility is based on statistical analysis of daily share prices over seven years.

26. EQUITY COMPENSATION BENEFITS (continued)

26.2 Sagicor Group Jamaica Limited (SGJ) (continued)

(b) Employee share purchase plan

Sagicor Group Jamaica Limited has in place a share purchase plan which enables its administrative and sales staff to purchase shares at a discount. The proceeds from shares issued under this plan totalled J$137,834,000 (2022 - Nil).

27. EMPLOYEE RETIREMENT BENEFITS

The Group maintains a number of defined contribution and defined benefit retirement benefit plans for eligible sales agents and administrative employees. The plans for sales agents and some administrative employees provide defined contribution benefits. The plans for administrative employees in Barbados, Jamaica, Trinidad and certain other Caribbean countries provide defined benefits based on final salary and number of years of active service. The plans in Canada also provide defined benefits for eligible long-term employees. Also, in these countries, retired employees may be eligible for medical and life insurance benefits which are partially or wholly funded by the Group. The principal defined benefit retirement plans are as follows:

Funded Plans	Unfunded Plans
Sagicor Life Barbados & Eastern Caribbean Pension	Sagicor Life Trinidad Pension
Sagicor Life Jamaica Pension	Sagicor Life (Heritage Life of Barbados - Barbados & Eastern Caribbean) Pension
Sagicor Investments Jamaica Pension	Group medical and life plans
ivari Holdings Inc. Retirement Plan for Employees (NN Life RPP)	ivari Holdings Inc. Supplemental Retirement Plan (ivari SERP)
ivari Holdings Inc and Affiliates Retirement Plan for Employees (ivari RPP).	The NN Life Supplemental Pension Plan (NNL Life SERP)
	Non-Pension Post Retirement Plan
	Non-Pension Post Employment Plan

The above plans also incorporate employees of the Company and other subsidiaries, whose attributable obligations and attributable assets are separately identified for solvency, contribution rate and reporting purposes.

The assets of the Sagicor Life Trinidad and Sagicor Life (Heritage Life of Barbados) pension plans are held under deposit administration contracts with Sagicor Life Inc and because these assets form part of the Group's assets, these plans are presented as unfunded in accordance with IAS 19 (revised). The assets of the Canadian pension plans are valued in accordance with IAS 19.

The above pension plans are registered with the relevant regulatory authorities in the Caribbean and are governed by Trust Deeds which conform with the relevant laws. The Canadian pension plans are registered with the Canada Revenue Agency and the Financial Services Regulatory Authority of Ontario. The plans are managed by the Group under the direction of appointed Trustees and Custodians.

The group medical and life obligations arise from employee benefit insurance plans where benefits are extended to eligible retirees.

All disclosures in sections 27 (a) to (f) of this note relate only to defined benefit plans.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

a) Amounts recognised in the statement of financial position

	2023	2022
Present value of funded pension obligations	332,734	281,135
Fair value of retirement plan assets	(346,360)	(300,609)
	(13,626)	(19,474)
Present value of unfunded pension obligations	36,447	31,493
Present value of unfunded medical and life benefits	27,525	20,020
Impact of minimum funding requirement / asset ceiling	2,815	12,521
Net liability	53,161	44,560
Represented by:		
Amounts held on deposit by the Group as deposit administration contracts	28,307	29,715
Other recognised liabilities	45,547	35,743
Total recognised liabilities (note 18)	73,854	65,458
Recognised assets (note 7)	(20,693)	(20,898)
Net liability	53,161	44,560

Pension plans have purchased annuities from insurers in the Group to pay benefits to plan retirees. These obligations which amount to $40,260 (2022 - $34,426) are included in insurance contract liabilities in the statement of financial position and are included as retirement plan assets in this note.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances

	2023				
	Medical and life benefits	**Retirement obligations**	**Retirement plan assets**	**Funding requirement / asset ceiling**	**Total**
Net liability / (asset), beginning of year	20,020	312,628	(300,609)	12,521	44,560
Current service cost	464	6,382	66	-	6,912
Interest expense / (income)	2,506	28,171	(31,162)	1,601	1,116
Past service cost and gains / losses on settlements	-	-	-	-	-
Net expense recognised in income	2,970	34,553	(31,096)	1,601	8,028
(Gains) / losses from changes in assumptions	4,351	17,089	(8,064)	-	13,376
(Gains) / losses from changes in experience	(178)	(13,644)	15,340	(11,088)	(9,570)
Return on plan assets excluding interest income	-	-	1,446	-	1,446
Change in asset ceiling excluding interest expense / (income)	-	-	-	-	-
Net (gains) / losses recognised in other comprehensive income	4,173	3,445	8,722	(11,088)	5,252
Contributions made by the Group	-	-	(6,883)	-	(6,883)
Contributions made by employees and retirees	-	8,051	(7,906)	-	145
Benefits paid	(984)	(18,938)	18,736	-	(1,186)
Assumed on acquisitions	1,734	25,439	(23,963)	-	3,210
Other items	0	6,410	(6,171)	-	239
Effect of exchange rate movements	(388)	(2,407)	2,810	(219)	(204)
Other movements	362	18,555	(23,377)	(219)	(4,679)
Net liability / (asset), end of year	27,525	369,181	(346,360)	2,815	53,161

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances (continued)

	2022				
	Medical and life benefits	**Retirement obligations**	**Retirement plan assets**	**Funding requirement / asset ceiling**	**Total**
Net liability / (asset), beginning of year	31,573	348,039	(322,094)	-	57,518
Current service cost	916	7,109	6	-	8,031
Interest expense / (income)	2,490	22,874	(23,609)	-	1,755
Past service cost and gains / losses on settlements	-	12	-	-	12
Net expense recognised in income	3,406	29,995	(23,603)	-	9,798
(Gains) / losses from changes in assumptions	(16,516)	(43,824)	12,158	-	(48,182)
(Gains) / losses from changes in experience	2,042	(14,924)	22,762	12,334	22,214
Return on plan assets excluding interest income	-	-	10,880	-	10,880
Change in asset ceiling excluding interest expense / (income)	-	(631)	900	-	269
Net (gains) / losses recognised in other comprehensive income	(14,474)	(59,379)	46,700	12,334	(14,819)
Contributions made by the Group	-	-	(7,385)	-	(7,385)
Contributions made by employees and retirees	-	7,619	(7,619)	-	-
Benefits paid	(910)	(20,477)	20,277	-	(1,110)
Other items	-	3,590	(3,398)	-	192
Effect of exchange rate movements	425	3,241	(3,487)	187	366
Other movements	(485)	(6,027)	(1,612)	187	(7,937)
Net liability / (asset), end of year	20,020	312,628	(300,609)	12,521	44,560

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(c) Retirement plan assets

	2023	2022
Equity unit linked pension funds under Group management:		
Sagicor Equity Fund (Barbados)	(45,448)	(46,870)
Sagicor Bonds Fund (Barbados)	(28,395)	(27,759)
Sagicor Eastern Caribbean Fund (St Lucia)	(10,544)	(9,644)
Sagicor Pooled Investment Funds (Jamaica):		
Equity Funds	(44,091)	(53,014)
Mortgage & Real Estate Fund	(32,118)	(29,810)
Fixed Income Fund	(18,653)	(14,370)
Foreign Currency Funds	(20,962)	(22,142)
Money Market Fund	(5,147)	(2,926)
Other Funds	(30,962)	(23,222)
	(236,320)	(229,757)
Other assets	(110,040)	(70,852)
Total plan assets	(346,360)	(300,609)

The equity unit linked pension funds are funds domiciled in Barbados and Jamaica. Annual reports of these funds are available to the public.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(d) Significant actuarial assumptions

The significant actuarial assumptions for the principal geographic areas as of December 31, 2023 were as follows:

Pension plans	**Barbados & Eastern Caribbean**	**Jamaica**	**Trinidad**	**Canada**
Discount rate - local currency benefits	7.50% - 7.75%	11.00%	6.00%	4.75%
Discount rate - US$ indexed benefits	n/a	7.50%	n/a	n/a
Expected return on plan assets	7.50% - 7.75%	11.00%	6.00%	4.75%
Future promotional salary increases	0.00%	9.50%	0.00%	0.00%
Future inflationary salary increases	3.00%	9.50%	3.00%	2.50%
Future pension increases	2.00%	0.50%	0.00%	0.00%
Future increases in National Insurance Scheme Ceilings	3.00%	n/a	3.50%	2.50%
Mortality table	UP94 with projection scale AA	American 1994 Group Annuitant Mortality (GAM94S) table with 5-year improvement	UP94 with projection scale AA	CPM2014PRIV with generational improvements using MI-2017 (sex-distinct rates)
Termination of active members	3% up to age 30, 1% at age 50, 0% at age 51	2% - 5.8% up to age 30, 3.8% - 5.8% at age 50, 3.0% - 3.8% at age 51	3% up to age 30, reducing to 1% up to age 50, 0% at age 51	n/a
Early retirement	100% at the earliest possible age to receive unreduced benefits	2.7% - 3.0% at the earliest possible age to receive unreduced benefits	n/a	NN Plan - Reduced by 4% per year to age 60 if the member has 20 years of service. TA Plan – Reduced by 3% per year to age 62.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(d) Significant actuarial assumptions

The significant actuarial assumptions for the principal geographic areas as of December 31, 2022 were as follows:

Pension plans	**Barbados & Eastern Caribbean**	**Jamaica**	**Trinidad**
Discount rate - local currency benefits	7.50% - 7.75%	13.00%	6.00%
Discount rate - US$ indexed benefits	n/a	10.00%	n/a
Expected return on plan assets	7.75%	5.50%	6.00%
Future promotional salary increases	0.00%	9.50%	0.00%
Future inflationary salary increases	2.00% - 2.50%	9.50%	2.50%
Future pension increases	2.00%	0.50%	0.00%
Future increases in National Insurance Scheme Ceilings	3.00% - 3.50%	n/a	3.50%
Mortality table	UP94 with projection scale AA	American 1994 Group Annuitant Mortality (GAM94S) table with 5-year improvement	UP94 with projection scale AA
Termination of active members	3% - 18.4% up to age 30, reducing to 1% - 7.2% at age 50, 0% at age 51	2% - 5.8% up to age 30, 3.8% - 5.8% at age 50, 2.7% - 3.8% at age 51	3% up to age 30, reducing to 1% at age 50, 0% at age 51
Early retirement	100% at the earliest possible age to receive unreduced benefits	n/a	100% at the earliest possible age to receive unreduced benefits

	2023			**2022**	
Group medical and life plans	**Barbados**	**Jamaica**	**Canada**	**Barbados**	**Jamaica**
Long-term increase in health costs	4.25%	8.50%	4.05%	4.25%	8.50%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions

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

	December 31, 2023			
	Barbados & Eastern Caribbean	Jamaica	Trinidad	Canada
Base pension obligation	101,726	181,860	20,232	27,589
Change in absolute assumption	**Increase / (decrease) in pension obligations**			
Decrease discount rate by 1.0%	8,999	1,043	2,344	3,879
Increase discount rate by 1.0%	(7,169)	(803)	(1,672)	(3,879)
Decrease salary growth rate by 0.5%	(950)	(21)	(441)	(108)
Increase salary growth rate by 0.5%	1,127	25	548	108
Increase average life expectancy by 1 year	1,543	(18)	255	634
Decrease average life expectancy by 1 year	(1,555)	13	(258)	(634)

	December 31, 2022		
	Barbados & Eastern Caribbean	Jamaica	Trinidad
Base pension obligation	100,096	162,713	18,326
Change in absolute assumption	**Increase / (decrease) in pension obligations**		
Decrease discount rate by 1.0%	8,451	3,080	1,900
Increase discount rate by 1.0%	(6,647)	(2,368)	(1,311)
Decrease salary growth rate by 0.5%	(616)	(83)	(297)
Increase salary growth rate by 0.5%	769	154	359
Increase average life expectancy by 1 year	1,753	262	314
Decrease average life expectancy by 1 year	(1,919)	(279)	(335)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

The sensitivity of the medical and life benefits obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2023	
	Jamaica	**Canada**
Base medical and life obligation	25,414	3,974
Change in absolute assumption	**Increase / (decrease) in medical and life obligations**	
Decrease discount rate by 1.0%	1,620	215
Increase discount rate by 1.0%	(1,265)	(215)
Decrease salary growth rate by 0.5%	(1)	-
Increase salary growth rate by 0.5%	-	-
Increase average life expectancy by 1 year	231	67
Decrease average life expectancy by 1 year	(232)	(67)

	December 31, 2022
	Jamaica
Base medical and life obligation	19,871
Change in absolute assumption	**Increase / (decrease) in medical and life obligations**
Decrease discount rate by 1.0%	2,766
Increase discount rate by 1.0%	(2,277)
Decrease salary growth rate by 0.5%	(158)
Increase salary growth rate by 0.5%	182
Increase average life expectancy by 1 year	527
Decrease average life expectancy by 1 year	(527)

(f) Amount, timing and uncertainty of future cash flows

In addition to the annual actuarial valuations prepared for the purpose of annual financial statement reporting, full actuarial valuations of pension plans are conducted every 3 years. These full valuations contain recommendations for Group and employee contribution levels which are implemented by the Group.

For the 2024 financial year, the total Group contributions to its defined benefits pension plans are estimated at $14,281.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

28 INCOME TAXES

Group companies are taxed according to the taxation rules of the countries where the operations are carried out. The principal rates of taxation are summarised in note 2.17(c). The income tax expense is set out in the following table.

	2023	2022 (restated)
Current tax:		
Current tax on profits for the year	45,222	46,653
Adjustments to current tax of prior periods	(40)	325
Total current tax expense	45,182	46,978
Deferred tax:		
Decrease / (increase) in deferred tax assets (note 29)	45,340	(28,157)
Increase / (decrease) in deferred tax liabilities (note 29)	(1,718)	1,578
Total deferred tax expense	43,622	(26,579)
Share of tax of associated companies	398	340
Total tax expense	89,202	20,739

Income tax on the total income subject to taxation differs from the theoretical amount that would arise as follows:

	2023	2022 (restated)
Income before income tax expense	673,435	(112,404)
Taxation at the applicable rates on income subject to tax	114,051	346
Adjustments to current tax for items not subject to or allowed for tax	(29,452)	(5,164)
Other current tax adjustments	1,021	(554)
Adjustments for current tax of prior periods	(914)	473
Movement in unrecognised deferred tax assets	941	7,661
Deferred tax relating to the origination of temporary differences	(68)	(10)
Deferred tax relating to changes in tax rates or new taxes	(404)	1,740
Deferred tax that arises from the write-down of a tax asset	(309)	24
Other taxes	4,336	16,223
	89,202	20,739

In addition to the above, the income tax on items in other comprehensive income is set out in note 31.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

29 DEFERRED INCOME TAXES

The analysis and movement for the year of deferred tax asset balances are set out in the following table.

	Defined benefit liabilities	Unrealised losses on financial investments	Unused tax losses	Off-settable tax liabilities relating to policy liabilities timing differences and other items	Other items	Total
2023						
Balance, beginning of year as previously reported	4,231	20,972	12,231	39,758	5,890	83,082
Tax impact on application of IFRS 17 [(1)]	-	-	25,797	-	-	25,797
Restated balance, beginning of year	4,231	20,972	38,028	39,758	5,890	108,879
(Charged)/credited to:						
Income	265	1,495	(4,968)	(40,438)	(1,694)	(45,340)
Other comprehensive income	1,908	(7,224)	-	-	165	(5,151)
Assumed on acquisition	82	1	359	196,165	9,653	206,260
Effect of exchange rate changes	(103)	(708)	(544)	5,296	140	4,081
Balance, end of year	6,383	14,536	32,875	200,781	14,154	268,729
Balance expected to be recovered within one year						109,271
2022 (restated)						
Balance, beginning of year as previously reported	9,020	545	78	-	3,339	12,982
Impact of initial application of IFRS 17	-	(3,352)	14,318	17,203	(39)	28,130
Restated balance, beginning of year	9,020	(2,807)	14,396	17,203	3,300	41,112
(Charged)/credited to:						
Income	1,068	1,474	(2,165)	25,254	2,526	28,157
Other comprehensive income	(5,959)	22,077	-	-	(34)	16,084
Effect of exchange rate changes	102	228	-	(2,699)	98	(2,271)
Restated balance, end of year	4,231	20,972	12,231	39,758	5,890	83,082
Balance expected to be recovered within one year						82,005

[(1)] The measurement of revenue and the ultimate determination of profits under IFRS 17, will result in profits recorded in prior periods being subject to corporation tax twice in the Sagicor Group Jamaica segment. To address this, a “tax transitional amount” has been determined as the difference between retained earnings under IFRS 4 and the restated amount. Deferred income tax was recorded on this amount.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

29 DEFERRED INCOME TAXES (continued)

Unrecognised tax losses and potential deferred income tax assets are as follows:

	2023	2022
Expiry period for unrecognised tax losses:		
2023	-	87,170
2024	55,845	55,909
2025	63,252	63,679
2026	59,974	59,835
2027	66,118	66,019
2028	62,532	62,900
2029	71,837	69,012
2030	74,362	-
	453,920	464,524
Potential deferred income tax assets on tax losses expected to be utilised	12,258	12,865

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

29 DEFERRED INCOME TAXES (continued)

The analysis and movement for the year of deferred tax liability balances are set out in the following table.

	Accelerated tax depreciation	Net insurance / reinsurance contract liabilities taxable in the future	Defined benefit assets	Accrued interest	Unrealised gains / (losses) on financial investments	Off-settable tax assets relating to unused tax losses and other items	Other Items	Total
2023								
Balance, beginning of year as previously reported	440	-	237	320	(18)	-	3,152	4,131
Tax impact on application of IFRS 17	-	998	-	-	-	-	-	998
Restated balance, beginning of year	440	998	237	320	(18)	-	3,152	5,129
Charged/(credited) to:								
Income	(1,405)	-	(143)	207	(412)	-	35	(1,718)
Other comprehensive income	62	-	739	5	161	-	-	967
Amounts assumed on acquisition	(7)	-	82	-	-	-	7	82
Effect of exchange rate changes	5	(21)	(2)	1	1	-	(58)	(74)
Balance, end of year	(905)	977	913	533	(268)	-	3,136	4,386
Balance to be settled within one year								4,386

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

29 DEFERRED INCOME TAXES (continued)

	Accelerated tax depreciation	Net insurance / reinsurance contract liabilities taxable in the future	Defined benefit assets	Accrued interest	Unrealised gains / (losses) on financial investments	Off-settable tax assets relating to unused tax losses and other items	Other Items	Total
2022 (restated)								
Balance, beginning of year as previously reported	10,570	40,011	(28)	304	34,985	(31,986)	(2,149)	51,707
Impact of initial application of IFRS 17	36	(40,011)	94	106	(28,405)	31,986	14	(36,180)
Restated balance, beginning of year	10,606	-	66	410	6,580	-	(2,135)	15,527
Charged/(credited) to:								
Income	919	-	172	36	6	-	445	1,578
Other comprehensive income	3,409	-	-	(62)	(6,279)	-	-	(2,932)
Amounts assumed on acquisition	(14,678)	-	-	(32)	(352)	-	4,771	(10,291)
Effect of exchange rate changes	184	-	(1)	(32)	27	-	71	249
Restated balance, end of year	440	-	237	320	(18)	-	3,152	4,131
Balance to be settled within one year								4,131

30. EARNINGS PER COMMON SHARE

The computation of diluted earnings per common share recognises the dilutive impact of LTI share grants and share options (note 26.1), ESOP shares grants (note 26.1) and share warrants. In computing diluted earnings per share, the weighted average number of common shares is adjusted by the dilutive impacts of the afore-mentioned share grants, share warrants and options.

	2023	**2022 (restated)**
Income attributable to common shareholders	532,061	(164,386)
Weighted average number of shares in issue (in thousands)	142,246	142,905
LTI restricted share grants, performance share grants and share options (in thousands)	2,316	1,468
ESOP shares (in thousands)	413	475
Adjusted weighted average number of shares in issue (in thousands)	144,975	144,848
Basic earnings per common share	**374.0 ¢**	**(115.0) ¢**
Fully diluted earnings per common share	**367.0 ¢**	**(115.0) ¢**

For the year ended December 31, 2023 and December 31, 2022, certain instruments which are considered to be antidilutive have been excluded from the computation of fully diluted earnings per share. This treatment is in accordance with IAS 33 – Earnings Per Share, which indicates that such instruments are antidilutive only when the exercise price is exceeded by the market price of common shares.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

31. OTHER COMPREHENSIVE INCOME

Analysis of OCI:	**2023**			
		After tax OCI is attributable to		
	OCI tax impact	**Share-holders**	**Non-controlling interests**	**Total after tax OCI**
Items that may be reclassified subsequently to income:				
FVTOCI assets:				
Gains / (losses) arising on revaluation	(7,344)	10,657	11,130	21,787
(Gains) / losses transferred to income	(124)	(934)	(1,856)	(2,790)
Retranslation of foreign currency operations	-	23,378	(6,026)	17,352
	(7,468)	33,101	3,248	36,349
Items that will not be reclassified subsequently to income:				
Gains / (losses) arising on revaluation of owner-occupied and owner-managed property	(173)	3,271	2,048	5,319
Defined benefit plan gains / (losses)	1,492	(1,668)	(2,092)	(3,760)
Other items	31	34	-	34
	1,350	1,637	(44)	1,593
Total OCI movements	(6,118)	34,738	3,204	37,942
Allocated to equity reserves		36,372		
Allocated to retained earnings		(1,634)		
		34,738		

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

31. OTHER COMPREHENSIVE INCOME (continued)

Analysis of OCI:	2022 (restated)			
		After tax OCI is attributable to		
	OCI tax impact	Share-holders	Non-controlling interests	Total after tax OCI
Items that may be reclassified subsequently to income:				
FVTOCI assets:				
Gains / (losses) arising on revaluation	29,214	(53,375)	(28,527)	(81,902)
(Gains) / losses transferred to income	(634)	455	(82)	373
Retranslation of foreign currency operations	-	5,017	4,186	9,203
	28,580	(47,903)	(24,423)	(72,326)
Items that will not be reclassified subsequently to income:				
Gains / (losses) arising on revaluation of owner-occupied and owner-managed property	(3,601)	527	12,917	13,444
Defined benefit plan gains / (losses)	(5,963)	368	8,488	8,856
	(9,564)	895	21,405	22,300
Total OCI movements	19,016	(47,008)	(3,018)	(50,026)
Allocated to equity reserves		(47,376)		
Allocated to retained earnings		368		
		(47,008)		

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

32. CASH FLOWS

	2023	2022 (restated)
Operating activities		
Adjustments for non-cash items, interest and dividends:		
(Income) / loss from financial investments	(1,444,384)	272,442
Gain arising on business combinations, acquisitions and divestitures	(448,267)	(1,685)
Interest costs and finance costs	1,175,163	(221,442)
Credit impairment loss	3,936	4,119
Depreciation and amortisation	54,936	30,950
Other items	(14,133)	5,327
	(672,749)	89,711
Net change in investments and operating assets:		
Deposits	(82,982)	(12,388)
Securities purchased for resale	(309)	10,680
Finance loans	(43,797)	(115,864)
Mortgage loans	(182,010)	(165,587)
Equity securities	10,902	13,235
Debt securities	(564,131)	(1,223,293)
Reinsurance contract assets	242,201	89,064
Insurance contract assets	3,408	(719)
Other assets and receivables	(21,742)	(69,764)
Investment property	(7,781)	480
Segregated funds invested assets	(15,979)	-
	(662,220)	(1,474,156)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

32. CASH FLOWS (continued)

The gross changes in investment property, debt securities and equity securities are as follows:

	2023	2022 (restated)
Investment property:		
Purchases	(9,431)	-
Disposal proceeds	1,650	480
	(7,781)	480
Debt securities:		
Purchases	(3,485,053)	(2,398,350)
Disposal proceeds	2,920,922	1,175,057
	(564,131)	(1,223,293)
Equity securities:		
Purchases	(119,162)	(243,561)
Disposal proceeds	130,064	256,796
	10,902	13,235
Net change in operating liabilities:		
Other liabilities and payables	83,863	13,053
Investment contract liabilities	(2,998)	1,970
Reinsurance contract liabilities	(17,141)	(7,410)
Insurance contract liabilities	127,585	886,905
Securities sold for repurchase	9,953	33,689
Deposits	96,325	91,395
Other funding instruments	(83,854)	19,150
Insurance contract liabilities on account of segregated fund policyholders	15,979	-
	229,712	1,038,752

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

32. CASH FLOWS (continued)

	2023	2022 (restated)
Investing activities		
Property, plant and equipment:		
Purchases	(22,726)	(17,634)
Disposal proceeds	1,215	188
	(21,511)	(17,446)
Financing activities		
Notes and loans payable:		
Proceeds	365,324	61,734
Repayments	(57,219)	(71,748)
	308,105	(10,014)
Lease liability payments		
Principal paid	(8,266)	(7,600)
Interest paid	(1,667)	(1,485)
	(9,933)	(9,085)
Cash and cash equivalents		
Cash	486,642	368,137
Call deposits and other liquid balances	316,881	226,337
Bank overdrafts	(2,153)	(1,737)
	801,370	592,737

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS

33.1 ivari

On August 24, 2022, Sagicor entered into a definitive agreement to indirectly acquire ivari, a life insurer in Canada and a subsidiary of Wilton Re Ltd., subject to various customary conditions, including receipt of regulatory approval. ivari provides individual life and critical illness insurance solutions for the Canadian middle-market.

On October 3, 2023, Sagicor acquired 100% ownership of Proj Fox Acquisition Inc. ('Proj Fox') which holds ivari, for cash consideration of US$271.2 million.

The transaction has been financed by new debt in the form of a five-year senior secured loan facility with a syndicate of international and Canadian banks. Certain terms, conditions and covenants came into effect on draw-down. As at December 2023, cumulative fees totalling US$20.0 million (2022 - US$8.1 million) have been incurred in relation to the financing commitment entered into for the acquisition of ivari.

During the year transaction costs of US$13.4 million (2022 - US$3.7 million) were expensed and are included in other operating expenses.

The following table summarises the consideration and the fair value of the assets acquired and liabilities assumed as at the acquisition date:

	Total Fair Value
Net assets acquired:	
Cash	32,260
Financial investments [1]	6,389,873
Reinsurance contract assets	2,491,832
Miscellaneous assets and receivables	56,894
Income tax assets	205,264
Intangible assets	14,400
Property, plant and equipment	10,782
Segregated funds assets	458,940
Total assets	9,660,245
Accounts payable and accrued liabilities	(27,738)
Income tax liabilities	(12,641)
Investment contract liabilities	(9,425)
Insurance contract liabilities	(7,673,836)
Deposit and security liabilities	(737,931)
Lease liabilities	(8,380)
Other liabilities / retirement benefit liabilities	(13,770)
Insurance contract liabilities for account of segregated fund holders	(458,940)
Total liabilities	(8,942,661)
Total net identifiable assets	717,584

[1] Included in Financial Investments acquired is cash equivalents of US$270 million.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

33.1 ivari (continued)

Net assets acquired, purchase consideration and bargain purchase gain are as follows:

	Fair Value
Net assets acquired	717,584
Purchase consideration:	
- Cash	(271,217)
- Foreign exchange loss	1,900
Gross bargain purchase gain on acquisition of ivari [(1)]	448,267

(1) The gross bargain purchase gain of US$448 million represents the difference between the purchase price paid and the fair value of the identifiable net assets acquired. Foreign exchange losses of US$1.9 million arose on settlement of the transaction. These two items are separately recognised in the consolidated statement of income as gains arising on business combinations, acquisitions and divestiture and fees and other income respectively.

From the acquisition date, Proj Fox contributed US$167,899 of insurance revenue and US$122,144 of net income for the year ended December 31, 2023.

If the combination had taken place at the beginning of the year, the contributed insurance revenue would have been US$609,076 and net income would have been US$121,675. This unaudited pro-forma basis was calculated using historical information and assuming fair value adjustments that arose on acquisition would have been the same if the acquisition occurred on January 1, 2023. The unaudited pro-forma amounts exclude acquisition costs and benefits from integration initiatives or synergies and are not necessarily indicative of the results that would have resulted if the acquisition occurred on January 1, 2023, or the results that may be obtained in the future.

33.2 Alliance Financial Services Limited

On February 9, 2022, Sagicor announced that Sagicor Group Jamaica Limited ("SGJ") had entered a definitive agreement for the purchase of 100% of the shares of Alliance Financial Services Limited ("AFSL"). The arrangement was subject to due diligence and regulatory approval and SGJ applied for relevant licences from the Bank of Jamaica.

Effective April 1, 2022, the purchase of 100% of the shares of AFSL by SGJ was finalised. On April 4, 2022, following the successful completion of due diligence procedures and receipt of regulatory approval, AFSL resumed its operations.

AFSL is a provider of cambio and remittance services in Jamaica. The acquisition represented a move into a new business segment and afforded the Sagicor Jamaica Group the opportunity to expand its product offerings to its customers. The purchase consideration included an initial cash consideration of US$16.8 million with provision for contingent cash consideration up to a total consideration of US$22.6 million, based on specified performance criteria.

Details of the net assets acquired are as follows:

	Total Fair Value	**Acquiree's Carrying Value**
Net assets acquired:		
Cash resources	1,773	1,773
Financial investments	3,037	3,037
Miscellaneous assets and receivables	2,996	2,996
Intangible assets (note 10.1)	4,553	-
Property, plant and equipment	93	93
Accounts payable and accrued liabilities	(340)	(340)
Income tax liabilities	(1,606)	(88)
Deposit and security liabilities	(6,551)	(6,551)
Total net assets	3,955	920

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

33.2 Alliance Financial Services Limited (continued)

The share of net assets acquired, purchase consideration and goodwill are as follows:

	Fair Value
Share of net assets acquired	3,955
Purchase consideration	21,344
Goodwill arising on acquisition (note 10.1)	17,389

The acquiree's net income / (loss) and total revenue are as follows:

	Net income / (loss)	Total Revenue
For the period from January 1, 2022 to December 31, 2022	(9,893)	4,157
Consolidated from the date of acquisition to December 31, 2022	449	4,549

33.3 Alliance Investment Management Limited

On April 25, 2022, SGJ announced that its subsidiary, Sagicor Investments Jamaica Limited (SIJL), entered into a definitive agreement for the purchase of the securities dealer book of business of Alliance Investment Management Limited (AIML).

In August 2022, SGJ further announced that the purchase of the securities dealer book of business of AIML had been completed, following the completion of due diligence procedures and having met all regulatory requirements. The purchase of the portfolio expands SIJL's business and provides an opportunity to serve a wider client base.

The purchase price for the portfolio was US$0.1 million and the carrying value of net assets assumed in the transaction was US$0.1 million.

33.4 Sagicor Real Estate X-Fund Limited

On March 24, 2022, SGJ sold 191,913,423 shares of Sagicor Real Estate X-Fund Limited ("X-Fund Limited") to related parties, Sagicor Sigma Global Unit Trust and Sagicor Pooled Investment Fund Limited, at market value. Net proceeds were US$10.3 million, resulting in a gain of US$0.8 million as at March 31, 2022.

During the quarter ended September 30, 2022, SGJ sold the remaining 281,500,577 shares of X-Fund Limited to Sagicor Sigma Global Unit Trust and Sagicor Pooled Investment Fund Limited, at market value, for net proceeds of US$25.0 million, representing a gain of US$1.7 million.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

33.4 Sagicor Real Estate X-Fund Limited

Details of the net assets which have been derecognised and the gain on disposal of X-Fund Limited are as follows:

	Total Carrying Value
Net assets derecognised on disposal of X-Fund Limited:	
Cash resources	(21,227)
Financial investments	(46,936)
Miscellaneous assets and receivables	(5,726)
Income tax assets	(839)
Intangible assets (note 10.1)	(1,752)
Property, plant and equipment (note 12)	(108,354)
Accounts payable and accrued liabilities	4,733
Income tax liabilities	11,869
Notes and loans payable (note 17)	44,655
Total net assets derecognised	(123,577)
Gain on disposal of X-Fund Limited:	
Net proceeds received on disposal of X-Fund Limited	25,036
Share of net assets derecognised	(24,347)
	689
Net unrealised foreign exchange gains in OCI recycled to income	994
Gain on disposal of X-Fund Limited	1,683

33.5 Jamziv MoBay Jamaica Portfolio Limited

On June 13, 2022, a resolution was passed for the wind-up of Jamziv MoBay Jamaica Portfolio Limited (“Jamziv”), a subsidiary of Sagicor Real Estate X-Fund Limited in the Sagicor Jamaica Group. This resulted in the cancellation of a promissory note of US$37.4 million, issued by holders of the non-controlling interest in Jamziv, and the removal of the non-controlling interest from the statement of financial position.

33.6 Disposal of Insurance Operations

Curaçao and St. Maarten

On October 5, 2022, the Group entered into an agreement for the sale of its operations in Curaçao and St. Maarten. The sale is subject to receipt of regulatory approval. The effective date of disposal shall be the last business day of the month in which all regulatory approvals are obtained. The agreement may be terminated by either party if regulatory approval is not received.

The purchaser is expected to assume the insurance and other liabilities of the Group’s operations in Curaçao and St. Maarten as at the effective date, in exchange for assets which shall exceed the value of the liabilities transferred by US$3.038 million. (See note 44 for an update on the transaction).

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)

33.6 Disposal of Insurance Operations (continued)

Panama

On May 30, 2023, the Group entered into an agreement for the sale of its wholly-owned subsidiary, Sagicor Panama S.A., to Sagicor - Capital & Advice Spain S.L., a subsidiary of Sagicor Costa Rica SCR, S.A. in which the Group holds a 24.56% ownership interest.

Effective December 31, 2023, ownership of Sagicor Panama operations was transferred from Sagicor Life Inc to Sagicor Group Jamaica Limited ("SGJ") given Sagicor Jamaica Group's joint venture holding in Sagicor Costa Rica SCR, S.A.

The shares were sold for the book value of Sagicor Panama S.A. as determined at the date of sale. A payment of US$4 million has been made to date and the final payment is due in 2025, based on the final determination of the selling price in relation to Sagicor Panama's financial statements for the period ended December 31, 2024.

34. LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

Guarantee and financial facilities at the date of the financial statements for which no provision has been made in these financial statements include the following:

	2023	2022
Customer guarantees and letters of credit [1]	40,612	36,985

[1] There are equal and offsetting claims against customers in the event of a call on the above commitments for customer guarantees and letters of credit.

(a) Legal proceedings

The Group is 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 outlined below:

(i) 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 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.

(ii) Suit has been filed by an independent contractor against one of the Group's subsidiaries for breach of contract arising from 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. No provision was made in the financial statements for this claim as the claim had been stayed to accommodate arbitration as required under the Agreement between the parties. On December 1, 2023, the Claimant filed a Notice of Discontinuance which has brought the matter to conclusion.

34. LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(a) Legal proceedings (continued)

(iii) The Sagicor Jamaica Group owns a 4.5% shareholding in Cornerstone Financial Holdings Limited (CFHL), a company registered in Barbados. A suit has been filed by Sagicor Investments Jamaica (SIJL) against Cornerstone Financial Holdings Limited (CFHL), for damages suffered as a result of a rights issue being offered to only those shareholders that had participated in the rights issue of an affiliated company. In July 2020, Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, offered a rights issue to raise US$21 million at US$1.40 per share. SIJL chose not to participate in this rights issue. CFHL subsequently allotted shares to the shareholders that participated in the CUHL rights issue at a price of less than one cent per share when the shares had a book value of approximately US$7.80 per share. This had the effect of reducing the value of SIJL's shareholding in CFHL by approximately US$4 million and SIJL's shareholding was diluted from 4.5% to 3.47%. CFHL has argued this was justifiable because of an agreement to maintain similar shareholding structures. A second rights issue was completed on a similar basis thus reducing the company's shareholding to 2.82%.

The Sagicor Jamaica Group is contesting the rights issues in CFHL on the basis of their legality and therefore valued its shareholding at 4.5% in these financial statements as at December 31, 2023. Should the courts rule against the Group, then the value of its holding will need to be written down by US$5 million.

Based on legal opinion, the company has a high probability of success in this matter. No adjustment to the carrying value of the holdings has been recorded in the financial statements in respect of this suit as at December 31, 2023.

(b) Tax assessments

The Group is also subject to tax assessments during the normal course of business. Adequate provision has been made for all assessments received to date and for tax liabilities accruing in accordance with management's understanding of tax regulations. Potential tax assessments may be received by the Group which are in addition to accrued tax liabilities. No provisions have been made in these financial statements for such potential tax assessments.

(c) Commitments

(i) Effective June 25, 2020, the Group entered into a letter of credit arrangement with a facility up to the amount of US$40 million, whereby an irrevocable standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd (SRBL) in favour of Sagicor Life Insurance Company (SLIC), USA, in support of a coinsurance agreement between the two parties. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL. The letter of credit expires annually on June 26 and is deemed to be automatically extended for one-year periods, subject to notice of the intention to terminate the facility being given sixty days prior to an expiration date. The facility was automatically extended on June 26, 2023.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

34. LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(c) Commitments (continued)

The Group is required to comply with the following covenant in respect of the facility:

COVENANT	DESCRIPTION
Cash Collateralisation Event (Under this requirement, the Group must fully collateralise the facility if the noted conditions are breached.)	The credit rating of the Group must not fall below a specific predetermined level. The Group will maintain the following financial ratios: (i) A Debt to Capitalization Ratio equal to or less than 35%. (ii) An Aggregate MCCSR Ratio not less than 175%. (iii) An RBC Ratio for the USA Segment of not less than 275%. (iv) A Total LICAT Ratio for our Canada Segment of not less than 103%. (v) A minimum Consolidated Net Worth of the Group.
Event of Default	Upon an Event of Default, the Bank may declare the Obligations due and payable.

(ii) Effective May 3, 2022, the Group entered into a letter of credit arrangement up to the amount of US$10 million, whereby an irrevocable and unconditional standby letter of credit, except for any stated condition therein, was issued on behalf of Sagicor Reinsurance Bermuda Ltd. (SRBL). The letter of credit expires on May 4, 2024. A condition of the letter of credit is that it will be automatically extended for periods of one year, without amendment, from the relevant expiration date, unless notice is sent in writing at least six months prior to the relevant expiration date.

35. FAIR VALUE OF PROPERTY

35.1 Property

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

Some tracts of land are currently used for farming operations or are undeveloped or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. These lands are mostly in Barbados and the Group has adopted a policy of orderly development and transformation to realise their full potential over time.

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

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

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35. FAIR VALUE OF PROPERTY (continued)

35.1 Property (continued)

Applying the fair value hierarchy to the Group's property, results in a classification of Level 3 to all properties as set out below:

	2023	2022
	Level 3	Level 3
Investment property	85,375	77,359
Owner-occupied properties	121,115	108,197
Total properties	206,490	185,556

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner-occupied properties reasonable changes in fair value would affect other comprehensive income. The movements for the year in investment property and owner-occupied properties are set out in notes 11 and 12.

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 investment property and owner-occupied properties.

	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2023	2022		2023	2022	
Investment property	85,375	77,359	Comparable sales	5%	5%	(1)
Owner-occupied properties	121,115	108,197	Comparable sales	5%	5%	(1)
Total properties	206,490	185,556				

(1) Increases or decreases in comparable sale prices will have a direct correlation to the fair value.

36. FINANCIAL RISK

As a diversified financial services company operating in the United States, Canada and the Caribbean, Sagicor is exposed to several financial risks that are inherent in its business activities, such as credit, market, liquidity and capital risks. Effectively managing the risks that Sagicor takes, by optimising the relationship between risk and reward, is integral to the Group's overall profitability and long-term financial viability. The Group's policies and procedures for managing these risks are disclosed in the "Risk Management" section of the Management Discussion and Analysis for the year ended December 31, 2023.

36.1 Credit risk

Credit risk is the exposure resulting from an obligor's potential inability or unwillingness to fulfil its contractual obligations on a timely basis, thereby causing financial loss to the Group. It may arise from the risk of default of a primary obligor and indirectly from a secondary obligor. Credit risks are associated primarily with investments, securities, lending, revolving credit, and reinsurance portfolios.

Credit risk is managed through risk management practices and controls, which include:

- Credit risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Committee;
- Risk limits have been established for credit risk;
- Specific investment diversification requirements are in place, such as defined investment limits for asset class, geography, and industry;
- Risk-based credit portfolio, counterparty, and sector exposure limits have been established and credit analyses conducted;
- Compliance monitoring practices and procedures including reporting against pre-established investment limits are in place;
- Reinsurance exposures are monitored to ensure that no single reinsurer represents an undue level of credit risk;
- Stress-testing techniques, such as Financial Condition Testing ("FCT"), are used to measure the effects of large and sustained adverse credit developments;
- Insurance contract liabilities are established in accordance with Canadian actuarial standards of practice;
- Internal capital targets are established and monitored to ensure they exceed internal targets.

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

For mortgage loans, the collateral is real estate property, and the approved loan limit is 75% to 95% of collateral value. For finance loans, the collateral often comprises a vehicle or other form of security and the approved loan limit is 50% to 100% of the collateral value.

The Group may foreclose on overdue mortgage loans and finance loans by repossessing the pledged asset. The Group will seek to dispose of the pledged asset by sale. In some instances, the Group may provide re-financing to a new purchaser on customary terms.

Policy loans are advanced on the security of the underlying insurance policy cash values. Cash loans are advanced to a maximum of 80% to 100% of the cash surrender value. Automatic premium loans may be advanced to the extent of available cash surrender value. .

<u>Renegotiated assets</u>

The Group may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. Arrangements to waive, adjust or postpone scheduled amounts due may be entered into. The Group classifies these amounts as past due, unless the original agreement is formally revised, modified or substituted.

36. FINANCIAL RISK (continued)

36.1 Credit risk (continued)

Reinsurance contracts held

The Group enters into reinsurance contracts to manage its insurance risk, but should a reinsurance counterparty be unable or unwilling to fulfil its contractual obligations credit risk could arise. The Group has credit risk arising from reinsurance contracts held. Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Group's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations, resulting in insignificant credit risk exposures to the Group.

To limit its exposure of potential loss on an insurance policy, the Group may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have well-established capability to meet their contractual obligations and which generally have a Sagicor credit risk rating of 1 or 2. The Group also places reinsurance coverage with various reinsurers to limit its exposure to any one reinsurer. Reinsurance ceded does not discharge the insurer's liability and failure by a reinsurer to honour its commitments could result in losses to the Group.

To limit the potential loss for single-policy claims and for aggregations of catastrophe claims, the Group may cede certain levels of risk to a reinsurer. Reinsurance however does not discharge the insurer's liability. Reinsurance risk is the risk that reinsurance is not available to mitigate the potential loss on an insurance policy. The risk may arise from:

- the credit risk of holding a recovery from a reinsurer;
- the unavailability of reinsurance cover in the market at adequate levels or prices;
- the failure of a reinsurance layer upon the occurrence of a catastrophic event.

The reinsurance programmes are negotiated annually with reinsurers for coverage generally over a 12-month period. It is done by class of insurance, though for some classes there is aggregation of classes and/or subdivision of classes by the location of risk.

Property risk

For property risks, insurers use quota share and excess of loss catastrophe reinsurance treaties to obtain reinsurance cover. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the insurer to further claim exposure. Under some treaties, when treaty limits are reached, the insurer may be required to pay an additional premium to reinstate the reinsurance coverage. Excess of loss catastrophe reinsurance treaties typically cover up to four separate catastrophic events per year.

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. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. Claim amounts in excess of reinsurance treaty limits revert to the insurer.

36. FINANCIAL RISK (continued)

36.1 Credit risk (continued)

Reinsurance contracts held (continued)

Property risk (continued)

Principal features of retention programmes used by Sagicor General and Advantage General for their property insurance class are summarised in the following tables.

Property Risk (currency amounts in thousands)	
Retention by Sagicor General Insurance	**Retention by Advantage General Insurance Co. Limited**
• maximum retention of $4,500 for a single risk; • maximum retention of $5,000 for a catastrophic event; • quota share retention to maximum of 20% in respect of proportional treaty limits; • Net retention is further reduced to a maximum of $375 per risk.	• maximum quota share treaty retention of $2,400 for a single event; • maximum excess of loss retention of $1,000 for a catastrophic event; • quota share retention to maximum of 30% in respect of treaty limits.

Life and health contracts

The principal features of retention programs used by insurers for life and health insurance contracts are summarised in the following table.

Type of insurance contract	Retention by insurers - currency amounts in thousands
- Individuals	
Life insurance contracts with individuals	Retention per individual life to a maximum of $945
Health insurance contracts with individuals	Retention per individual to a maximum of $378
- Groups	
Life insurance contracts with groups	Retention per individual life to a maximum of $227
Health insurance contracts with groups	Retention per individual to a maximum of $88

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.1 Credit risk (continued)

Reinsurance contracts held (continued)

The effects of reinsurance ceded are disclosed in note 21 and information on reinsurance balances is included in note 6.

In sections 36.2, 36.3 and 36.4, we set out for the Group its credit risk exposures and credit impairments.

36.2 Credit risk exposure

The total credit risk exposures of the Group by operating segment is as follows:

	2023					
	Sagicor Life	Sagicor Jamaica	Sagicor USA	Sagicor Canada	Head office & other	Total
Investment portfolios	1,523,100	1,967,805	3,865,978	5,547,539	38,011	12,942,433
Lending portfolios	228,966	815,881	434,918	-	16,750	1,496,515
Cash	123,147	241,822	144,834	33,610	38,793	582,206
Reinsurance contract assets	21,570	18,055	332,538	2,840,736	-	3,212,899
Insurance contract assets	141	1,132	-	-	-	1,273
Receivables	17,835	31,389	4,537	71,970	9,778	135,509
Derivative financial assets	-	-	16,909	155	-	17,064
Total financial statement exposures	1,914,759	3,076,084	4,799,714	8,494,010	103,332	18,387,899
Lending commitments	33,672	91,034	-	-	-	124,706
Customer guarantees and letters of credit	-	40,612	-	-	-	40,612
Other	1,888	216	-	-	-	2,104
Total off financial statement exposures	35,560	131,862	-	-	-	167,422
Total	1,950,319	3,207,946	4,799,714	8,494,010	103,332	18,555,321

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.2 Credit risk exposure

	2022 (restated)				
	Sagicor Life	**Sagicor Jamaica**	**Sagicor USA**	**Head office & other**	**Total**
Investment portfolios	1,359,998	1,914,194	3,505,752	142,413	6,922,357
Lending portfolios	233,195	758,812	284,103	13,063	1,289,173
Cash	152,840	227,436	43,883	24,052	448,211
Reinsurance contract assets	23,761	10,937	481,868	-	516,566
Insurance contract assets	3,550	-	-	-	3,550
Receivables	16,108	31,947	3,142	10,275	61,472
Derivative financial assets	-	16	10,334	-	10,350
Total financial statement exposures	1,789,452	2,943,342	4,329,082	189,803	9,251,679
Lending commitments	21,203	96,020	-	54	117,277
Customer guarantees and letters of credit	-	36,985	-	-	36,985
Other	4,352	165	-	-	4,517
Total off financial statement exposures	25,555	133,170	-	54	158,779
Total	1,815,007	3,076,512	4,329,082	189,857	9,410,458

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.2 Credit risk exposure (continued)

For assets measured at FVTOCI or amortised cost, credit risk exposure is the gross carrying amount. For assets measured at FVTPL, the Group's credit risk exposure is the carrying amount. The components of investment and lending portfolios by accounting classification are summarised below by operating segment.

2023	Sagicor Life	Sagicor Jamaica	Sagicor USA	Sagicor Canada	Head office & other	Total
Investment portfolios:						
Debt securities FVTOCI	157,872	899,598	420,010	-	1,188	1,478,668
Debt securities at amortised cost	69,564	62,323	-	-	3,890	135,777
Securities purchased for resale	-	13,361	-	-	-	13,361
Deposits at amortised cost	51,159	198,492	-	-	23,682	273,333
Money market funds FVTPL	12,691	-	24,441	164,198	2,449	203,779
Debt securities at FVTPL	1,231,814	794,031	3,421,527	5,383,341	6,802	10,837,515
	1,523,100	1,967,805	3,865,978	5,547,539	38,011	12,942,433
Lending portfolios:						
Mortgage loans at amortised cost	206,535	147,257	421,644	-	5,213	780,649
Finance loans at amortised cost	151	668,624	13,274	-	11,537	693,586
Mortgage loans at FVTPL	22,280	-	-	-	-	22,280
	228,966	815,881	434,918	-	16,750	1,496,515

2022 (restated)	Sagicor Life	Sagicor Jamaica	Sagicor USA	Head office & other	Total
Investment portfolios:					
Money market funds FVTPL	9,094	-	38,409	11,988	59,491
Debt securities FVTOCI	89,331	992,206	471,090	86,169	1,638,796
Debt securities at amortised cost	70,175	96,542	-	4,019	170,736
Securities purchased for resale	-	32,335	-	-	32,335
Deposits at amortised cost	58,345	33,855	-	27,594	119,794
Debt securities at FVTPL	1,133,053	759,256	2,996,253	12,643	4,901,205
	1,359,998	1,914,194	3,505,752	142,413	6,922,357
Lending portfolios:					
Mortgage loans at amortised cost	209,638	131,307	253,429	5,350	599,724
Finance loans at amortised cost	151	627,505	30,674	7,713	666,043
Mortgage loans at FVTPL	23,406	-	-	-	23,406
	233,195	758,812	284,103	13,063	1,289,173

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.2 Credit risk exposure – financial investments subject to impairment

Financial assets carried at amortised cost or FVTOCI are subject to credit impairment losses which are recognised in the statement of income. The following tables summarise the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amounts of investments below represent the Group's maximum exposure to credit risk on these assets.

	2023				
	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities					
Investment grade	820,648	-	-	-	820,648
Non-investment grade	734,651	39,300	-	19,607	793,558
Watch	80	-	-	155	235
Non-rated	-	-	-	4	4
Total	1,555,379	39,300	-	19,766	1,614,445
Allowance for credit losses on assets measured at amortised cost	(208)	(297)	-	(15)	(520)
Allowance for credit losses on assets measured at FVTOCI	(627)	(627)	-	-	(1,254)
Total, net of allowance	1,554,544	38,376	-	19,751	1,612,671
Mortgage loans					
Investment grade	561,797	7,765	-	-	569,562
Non-investment grade	180,044	8,773	3,507	-	192,324
Watch	47	552	7,708	-	8,307
Default	-	-	10,456	-	10,456
Total	741,888	17,090	21,671	-	780,649
Allowance for credit losses on assets measured at amortised cost	(2,505)	(293)	(2,890)	-	(5,688)
Total, net of allowance	739,383	16,797	18,781	-	774,961
Finance loans					
Investment grade	15,059	-	-	-	15,059
Non-investment grade	651,302	17,142	580	-	669,024
Watch	-	-	8	-	8
Default	-	-	9,495	-	9,495
Total	666,361	17,142	10,083	-	693,586
Allowance for credit losses on assets measured at amortised cost	(4,727)	(713)	(5,731)	-	(11,171)
Total, net of allowance	661,634	16,429	4,352	-	682,415
Other invested assets					
Investment grade	46,136	-	-	-	46,136
Non-investment grade	226,953	-	-	-	226,953
Watch	12,690	371	-	-	13,061
Non-rated	544	-	-	-	544
Total	286,323	371	-	-	286,694
Allowance for credit losses on assets measured at amortised cost	(3,674)	(67)	-	-	(3,741)
Total, net of allowance	282,649	304	-	-	282,953

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.2 Credit risk exposure – financial investments subject to impairment (continued)

	2022 (restated)				
	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities					
Investment grade	941,991	-	-	-	941,991
Non-investment grade	823,620	23,188	10	19,883	866,701
Watch	80	-	-	178	258
Non-rated	574	-	-	8	582
Total	1,766,265	23,188	10	20,069	1,809,532
Allowance for credit losses on assets measured at amortised cost	(400)	(60)	-	(20)	(480)
Allowance for credit losses on assets measured at FVTOCI	(1,519)	(590)	-	-	(2,109)
Total, net of allowance	1,764,346	22,538	10	20,049	1,806,943
Mortgage loans					
Investment grade	374,973	25,176	2,474	-	402,623
Non-investment grade	163,832	6,903	135	-	170,870
Watch	1,033	1,106	11,563	-	13,702
Default	195	-	12,326	-	12,521
Total	540,033	33,185	26,498	-	599,716
Allowance for credit losses on assets measured at amortised cost	(1,705)	(631)	(3,750)	-	(6,086)
Total, net of allowance	538,328	32,554	22,748	-	593,630
Finance loans					
Investment grade	30,825	-	-	-	30,825
Non-investment grade	603,987	20,478	-	-	624,465
Watch	-	1,981	-	-	1,981
Default	-	-	8,772	-	8,772
Total	634,812	22,459	8,772	-	666,043
Allowance for credit losses on assets measured at amortised cost	(5,682)	(676)	(4,822)	-	(11,180)
Total, net of allowance	629,130	21,783	3,950	-	654,863
Other invested assets					
Investment grade	72,132	-	-	-	72,132
Non-investment grade	73,688	254	-	-	73,942
Watch	5,153	371	-	-	5,524
Non-rated	531	-	-	-	531
Total	151,504	625	-	-	152,129
Allowance for credit losses on assets measured at amortised cost	(3,293)	(71)	-	-	(3,364)
Total, net of allowance	148,211	554	-	-	148,765

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36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

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 derecognised 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 lifetime ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

The following tables contain analyses of the movement of total credit loss allowances in respect of financial investments subject to impairment.

ALLOWANCES FOR CREDIT LOSSES

	2023					2022				
	Performing		Impaired	POCI	Total	Performing		Impaired	POCI	Total
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Balance at beginning of year	12,599	2,028	8,572	20	23,219	10,310	2,145	8,114	25	20,594
Provision for credit losses										
Transfers from:										
Stage 1 to stage 2	(186)	186	-	-	-	(235)	235	-	-	-
Stage 1 to stage 3	(238)		238	-	-	(454)	-	454	-	-
Stage 2 to stage 1	477	(477)		-	-	438	(438)		-	-
Stage 2 to stage 3	-	(61)	61	-	-	-	(75)	75	-	-
Stage 3 to stage 2	-	75	(75)	-	-	-	209	(209)	-	-
Stage 3 to stage 1	66	-	(66)	-	-	523	-	(523)	-	-
Purchases	3,700	-	-	-	3,700	3,318	-	-	-	3,318
Sales & maturities	(2,065)	(89)	(1,334)	-	(3,488)	(1,128)	(233)	(2,645)	-	(4,006)
Write-offs	-	-	-	-	-	-	-	(77)	-	(77)
Changes in ECL inputs, models and / or assumptions	(2,469)	335	1,339	(5)	(800)	(283)	192	3,296	(5)	3,200
Exchange rate and other	(143)	-	(114)	-	(257)	110	(7)	87	-	190
Balance at end of year	11,741	1,997	8,621	15	22,374	12,599	2,028	8,572	20	23,219

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36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

CREDIT EXPOSURE

	2023				
	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities - FVTOCI					
Gross value	1,451,209	17,427	-	10,032	1,478,668
Loss allowance	(627)	(627)	-	-	(1,254)
Net value	1,450,582	16,800	-	10,032	1,477,414
Debt securities - amortised cost					
Gross value	104,170	21,873	-	9,734	135,777
Loss allowance	(208)	(297)	-	(15)	(520)
Net value	103,962	21,576	-	9,719	135,257
Mortgage loans					
Gross value	741,888	17,090	21,671	-	780,649
Loss allowance	(2,505)	(293)	(2,890)	-	(5,688)
Net value	739,383	16,797	18,781	-	774,961
Finance loans					
Gross value	666,361	17,142	10,083	-	693,586
Loss allowance	(4,727)	(713)	(5,731)	-	(11,171)
Net value	661,634	16,429	4,352	-	682,415
Securities purchased for resale					
Gross value	13,361	-	-	-	13,361
Loss allowance	-	-	-	-	-
Net value	13,361	-	-	-	13,361
Deposits					
Gross value	272,962	371	-	-	273,333
Loss allowance	(3,674)	(67)	-	-	(3,741)
Net value	269,288	304	-	-	269,592

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

CREDIT EXPOSURE (continued)

	2022				
	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities - FVTOCI					
Gross value	1,613,000	15,858	-	9,938	1,638,796
Loss allowance	(1,519)	(590)	-	-	(2,109)
Net value	1,611,481	15,268	-	9,938	1,636,687
Debt securities - amortised cost					
Gross value	153,265	7,330	10	10,131	170,736
Loss allowance	(400)	(60)	-	(20)	(480)
Net value	152,865	7,270	10	10,111	170,256
Mortgage loans					
Gross value	540,041	33,185	26,498	-	599,724
Loss allowance	(1,705)	(631)	(3,750)	-	(6,086)
Net value	538,336	32,554	22,748	-	593,638
Finance loans					
Gross value	634,812	22,459	8,772	-	666,043
Loss allowance	(5,682)	(676)	(4,822)	-	(11,180)
Net value	629,130	21,783	3,950	-	654,863
Securities purchased for resale					
Gross value	32,335	-	-	-	32,335
Loss allowance	-	-	-	-	-
Net value	32,335	-	-	-	32,335
Deposits					
Gross value	119,169	625	-	-	119,794
Loss allowance	(3,293)	(71)	-	-	(3,364)
Net value	115,876	554	-	-	116,430

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment

(a) Economic variable assumptions

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

The GBP USD and NZD USD currency pairs continue to enhance the explanation of the default rates in the respective sectors. This is considered critical given that currency risk and sovereign risk vary between currency pairs. Currency shocks can have adverse implications on companies leading to their inability to meet debt service obligations.

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

In summary, the variables utilised have maintained the model's robustness in promoting a reliable and supportable fit between the default rate and the macroeconomic variables.

Sagicor has selected seven economic factors which provide the overall macroeconomic environment in considering forward-looking information for base, upside and downside forecasts. These are as follows:

	As of December 31, 2023			As of December 31, 2022		
	2024	2025	2026	2023	2024	2025
GDP Growth (USA)						
Base	1.9%	1.5%	1.8%	0.9%	1.6%	1.5%
Upside	1.9%	1.5%	1.8%	0.9%	1.6%	1.5%
Downside	-1.6%	2.4%	3.9%	-1.0%	2.9%	3.2%
World GDP						
Base	2.9%	3.2%	3.2%	2.7%	3.2%	3.4%
Upside	4.5%	4.9%	4.9%	4.1%	4.8%	5.1%
Downside	2.1%	2.4%	2.4%	1.9%	2.3%	2.4%
WTI Oil Prices/10						
Base	$7.17	$6.82	$6.53	$7.73	$7.25	$6.86
Upside	$13.11	$12.47	$11.94	$9.35	$9.35	$9.35
Downside	$2.78	$2.65	$2.54	$3.14	$2.95	$2.79

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

	As of December 31, 2023			As of December 31, 2022		
	2024	2025	2026	2023	2024	2025
DOW Jones Industrial Average Index EPS						
Base	$2,055.53	$2,281.45	$2,496.78	$1,820.84	$2,014.89	$2,233.13
Upside	$3,405.85	$3,780.18	$4,136.96	$3,052.22	$3,377.50	$3,743.33
Downside	$1,198.18	$1,329.87	$1,455.38	$1,059.05	$1,171.92	$1,298.85
S&P 500 Financial Index - EPS						
Base	$42.40	$45.93	$45.23	$39.66	$47.06	$51.64
Upside	$67.56	$73.18	$72.08	$63.68	$75.56	$82.91
Downside	$27.10	$29.35	$28.91	$25.90	$30.74	$33.73
GBP/USD						
Base	$1.27	$1.28	$1.28	$1.22	$1.21	$1.21
Upside	$1.38	$1.44	$1.49	$1.35	$1.41	$1.45
Downside	$1.17	$1.12	$1.07	$1.08	$1.02	$0.96
NZD/USD						
Base	$0.63	$0.63	$0.63	$0.63	$0.63	$0.62
Upside	$0.70	$0.72	$0.74	$0.72	$0.74	$0.76
Downside	$0.56	$0.53	$0.51	$0.55	$0.51	$0.48

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

Sagicor's lending operations in Barbados, Trinidad, and 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.

As of December 31, 2023

	Expected state for the next 12 months	Scenario		
		Barbados	**Trinidad & Tobago**	**Jamaica**
Unemployment rate	Base	Negative	Negative	Stable
	Upside	Stable	Stable	Stable
	Downside	Super Negative	Super Negative	Negative
GDP growth	Base	Negative	Negative	n/a
	Upside	Stable	Stable	n/a
	Downside	Super Negative	Super Negative	n/a
Interest rate	Base	n/a	n/a	Stable
	Upside	n/a	n/a	Positive
	Downside	n/a	n/a	Stable

As of December 31, 2022

	Expected state for the next 12 months	Scenario		
		Barbados	**Trinidad & Tobago**	**Jamaica**
Unemployment rate	Base	Negative	Negative	Stable
	Upside	Stable	Stable	Stable
	Downside	Super Negative	Super Negative	Negative
GDP growth	Base	Negative	Negative	n/a
	Upside	Stable	Stable	n/a
	Downside	Super Negative	Super Negative	n/a
Interest rate	Base	n/a	n/a	Stable
	Upside	n/a	n/a	Positive
	Downside	n/a	n/a	Stable

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(b) Significant increase in credit risk (SICR)

The ECL impact of a SICR for debt securities has been estimated as follows:

SICR criteria (see note 3.1)	**Actual threshold applied**	**Change in threshold**	**ECL impact of change in threshold**
			2023
Investments	2-notch downgrade since origination	1-notch downgrade since origination	288

The staging for lending products is based primarily on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

(c) Loss given default (LGD)

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

Sagicor Life Inc's sovereign exposure is primarily in the Caribbean region where bond markets are very thinly traded. For this reason, an internal valuation method is used to produce reasonable fixed income prices. This methodology is essentially a discounted cash flow exercise and these valuations form part of our requisite disclosures for financial reporting purposes.

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

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

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

	2023			
Debt securities	**LGD**		**ECL impact of**	
	Rate applied	**Change in rate**	**increase in value**	**decrease in value**
Corporate	53%	(- /+ 5) %	254	(254)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	103	(103)
Sovereign – Barbados, excluding BAICO bonds	17%	(- /+ 5) %	1	(1)
Sovereign - Jamaica	15%	(- /+ 5) %	275	(275)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(d) Scenario design

The weightings assigned to each economic scenario as at December 31, 2023 are set out in the following table. These weightings are unchanged from the prior year.

	Base	Upside	Downside
Sagicor Life portfolios	80%	10%	10%
Sagicor Jamaica portfolios	80%	10%	10%
Sagicor Life USA	80%	10%	10%

The results of varying the upside and downside scenarios are as follows:

	Base – 80% Upside – 5% Downside – 15%	Base – 80% Upside – 15% Downside – 5%
	Increase in ECL	Decrease in ECL
	2023	2023
Debt securities	138	(138)
Lending products	32	(41)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36.4 Gross Carrying Values – reinsurance assets exposure

(a) Reinsurance asset – Sagicor USA

The reinsurance asset for recovery of incurred claims, is secured by assets held in a trust. The fair value of the trust assets compared to the carrying value of the reinsurance asset is as follows:

	2023	2022 (restated)
Fair value of trust assets	327,138	460,586
Carrying value of reinsurance asset	(292,817)	(394,149)
	34,321	66,437

(b) Reinsurance asset – Sagicor Canada

The reinsurance asset for recovery of incurred claims, is secured by assets held in a trust. The fair value of the trust assets compared to the carrying value of the reinsurance asset is as follows:

	2023
Fair value of trust assets	933,532
Carrying value of reinsurance asset	(2,961,750)
	(2,028,218)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.5 Liquidity risk

Liquidity risk is the exposure that the Group may encounter difficulty in meeting obligations associated with financial or insurance liabilities that are settled by cash or by another financial asset, as a result of the inability to generate sufficient cash or its equivalents in a timely and cost-effective way. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns and from mismatches in the timing and value of on-balance sheet or off-balance sheet cash flows.

Asset liability matching is a tool used by the Group to mitigate liquidity risks, particularly in operations with significant maturing short-term liabilities. For long-term insurance contracts, the Group has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its expected future cash flows. 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.

Group companies monitor cash inflows and outflows in each operating currency. Through experience and monitoring, the Group is able to maintain sufficient liquid resources to meet current obligations. Following are maturity analyses showing the net cash flows for insurance contracts issued and reinsurance contracts held.

(a) Insurance and reinsurance contract liabilities

Expected discounted cash flows which have been estimated by actuarial or other statistical methods are analysed based on maturity for insurance and reinsurance contract liabilities in the following table.

	Expected discounted cash flows						
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**After 5 years**	**Total**
2023							
Reinsurance contract liabilities	(189)	1,639	1,447	1,081	805	28,004	32,787
Insurance contract liabilities	488,210	397,437	398,983	464,599	604,904	10,133,085	12,487,218
Total	488,021	399,076	400,430	465,680	605,709	10,161,089	12,520,005
2022							
Reinsurance contract liabilities	(1,612)	1,212	602	417	460	41,602	42,681
Insurance contract liabilities	620,153	408,990	484,415	390,427	350,504	2,960,066	5,214,555
Total	618,541	410,202	485,017	390,844	350,964	3,001,668	5,257,236

Amounts payable on demand

Amounts payable on demand, totalling $75,973 and $352 (2022 – nil and nil) for insurance and reinsurance contract liabilities respectively, relate to policy cash surrender values.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.5 Liquidity risk (continued)

(b) Financial liabilities and commitments

Contractual cash flow obligations of the Group in respect of its financial liabilities and commitments are summarised in the following table. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, it is assumed that the interest rate then prevailing continues until final maturity.

	2023 - Contractual un-discounted cash flows			
	On demand or within 1 year	**1 to 5 years**	**After 5 years**	**Total**
Financial liabilities:				
Accounts payable and accrued liabilities	285,705	3,183	4,670	293,558
Investment contract liabilities	385,236	87,642	21,110	493,988
Deposit and security liabilities:				
Bank overdrafts	2,153	-	-	2,153
Derivative financial instruments	538	-	-	538
Securities sold for repurchase	625,512	41,060	-	666,572
Customer deposits	1,080,820	3,269	134	1,084,223
Other funding instruments	517,290	262,899	1,714,426	2,494,615
Lease liabilities	10,294	25,714	18,889	54,897
Notes and loans payable	207,052	1,026,008	-	1,233,060
Total financial liabilities	3,114,600	1,449,775	1,759,229	6,323,604
Off financial statement commitments:				
Loan commitments	108,134	12,610	5,871	126,615
Non-cancellable lease and rental payments	216	-	-	216
Customer guarantees and letters of credit	30,804	29	9,779	40,612
Investment and investment management fees	229	-	-	229
Total off financial statement commitments	139,383	12,639	15,650	167,672
Total	3,253,983	1,462,414	1,774,879	6,491,276

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.5 Liquidity risk (continued)

(b) Financial liabilities and commitments

	2022 (restated) - Contractual un-discounted cash flows			
	On demand or within 1 year	**1 to 5 years**	**After 5 years**	**Total**
Financial liabilities:				
Accounts payable and accrued liabilities	197,423	360	-	197,783
Investment contract liabilities	390,190	78,498	24,106	492,794
Deposit and security liabilities:				
Bank overdrafts	1,737	-	-	1,737
Derivative financial instruments	16	-	-	16
Securities sold for repurchase	647,429	13,754	-	661,183
Structured products	4,369	-	-	4,369
Customer deposits	990,621	2,220	3	992,844
Other funding instruments	535,070	13,398	10,137	558,605
Lease liabilities	8,474	17,296	23,850	49,620
Notes and loans payable	113,821	148,523	564,575	826,919
Total financial liabilities	2,889,150	274,049	622,671	3,785,870
Off financial statement commitments:				
Loan commitments	99,944	16,710	625	117,279
Non-cancellable lease and rental payments	165	-	-	165
Customer guarantees and letters of credit	21,107	5,889	9,989	36,985
Investment and investment management fees	4,353	-	-	4,353
Capital commitments	3,579	-	-	3,579
Total off financial statement commitments	129,148	22,599	10,614	162,361
Total	3,018,298	296,648	633,285	3,948,231

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.5 Liquidity risk (continued)

(c) Reinsurance and insurance contract assets

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

	Expected discounted cash flows						
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**After 5 years**	**Total**
2023							
Reinsurance contract assets	181,354	86,199	78,627	67,961	66,370	1,548,312	2,028,823
Insurance contract assets	(1,398)	(17)	-	6	1	1,228	(180)
Total	179,956	86,182	78,627	67,967	66,371	1,549,540	2,028,643
2022							
Reinsurance contract assets	87,244	64,731	55,517	45,192	38,246	159,260	450,190
Insurance contract assets	2,729	3,036	2,809	2,512	2,260	6,395	19,741
Total	89,973	67,767	58,326	47,704	40,506	165,655	469,931

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.5 Liquidity risk (continued)

(d) Financial assets

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

	2023 – Contractual or expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Cash resources	582,206	-	-	582,206
Derivative financial instruments	17,064	-	-	17,064
Deposits	259,310	10,282	-	269,592
Securities purchased for resale	13,361	-	-	13,361
Finance loans	225,804	283,027	173,584	682,415
Mortgage loans	44,562	194,492	558,187	797,241
Money market funds	203,619	-	160	203,779
Debt securities	1,716,433	2,091,665	8,619,492	12,427,590
Other assets and accounts receivable	134,881	348	-	135,229
Total	3,197,240	2,579,814	9,351,423	15,128,477

	2022 (restated) – Contractual or expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Cash resources	448,211	-	-	448,211
Derivative financial instruments	10,350	-	-	10,350
Deposits	116,051	379	-	116,430
Securities purchased for resale	32,335	-	-	32,335
Finance loans	199,320	282,529	173,014	654,863
Mortgage loans	46,908	191,360	378,768	617,036
Money market funds	59,491	-	-	59,491
Debt securities	973,318	1,523,134	4,115,447	6,611,899
Other assets and accounts receivable	62,484	488	-	62,972
Total	1,948,468	1,997,890	4,667,229	8,613,587

36. FINANCIAL RISK (continued)

36.6 Interest rate risk

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

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

Guaranteed minimum returns exist within cash values of long-term traditional insurance contracts, long-term universal life insurance contracts, annuity options, deposit administration liabilities and policy funds on deposit. Where the returns credited exceed the guaranteed minima, the insurer usually has the option to adjust the return from period to period. For other financial liabilities, returns are usually contractual and may only be adjusted on contract renewal or contract re-pricing.

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

The Group is exposed to risk under embedded derivatives contained in a host insurance contract. These risks include exposures to investment returns which may produce losses to the insurer arising from the following contract features:

- minimum annuity rates which are guaranteed to be applied at some future date;
- minimum guaranteed death benefits which are applicable when the performance of an interest-bearing or unit linked fund falls below expectations;
- minimum guaranteed returns in respect of cash values and universal life investment accounts.

The Group manages its interest rate risk by various measures including, where feasible, the selection of assets which best match the maturity of liabilities; the offering of investment contracts which match the maturity profile of assets; the re-pricing of interest rates on loans receivable; policy contracts and financial liabilities in response to market changes. In certain Caribbean markets, where availability of suitable investments is often a challenge, the Group holds many of its fixed-rate debt securities to maturity and therefore mitigates the transient interest rate changes in these markets.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.6 Interest rate risk (continued)

The table following summarises the exposures to interest rates on the Group's monetary financial liabilities. It includes liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	2023				
	Exposure within 1 year	**Exposure 1 to 5 years**	**Exposure after 5 years**	**Not exposed to interest**	**Total**
Accounts payable and accrued liabilities	54,297	348	-	239,137	293,782
Investment contract liabilities	379,050	81,451	17,295	62	477,858
Deposit and security liabilities:					
Bank overdrafts	2,153	-	-	-	2,153
Derivative financial instruments	-			538	538
Securities sold for repurchase	479,119	181,181	-	220	660,520
Customer deposits	1,042,988	7,508	74	15,873	1,066,443
Other funding instruments	445,046	4,213	5,998	765,519	1,220,776
Lease liabilities	6,938	13,535	8,998	8,516	37,987
Notes and loans payable	125,857	815,543	-	4,266	945,666
Total	2,535,448	1,103,779	32,365	1,034,131	4,705,723

	2022				
	Exposure within 1 year	**Exposure 1 to 5 years**	**Exposure after 5 years**	**Not exposed to interest**	**Total**
Accounts payable and accrued liabilities	32,711	356	-	165,514	198,581
Investment contract liabilities	380,945	62,271	29,015	66	472,297
Deposit and security liabilities:					
Bank overdrafts	1,569	-	-	168	1,737
Derivative financial instruments	16	-	-	-	16
Securities sold for repurchase	641,739	12,808	-	201	654,748
Structured products	4,346	-	-	-	4,346
Customer deposits	976,197	1,998	2	3,376	981,573
Other funding instruments	486,954	44,810	5,993	2,094	539,851
Lease liabilities	7,023	13,098	11,772	1,401	33,294
Notes and loans payable	68,100	28,853	535,421	161	632,535
Total	2,599,600	164,194	582,203	172,981	3,518,978

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.6 Interest rate risk (continued)

The Group's exposure to insurance and reinsurance contract liabilities which are sensitive to interest rate risk is categorised based on expected maturities. These liabilities are stated at carrying amounts as follows:

	2023				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Reinsurance contract liabilities	(1,151)	4,914	27,474	(16,437)	14,800
Insurance contract liabilities	331,751	1,843,376	10,141,417	3,415,670	15,732,214
Total	330,600	1,848,290	10,168,891	3,399,233	15,747,014

	2022				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Reinsurance contract liabilities	2,263	5,494	33,872	(10,183)	31,446
Insurance contract liabilities	426,993	1,770,326	3,551,059	500,216	6,248,594
Total	429,256	1,775,820	3,584,931	490,033	6,280,040

The Group's exposure to insurance and reinsurance assets which are sensitive to interest rate risk is categorised based on expected maturities. These assets are stated at carrying amounts as follows:

	2023				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Reinsurance contract assets	165,401	302,764	1,544,275	1,200,459	3,212,899
Insurance contract assets	(84)	(9)	1,228	138	1,273
Total	165,317	302,755	1,545,503	1,200,597	3,214,172

	2022				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Reinsurance contract assets	82,851	224,174	173,067	36,474	516,566
Insurance contract assets	8,651	28,377	(14,672)	(18,806)	3,550
Total	91,502	252,551	158,395	17,668	520,116

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.6 Interest rate risk (continued)

The following table summarises the exposures to interest rate and reinvestment risks of the Group's monetary financial assets. Assets are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	2023				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Money market funds	203,779	-	-	-	203,779
Debt securities	1,669,069	2,061,675	8,567,060	129,786	12,427,590
Equity securities	-	-	-	2,614,069	2,614,069
Mortgage loans	184,263	177,726	430,809	4,443	797,241
Finance loans	650,486	20,209	9,175	2,545	682,415
Securities purchased for resale	13,256	-	-	105	13,361
Deposits	252,683	15,989	357	563	269,592
Derivative financial instruments	-	-	-	17,064	17,064
Other assets and accounts receivable	13,498	348	-	121,383	135,229
Cash resources	146,642	703	-	434,861	582,206
Total	3,133,676	2,276,650	9,007,401	3,324,819	17,742,546

	2022 (restated)				
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	Total
Money market funds	59,490	-	-	1	59,491
Debt securities	898,209	1,503,443	4,098,685	111,562	6,611,899
Equity securities	-	-	-	765,999	765,999
Mortgage loans	172,124	175,128	265,903	3,881	617,036
Finance loans	612,358	30,689	9,493	2,323	654,863
Securities purchased for resale	32,098	-	-	237	32,335
Deposits	111,199	4,395	507	329	116,430
Derivative financial instruments	16	-	-	10,334	10,350
Other assets and accounts receivable	11,404	488	-	51,080	62,972
Cash resources	124,474	-	-	323,737	448,211
Total	2,021,372	1,714,143	4,374,588	1,269,483	9,379,586

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.6 Interest rate risk (continued)

The table below summarises the average interest yields on financial investments and liabilities held during the year.

	2023	2022
Financial investments carried at FVTOCI and amortised cost:		
Debt securities	6.3%	5.8%
Mortgage loans	6.3%	5.6%
Finance loans	10.8%	10.3%
Securities purchased for resale	3.2%	4.2%
Deposits	3.0%	1.1%
Financial liabilities carried at amortised cost:		
Investment contract liabilities	4.2%	3.1%
Notes and loans payable	7.0%	6.0%
Other funding instruments	5.6%	2.0%
Deposits	1.7%	1.0%
Securities sold for repurchase	4.7%	3.6%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.6 Interest rate risk (continued)

Sensitivity

Sensitivity to interest rate risk is considered by operating subsidiaries. The Group's property and casualty operations are not exposed to a significant degree of interest rate risk, since the majority of their interest-bearing instruments have short-term maturities. The effects of changes in interest rates are disclosed in the following tables.

The following table sets out the potential immediate impacts on, or sensitivity of, the contractual service margin (pre-tax), net income (pre-tax), and other comprehensive income to certain changes in the specific market variable at December 31, 2023. The analysis is based on an instantaneous change in the specific market variables while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions might be correlated.

2023 (pre-tax)	**Impact from interest rate movements on:**		
	Contractual service margin (net)	**Net income**	**Other comprehensive income**
50 basis points increase	4,546	(29,242)	(31,408)
50 basis points decrease	(5,707)	(23,155)	33,984

36.7 Foreign exchange risk

The Group is exposed to foreign exchange risk as a result of fluctuations in exchange rates as its financial assets and liabilities, and insurance and reinsurance contracts, are denominated in different currencies.

In order to manage the risk associated with movements in currency exchange rates, the Group seeks to maintain investments and cash in each operating currency, which are sufficient to match liabilities denominated in the same currency. Exceptions are made to invest amounts in United States dollar assets which are held to back liabilities in Caribbean currencies. Management considers that these assets diversify the range of investments available in the Caribbean, and in the long-term are likely to either maintain capital value and/or provide satisfactory returns.

For the Sagicor Canada segment, all non-Canadian financial exposures are reported as Canadian exposure as the direct foreign currency risk is passed through to the policyholders.

36. FINANCIAL RISK (continued)

36.7 Foreign exchange risk (continued)

Assets and liabilities by currency are summarised in the following tables.

2023	US $000 equivalents of balances denominated in							
	Barbados $	Jamaica $	Trinidad $	US $	Canada [(3)] $	Eastern Caribbean $	Other Currencies	Total
ASSETS								
Cash resources	33,846	113,258	28,469	301,955	41,132	11,588	51,958	582,206
Financial investments [(1)]	366,761	1,625,197	799,147	5,831,186	5,549,707	124,873	114,171	14,411,042
Reinsurance contract assets [(1)]	(26)	9,213	5,726	349,043	2,840,736	-	8,207	3,212,899
Insurance contract assets	-	50	-	(45)	-	54	1,214	1,273
Receivables [(1)]	10,864	21,590	4,055	20,938	71,970	4,942	2,167	136,526
Segregated funds assets	-	-	-	-	492,271	-	-	492,271
Total monetary assets	411,445	1,769,308	837,397	6,503,077	8,995,816	141,457	177,717	18,836,217
Other assets [(2)]	215,467	524,118	70,681	639,405	2,082,511	12,120	4,367	3,548,669
Total assets	626,912	2,293,426	908,078	7,142,482	11,078,327	153,577	182,084	22,384,886
LIABILITIES								
Accounts payable and accruals	42,336	104,793	26,540	72,224	31,104	10,986	5,586	293,569
Provisions	18,493	25,413	17,711	1,720	10,050	-	7,090	80,477
Investment contracts	23,668	88,891	180,530	108,662	9,102	55,644	11,361	477,858
Reinsurance contract liabilities	3,017	1,905	(231)	5,221	73	-	4,815	14,800
Insurance contract liabilities	625,327	559,765	681,807	4,750,597	8,867,256	94,872	152,590	15,732,214
Deposit and security liabilities	34,407	933,172	71,921	1,113,947	770,886	14,186	11,911	2,950,430
Lease liabilities	1,134	13,895	461	13,588	8,393	28	488	37,987
Notes and loans payable	36,092	43,555	-	866,019	-	-	-	945,666
Insurance contract liabilities on account of segregated fund policyholders	-	-	-	-	492,271	-	-	492,271
Total monetary liabilities	784,474	1,771,389	978,739	6,931,978	10,189,135	175,716	193,841	21,025,272
Other liabilities [(2)]	814	9,003	1,831	-	16,560	1,352	1,033	30,593
Total liabilities	785,288	1,780,392	980,570	6,931,978	10,205,695	177,068	194,874	21,055,865
Net position	(158,376)	513,034	(72,492)	210,504	872,632	(23,491)	(12,790)	1,329,021

[(1)] Monetary balances only

[(2)] Non-monetary balances, income tax balances and retirement plan assets

[(3)] Includes net US$ position of $731,690

36. FINANCIAL RISK (continued)

36.7 Foreign exchange risk (continued)

2022 (restated)	US $000 equivalents of balances denominated in							
	Barbados $	Jamaica $	Trinidad $	US $	Canada $	Eastern Caribbean $	Other Currencies	Total
ASSETS								
Cash resources	18,983	82,812	67,723	202,803	2,957	9,020	63,913	448,211
Financial investments [(1)]	340,556	1,471,443	710,385	5,344,360	1,824	126,510	107,326	8,102,404
Reinsurance contract assets [(1)]	3,698	5,954	973	498,466	(86)	3,329	4,232	516,566
Insurance contract assets	-	-	-	-	-	3,550	-	3,550
Receivables[(1)]	7,352	21,600	2,813	27,234	-	4,960	122	64,081
Total monetary assets	370,589	1,581,809	781,894	6,072,863	4,695	147,369	175,593	9,134,812
Other assets [(2)]	237,984	498,859	84,122	650,136	-	16,348	(885)	1,486,564
Total assets	608,573	2,080,668	866,016	6,722,999	4,695	163,717	174,708	10,621,376
LIABILITIES								
Accounts payable and accruals	40,673	74,625	19,118	49,173	-	10,812	3,388	197,789
Provisions	17,778	19,870	16,008	2,334	-	664	9,042	65,696
Investment contracts	25,739	85,391	174,418	114,998	-	61,338	10,413	472,297
Reinsurance contract liabilities	6,310	-	15,865	3,186	-	162	5,923	31,446
Insurance contract liabilities	576,168	548,437	651,741	4,249,031	963	86,538	135,716	6,248,594
Deposit and security liabilities	529	847,121	76,789	1,225,462	3	15,165	17,202	2,182,271
Lease liabilities	1,426	14,196	136	16,948	-	-	588	33,294
Notes and loans payable	35,979	34,522	-	562,034	-	-	-	632,535
Total monetary liabilities	704,602	1,624,162	954,075	6,223,166	966	174,679	182,272	9,863,922
Other liabilities [(2)]	1,536	15,315	1,773	1	-	1,374	1,031	21,030
Total liabilities	706,138	1,639,477	955,848	6,223,167	966	176,053	183,303	9,884,952
Net position	(97,565)	441,191	(89,832)	499,832	3,729	(12,336)	(8,595)	736,424

(1) Monetary balances only

(2) Non-monetary balances, income tax balances and retirement plan assets

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.7 Foreign exchange risk (continued)

The Group is exposed to currency risk in its operating currencies for which values have noticeably fluctuated against the United States dollar (USD).

The exposure to currency risk may result in three types of risk, namely:

- Currency risk relating to the future cash flows of monetary balances

This occurs when a monetary balance is denominated in a currency other than the functional currency of the reporting unit to which it belongs. In this instance, a change in currency exchange rates results in the monetary balances being retranslated at the date of the financial statements and the exchange gain or loss is taken to income (note 23).

- Currency risk of reported results of foreign operations

This occurs when a reporting unit's functional currency depreciates or appreciates in value when retranslated to USD, which is the Group's presentational currency. In this instance, the conversion of the reporting unit's results at a different rate of exchange results in either less or more income being consolidated in the Group's income statement.

- Currency risk of the Group's investment in foreign operations

This occurs when a reporting unit's functional currency depreciates or appreciates in value when retranslated to the USD, which is the Group's presentational currency. In this instance, the conversion of the reporting unit's assets and liabilities at a different rate of exchange results in a currency loss or gain which is recorded in the currency translation reserve (note 20). If the reporting unit is disposed of, either wholly or in part, then the corresponding accumulated loss or gain in the currency translation reserve would be transferred to income or retained earnings.

The operating currencies for which value noticeably fluctuates against the USD are the Jamaica dollar (JMD), the Trinidad dollar (TTD) and the Canadian dollar (CAD) (Note 2.4).

Exchange rates of the other principal operating currencies to the US dollar are set out in the following table.

Currency exchange rate of US $1.00:	**2023 Closing Rate**	**2023 Average Rate**	**2022 Closing Rate**	**2022 Average Rate**
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	1.3226	1.3658	1.3492	1.2923
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	154.2680	153.5318	151.0082	153.2954
Trinidad & Tobago dollar	6.7158	6.7396	6.7414	6.7402

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments

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

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The 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; 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.

(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 assets designated at FVTPL include mortgage loans, debt securities and equities for which the full income return and capital returns accrue to holders of unit linked policy and deposit administration contracts. 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.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

The results of applying the fair value hierarchy to the Group's financial instruments are set out in the tables below:

(a) Financial instruments carried at fair value

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
FVTOCI investments:				
Debt securities	232,357	1,120,671	101,790	1,454,818
Equity securities	375	-	189	564
	232,732	1,120,671	101,979	1,455,382
FVTPL investments:				
Money market funds	29,645	174,134	-	203,779
Debt securities	152,850	9,629,900	1,054,765	10,837,515
Equity securities	2,038,204	541,004	34,297	2,613,505
Derivative financial instruments	-	155	16,909	17,064
Mortgage loans	-	-	22,280	22,280
	2,220,699	10,345,193	1,128,251	13,694,143
Total assets	2,453,431	11,465,864	1,230,230	15,149,525
Total assets by percentage	16%	76%	8%	100%
FVTPL investment contracts:				
Unit linked deposit administration liabilities	-	-	165,562	165,562
FVTPL deposit and security liabilities:				
Derivative financial instruments	-	538	-	538
Total liabilities	-	538	165,562	166,100
Total liabilities by percentage	-	-	100%	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

	2022 (restated)			
	Level 1	**Level 2**	**Level 3**	**Total**
FVTOCI investments:				
Debt securities	236,835	1,218,896	84,707	1,540,438
Equity securities	331	-	40	371
	237,166	1,218,896	84,747	1,540,809
FVTPL investments:				
Money market funds	38,864	20,627	-	59,491
Debt securities	130,311	3,808,879	962,015	4,901,205
Equity securities	177,116	554,593	33,919	765,628
Derivative financial instruments	-	16	10,334	10,350
Mortgage loans	-	-	23,406	23,406
	346,291	4,384,115	1,029,674	5,760,080
Total assets	583,457	5,603,011	1,114,421	7,300,889
Total assets by percentage	8%	77%	15%	100%
FVTPL investment contracts:				
Unit linked deposit administration liabilities	-	-	159,681	159,681
FVTPL deposit and security liabilities:				
Structured products	-	-	4,346	4,346
Derivative financial instruments	-	-	16	16
	-	-	4,362	4,362
Total liabilities	-	-	164,043	164,043
Total liabilities by percentage	-	-	100%	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 financial instruments:

	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2023	2022 (restated)		2023	2022 (restated)	
FVTOCI Investments						
Debt securities	101,790	84,707	Adjustments to yields	10%	10%	(1)
Equity securities	189	40	Adjustments to net assets	10%	10%	(2)
	101,979	84,747				
FVTPL Investments						
Debt securities	1,054,765	962,015	Adjustments to yields	10%	10%	(1)
Equity securities	34,297	33,919	Adjustments to net assets	10%	10%	(2)
Derivative financial instruments	16,909	10,334	Adjustments to yields	10%	10%	(1)
Mortgage loans	22,280	23,406	Adjustments to yields	10%	10%	(1)
	1,128,251	1,029,674				
Total assets	1,230,230	1,114,421				
Unit linked deposit administration	165,562	159,681	Adjustments to yields	10%	10%	(1)
Structured products	-	4,346	Adjustments to yields	10%	10%	(1)
Derivative financial instruments	-	16	Adjustments to yields	10%	10%	(1)
Total liabilities	165,562	164,043				

(1) Adjustments to yields will have a direct correlation to the fair value.

(2) Increases or decreases in adjusted net assets of the underlying entities will have a direct correlation to the fair value.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

a) Financial instruments carried at fair value (continued)

Movements in Level 3 Instruments

For Level 3 instruments, reasonable changes in inputs which could be applied to the valuation of FVTOCI securities would affect other comprehensive income. Reasonable changes in inputs which could be applied to the valuations of investments designated at FVTPL are largely offset in income, since the changes in fair value are borne by contract holders. Changes in the valuations of structured products reflect changes in the underlying securities and are borne by the contract holders.

The following tables present movements in Level 3 instruments for the year:

	2023				2022 (restated)
	FVTOCI investments	**FVTPL investments**	**Derivative financial instruments**	**Total assets**	**Total assets**
Balance, beginning of year	84,747	1,019,340	10,334	1,114,421	1,043,801
Additions	28,437	224,288	14,151	266,876	162,953
Fair value changes recorded in net investment income	-	15,893	11,653	27,546	(40,218)
Fair value changes recorded in other comprehensive income	92	-	-	92	(239)
Disposals and divestitures	(11,581)	(150,895)	(19,229)	(181,705)	(53,201)
Transfers to instruments carried at amortised cost	-	-	-	-	(414)
Effect of exchange rate changes	284	2,716	-	3,000	1,739
Balance, end of year	101,979	1,111,342	16,909	1,230,230	1,114,421
Fair value changes recorded in investment income for instruments held at the end of the year	-	15,736	3,937	19,673	(22,075)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

a) Financial instruments carried at fair value (continued)

	2023				2022 (restated)
	Policy liabilities - Unit linked deposit administration	**Structured products**	**Derivative financial instruments**	**Total liabilities**	**Total liabilities**
Balance, beginning of year	159,681	4,346	16	164,043	163,956
Gains (losses) recorded in net investment income	-	-	(16)	(16)	(94)
Gains (losses) recorded in interest expense	679	(13)	-	666	(659)
Issues	19,765	-	-	19,765	21,675
Settlements	(10,785)	(4,375)	-	(15,160)	(20,279)
Transfers from (to) instruments carried at amortised cost	(4,404)	-	-	(4,404)	-
Movements arising from business acquisitions and divestitures	43	-	-	43	-
Effect of exchange rate changes	583	42	-	625	(556)
Balance, end of year	165,562	-	-	165,562	164,043
Fair value changes recorded in interest expense for instruments held at end of year	679	-	-	679	(579)

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued

36.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost

The carrying values of the Group's non-traded financial assets and financial liabilities carried at amortised cost approximate their fair value in notes 7 and 13. The fair value hierarchy of other financial instruments carried at amortised cost as of December 31, 2023 is set out in the following tables.

	2023			
Financial assets at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities	15,031	60,183	59,169	134,383
Mortgage loans	3,856	-	768,229	772,085
Finance loans	8,124	-	647,567	655,691
Securities purchased for resale	-	-	13,361	13,361
	27,011	60,183	1,488,326	1,575,520

Financial liabilities at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment contracts:				
Deposit administration liabilities	-	-	24,540	24,540
Notes and loans payable	-	843,142	101,757	944,899
Deposit and security liabilities:				
Other funding instruments	-	357,745	1,001,335	1,359,080
Customer deposits	13,305	1,777	1,054,396	1,069,478
Securities sold for repurchase	-	71,796	588,724	660,520
	13,305	431,318	2,644,455	3,089,078
	13,305	1,274,460	2,770,752	4,058,517
	-	31%	69%	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost

	2022 (restated)			
Financial assets at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities	-	102,710	67,586	170,296
Mortgage loans	-	-	587,638	587,638
Finance loans	-	-	636,793	636,793
Securities purchased for resale	-	-	32,335	32,335
	-	102,710	1,324,352	1,427,062

Financial liabilities at amortised cost	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment contracts:				
Deposit administration liabilities	-	-	45,789	45,789
Other investment contracts	-	-	123,799	123,799
	-	-	169,588	169,588
Notes and loans payable	-	521,470	82,138	603,608
Deposit and security liabilities:				
Other funding instruments	-	428,315	111,608	539,923
Customer deposits	-	15,834	965,739	981,573
Securities sold for repurchase	-	76,067	578,681	654,748
	-	520,216	1,656,028	2,176,244
	-	1,041,686	1,907,754	2,949,440
	-	35%	65%	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(c) Equity price risk

The Group is exposed to equity price risk arising from changes in the market values of its equity securities. The Group mitigates this risk by establishing overall limits of equity holdings for each investment portfolio and by maintaining diversified holdings within each portfolio of equity securities.

The Group is also exposed to equity risk through the guarantees within its products such as Universal Life and segregated funds. The Group has hedged substantially all of the segregated fund equity exposure and currency exposure (see note 36.9).

The following table sets out the potential immediate impacts on, or sensitivity of, the contractual service margin (pre-tax), net income (pre-tax), and other comprehensive income to certain changes in the specific market variable at December 31, 2023. The analysis is based on an instantaneous change in the specific market variable while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some assumptions might be correlated.

Sensitivity

2023 (Pre-tax)	Impact from public equity price movements on:		
	Contractual service margin (net)	Net income	Other comprehensive income
20% increase	2,131	98,803	18
20% decrease	(1,742)	(99,113)	(18)

2023 (Pre-tax)	Impact from other non-fixed income asset price movements on:		
	Contractual service margin (net)	Net income	Other comprehensive income
10% increase	-	381	1
10% decrease	-	(381)	-

36.9 Derivative financial instruments and hedging activities

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this, where necessary.

Derivatives are carried at fair value and presented in the financial statements 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.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.9 Derivative financial instruments and hedging activities (continued)

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 were 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 contract or notional amounts of derivatives and their fair values are set out below.

	Contract / notional amount	Fair value	
		Assets	Liabilities
2023			
Derivatives held for trading:			
Equity indexed options	427,162	16,909	-
Currency forwards	(52,575)	155	538
Exchange-traded futures	478,795	-	-
	853,382	17,064	538
2022			
Derivatives held for trading:			
Equity indexed options	636,966	10,350	16

(i) Equity indexed options

The Group held equity indexed options in respect of structured products.

For certain structured product contracts with customers (note 15), equity indexed options give the holder the ability to participate in the upward movement of an equity index while being protected from downward risk.

For certain universal life and annuity insurance contracts, the Group has purchased custom call options that are selected to materially replicate the policy benefits that are associated with the equity indexed components within the policy contract. These options are appropriate to reduce or minimise the risk of movements in specific equity markets. Both the asset and the associated actuarial liability are valued at fair market value on a consistent basis, with the change in values being reflected in the income statement. The valuations combine external valuations with internal calculations.

(ii) Foreign exchange derivatives

Foreign exchange forward contracts (currency forward contracts) are over-the-counter contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates. The Group enters into currency forward contracts to assist in managing exposures related to the death benefit and maturity guarantees of some of its segregated funds contracts.

(iii) Hedges for segregated funds

Equity futures and currency forwards are used to hedge exposures related to the death benefit, maturity and withdrawal guarantees of its segregated fund contracts. The equity futures and currency forwards are carried at market value, with gains (losses) recognised immediately in investment income. In addition, interest is earned on short-term investments that are pledged as collateral for the futures.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

36. FINANCIAL RISK (continued)

36.10 Offsetting Financial Assets and Liabilities

The Group is eligible to present certain financial assets and financial liabilities on a net basis on the statement of financial position pursuant to criteria described in note 2.14. The following tables provide information on the impact of offsetting on the consolidated statement of financial position, as well as the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement as well as available cash and financial instrument collateral.

	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts as presented in the statement of financial position	Impact of master netting arrangements	Impact of offsetting financial instrument collateral	Net amount
2023						
ASSETS						
Non-derivative financial investments	16,994,686	-	16,994,686	(564,128)	(455,716)	15,974,842
Securities purchased for resale	13,361	-	13,361	-	-	13,361
Derivative financial instruments	17,064	-	17,064	-	-	17,064
	17,025,111	-	17,025,111	(564,128)	(455,716)	16,005,267
LIABILITIES						
Non-derivative deposit and security liabilities	2,949,892	-	2,949,892	(564,128)	(357,745)	2,028,019
Derivative financial instruments	538	-	538	-	-	538
	2,950,430	-	2,950,430	(564,128)	(357,745)	2,028,557
2022 (restated)						
ASSETS						
Non-derivative financial investments	8,825,718	-	8,825,718	(589,652)	(470,554)	7,765,512
Securities purchased for resale	32,335	-	32,335	-	-	32,335
Derivative financial instruments	10,350	-	10,350	-	(16)	10,334
	8,868,403	-	8,868,403	(589,652)	(470,570)	7,808,181
LIABILITIES						
Non-derivative deposit and security liabilities	2,182,255	-	2,182,255	(589,652)	(428,315)	1,164,288
Derivative financial instruments	16	-	16	-	(16)	-
	2,182,271	-	2,182,271	(589,652)	(428,331)	1,164,288

37. INSURANCE RISK

37.1 Contracts not measured under PAA

The Group offers traditional life, universal life, living benefits and various annuity contracts, as well as life reinsurance contracts.

The main risks that the Group is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected.
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected.
- Longevity risk – risk of loss arising due to the annuitant living longer than expected.
- Expense risk – risk of loss arising from expense experience being different than expected.
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance held (outward reinsurance) is placed on a proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group’s placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

For the life insurance and life reinsurance contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

For immediate annuity contracts, the most significant factor that could increase the amount and frequency of claims is continued improvement in medical science and social conditions that would increase longevity.

The Group reinsures its immediate annuity contracts on a quota-share basis to mitigate its risk.

The nature of the Group’s exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

37. INSURANCE RISK (continued)

37.1 Contracts not measured under PAA (continued)

Mortality risk may be concentrated in geographic locations, affecting the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event or pandemic could result in very many claims.

Total insurance coverage on insurance policies provides a quantitative measure of absolute mortality risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The total amounts insured by the Group in respect of both contracts with or without direct participating features at December 31, gross and net of reinsurance, are summarised by geographic area below.

Total insurance coverage		2023		2022 (restated)	
		Individual contracts	Group contracts	Individual contracts	Group contracts
Barbados	Gross	4,806,966	1,371,208	4,745,105	1,462,441
	Net	4,542,354	1,321,160	4,483,403	1,414,579
Jamaica	Gross	12,401,419	-	11,522,909	-
	Net	12,173,843	-	11,321,438	-
Trinidad & Tobago	Gross	4,775,793	2,199,668	4,221,795	2,537,139
	Net	4,181,887	2,037,951	3,663,506	2,348,381
Other Caribbean	Gross	9,929,674	1,474,856	9,542,766	1,675,813
	Net	8,866,224	1,408,407	8,526,291	1,608,238
Canada	Gross	181,674,273	-	-	-
	Net	40,807,041	-	-	-
USA	Gross	8,634,301	22,423	9,087,465	23,544
	Net	4,638,655	22,333	4,894,022	23,434
Total	Gross	222,222,426	5,068,155	39,120,040	5,698,937
	Net	75,210,004	4,789,851	32,888,660	5,394,632

Total liability under annuity contracts provide a good measure of longevity risk exposure.

Total liability under annuity contracts		2023		2022 (restated)	
		Individual contracts	Group contracts	Individual contracts	Group contracts
Barbados	Gross	305,181	55,337	285,896	54,883
	Net	305,181	55,337	285,896	54,883
Jamaica	Gross	517	503,877	790	378,735
	Net	517	503,877	790	378,735
Trinidad & Tobago	Gross	531,335	-	753,293	-
	Net	531,335	-	753,293	-
Other Caribbean	Gross	107,383	-	86,158	-
	Net	107,383	-	86,158	-
Canada	Gross	126,610	-	-	-
	Net	126,610	-	-	-
USA	Gross	3,882,203	16,010	3,605,884	16,951
	Net	3,582,438	5,005	3,158,270	5,194
Total	Gross	4,953,229	575,224	4,732,021	450,569
	Net	4,653,464	564,219	4,284,407	438,812

37. INSURANCE RISK (continued)

37.1 Contracts not measured under PAA (continued)

Sensitivities

The Group's contractual service margin and financial results can be impacted by possible movements in key assumptions, such as the discount rate, timing of cash flows, and rates of lapse and mortality. The correlation of assumptions will have a significant effect in determining the ultimate impacts. Sensitivity information will also vary according to the current economic assumptions. See note 37.3 for further information.

The Group's financial results will be affected by changes in the rates of mortality, morbidity, lapse, other policyholder behavior and expenses (insurance risks). The nature of those impacts and the extent to which they impact current period earnings depend on the change, the extent to which it relates to past, current or future periods and, where applicable, the extent to which the change impacts onerous or non-onerous groups of contracts.

Changes in the rates of current or future insurance risk that relate to the LIC relate to past service and will impact earnings in the period that those changes are realised. Changes in the rates of insurance risk experienced in the current period that related to the LRC will also impact earnings in the period that those changes are realised.

Changes in the rates of insurance risk expected in the future and changes in the rates of insurance risk experienced in the current period, in relation to the LRC, will affect expected cash flows. To the extent that the changes relate to onerous groups of contracts, or the CSM on non-onerous groups is insufficient to offset any adverse impact of the changes, the impact of the changes will be recognised in earnings in the period realised. Where the changes impact non-onerous groups of contracts, the impact of changes in the LRC will be offset by changes in the CSM with a corresponding change in the CSM release that will be expected in future periods. For contracts under the GMM, given that the CSM is determined at locked-in rates, the CSM release will partially offset the changes in the LRC.

Where the insurance contracts are reinsured, the impacts of changes on direct contracts will be offset to the extent of the reinsurance.

37.2 Contracts measured under PAA

Property and casualty insurance contracts

Sagicor General Insurance ('SGI') and Advantage General Insurance ('AGI') are the principal insurers within the Group's operations that issue property and casualty insurance contracts. They operate mainly in Barbados, Trinidad and Tobago and Jamaica.

For non-life insurance contracts, risks arise from loss events such as accidents, fires, floods, tropical storms, hurricanes and other extreme weather events. Risk can also arise from inflation on expenses and claims. As a result, there is a risk that our actual loss experiences will emerge differently than estimated when the product was designed and priced or repriced and may require us to revise estimated potential loss exposures and the related loss reserves.

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

37. INSURANCE RISK (continued)

37.2 Contracts measured under PAA (continued)

Property and casualty insurance contracts

Total insurance coverage on insurance policies provides a quantitative measure of absolute risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The following tables shows the concentration of gross and net insurance contract liabilities, by type of contract and by segment, at December 31.

	Total insurance coverage							
	Property		Motor		Accident and Liability		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2023								
Sagicor Life	9,418,300	1,863,683	525,359	525,359	3,381,202	3,069,761	13,324,861	5,458,803
Sagicor Jamaica	3,037,506	482,274	640,879	319,591	571,552	107,690	4,249,937	909,555
Total	12,455,806	2,345,957	1,166,238	844,950	3,952,754	3,177,451	17,574,798	6,368,358
2022								
Sagicor Life	9,495,645	1,833,680	496,382	496,382	3,254,444	2,948,319	13,246,471	5,278,381
Sagicor Jamaica	4,796,835	367,945	564,492	282,205	529,204	114,243	5,890,531	764,393
Total	14,292,480	2,201,625	1,060,874	778,587	3,783,648	3,062,562	19,137,002	6,042,774

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

37. INSURANCE RISK (continued)

37.2 Contracts measured under PAA (continued)

Property and casualty insurance contracts (continued)

Liability for incurred claim – claims development

The development of insurance liabilities provides a measure of SGI's and AGI's ability to estimate the ultimate value of claims. The table below illustrates how SGI's and AGI's estimate of the ultimate claims liability for accident years 2015 - 2023 has changed at successive year ends, up to 2023. Updated unpaid claims and other directly attributable expenses related to claims management 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. The most recent estimate is then reconciled to the liability for incurred claims recognised in the statement of financial position.

Gross	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of ultimate claims incurred (undiscounted, inclusive of other directly attributable expenses):										
At the end of financial reporting year	24,304	21,910	37,518	42,693	39,536	31,011	33,071	37,527	39,423	
One year later	23,126	22,669	41,089	44,049	38,371	29,208	31,691	39,026		
Two years later	23,717	21,147	40,885	44,142	37,806	28,933	31,092			
Three years later	22,328	21,171	40,352	44,534	37,286	29,308				
Four years later	22,018	20,623	40,445	44,453	37,731					
Five years later	21,854	20,594	39,843	43,945						
Six years later	21,529	20,777	39,187							
Seven years later	21,587	19,853								
Eight years later	20,564									
Current estimate of cumulative claims	20,564	19,853	39,187	43,945	37,731	29,308	31,092	39,026	39,423	300,129
Cumulative payments to date	(19,315)	(18,570)	(37,945)	(40,230)	(33,610)	(25,545)	(26,558)	(30,500)	(17,006)	(249,279)
Cumulative claims liability	1,249	1,283	1,242	3,715	4,121	3,763	4,534	8,526	22,417	50,850
Liability in respect of prior years										3,971
Effect of discounting										(6,213)
Effect of the risk adjustment margin for non-financial risk										3,211
Other										5,827
Gross LIC (note 6.4)										57,646

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

37. INSURANCE RISK (continued)

37.2 Contracts measured under PAA (continued)

Reinsurance contracts held – incurred claims development

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

Reinsurance	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of reinsurance recoveries (on undiscounted claims incurred and other directly attributable expenses):										
At the end of financial reporting year	12,845	11,435	10,726	4,132	2,301	6,913	10,446	11,474	13,804	
One year later	12,083	11,572	14,745	4,490	2,964	7,112	9,847	13,002		
Two years later	12,342	10,768	14,833	4,346	2,947	7,172	10,046			
Three years later	11,619	10,775	14,759	4,286	2,913	7,290				
Four years later	11,322	10,479	14,733	4,278	2,927					
Five years later	11,088	10,452	14,312	4,224						
Six years later	10,955	10,542	14,274							
Seven years later	10,979	10,052								
Eight years later	10,406									
Current estimate of reinsurance recoveries	10,406	10,052	14,274	4,224	2,927	7,290	10,046	13,002	13,804	86,025
Cumulative reinsurance receipts to date	(9,688)	(9,494)	(13,835)	(4,224)	(2,816)	(6,738)	(9,131)	(11,289)	(3,716)	(70,931)
Cumulative reinsurance recoverable	718	558	439	-	111	552	915	1,713	10,088	15,094
Recoverable in respect of prior years										1,359
Effect of discounting										(1,143)
Effect of the risk adjustment margin for non-financial risk										(3,583)
Other										695
Total recoverable from reinsurers (note 6.4)										12,422

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37. INSURANCE RISK (continued)

37.2 Contracts measured under PAA (continued)

Property and casualty insurance contracts (continued)

Sensitivities

Changes in the weighted average term to settlement, expected loss and inflation rate can impact the overall performance of the Group.

Group life and health insurance contracts

The Group offers Group Life and Group Health insurance contracts, where the period of coverage is one year or less. These contracts are measured under PAA. The Group is exposed to mortality and morbidity risk together with the risk of inflation on expenses and claims.

37.3 Sensitivity analysis

The following table shows the impact on net income (pre-tax) and CSM net of reinsurance, for reasonably possible movement in key assumptions based on scenarios shown, relating to individual life, group life and health, and property and casualty contracts.

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions might be correlated.

	Impact from changes to policy-related assumptions on:			
2023 (pre-tax)	**Contractual service margin**		**Net income**	
	Gross	**Net**	**Gross**	**Net**
2% adverse change in future mortality rates for insurance liabilities	(114,206)	(4,501)	(12,948)	317
2% adverse change in future longevity rates for annuity liabilities	(2,260)	(2,260)	(1,742)	(1,742)
5% adverse change in future morbidity rates	(2,982)	(2,078)	(980)	(988)
10% multiplicative increase to the P&C loss ratio	-	-	(1,832)	(1,832)
5% increase in future expense levels	(19,356)	(19,184)	(3,104)	(3,022)
10% adverse change in policyholder behaviour (i.e., lapses)	(218,250)	(138,687)	(37,787)	(26,612)

37. INSURANCE RISK (continued)

37.4 Financial condition testing (FCT)

Financial condition testing (FCT) is a technique used by the Group to assess the adequacy of the insurer's financial condition by stress-testing the future solvency of the company under different future adverse economic and experience scenarios. The FCT assesses the impact over the next 5 years on the insurer's financial condition under specific scenarios. The period of 5 years and the specific scenarios have been selected by the Appointed Actuary as per the FCT guidance from the Canadian Institute of Actuaries.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the financial statements at a given date, such as at the end of its most recent fiscal year. The financial position therefore relies on the valuation assumptions used for establishing the insurance contract liabilities being adequate to measure future adverse deviations in experience. The financial position does not offer any indication of an insurer's ability to execute its business plan.

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 financial condition analysis examines both an insurer's ability to execute its business plan and to absorb adverse experience beyond that provided for when its insurance contract liabilities are established. The analysis projects the expected future financial position under these scenarios over the FCT period.

The purpose of the FCT 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 to material, plausible and imminent threats to the insurer's solvency; and
- to describe possible courses of action to address these threats.

An FCT is conducted periodically by some insurers within the Group.

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38. SEGREGATED FUNDS ASSETS AND LIABILITIES ON ACCOUNT OF FUND HOLDERS

The Group manages a range of segregated funds on behalf of policyholders. These amounts were assumed on the acquisition of ivari on October 3, 2023 (note 33). The schedule of changes in segregated funds net assets is as follows:

	2023
Segregated funds assets, assumed on acquisition	458,940
Additions:	
Deposits	270
Net realised and unrealised gains / (losses)	24,872
Interest and dividend income	10,092
Total additions	35,234
Deductions:	
Payments to policy holders and their beneficiaries	14,889
Management fees	4,057
Other expenses, including GST on management fees	308
Total deductions	19,254
Foreign exchange gains	17,351
Balance, end of year	492,271

Segregated funds assets represent underlying items for segregated fund insurance contracts which are direct participating contracts. Within segregated funds, there were no material transfers between Levels 1 and 2 during 2023.

The fair value of financial instruments categorised as level 3 within segregated funds assets at the end of 2023 is $Nil.

Investment on account of the segregated fund policyholders by asset class are as follows:

	2023	
	Total	Percentage
Asset class:		
Cash and cash equivalents	2,273	1%
Short-term investments	10,501	2%
Equities	53,730	11%
Bonds	28,200	6%
Mutual funds	397,354	80%
Other assets	213	-
Total segregated funds assets	492,271	100%

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

38. SEGREGATED FUNDS ASSETS AND LIABILITIES ON ACCOUNT OF FUND HOLDERS (continued)

Insurance contract liabilities on account of segregated fund policyholders

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims

The following tables show the changes in the liabilities for insurance contracts for account of segregated fund holders by liability for remaining coverage and liability for incurred claims.

	2023		
	LRC	**LIC**	**Total**
Balance, assumed on acquisition (note 33.1)	458,940	-	458,940
Insurance finance income / (expenses)	(34,962)	-	(34,962)
Cash flows:			
Management fees	(4,057)	-	(4,057)
Amounts paid to policyholders and other insurance service expenses paid	-	(14,926)	(14,926)
Actual investment component excluded from insurance revenue	-	14,926	14,926
Expected investment component excluded from insurance revenue	(14,926)	-	(14,926)
Total cash flows	(18,983)	-	(18,983)
Foreign exchange gains	87,276	-	87,276
Balance, end of year	492,271	-	492,271

39. FIDUCIARY RISK

The Group provides investment management and pension administration services to investment and pension funds which involve the Group making allocation, purchase and sale decisions in relation to a wide range of investments. These services give rise to fiduciary risk that may expose the Group to claims for mal-administration or under-performance of these funds.

In the ordinary course of business, the Group manages assets of pension funds, mutual funds and unit trusts which are held in a fiduciary capacity and are not included in the Group's financial statements. The investments and cash under administration are summarised in the following table.

	2023	**2022**
Pension and insurance fund assets	2,283,228	2,168,541
Mutual fund, unit trust and other investment fund assets	1,445,626	1,501,398
	3,728,854	3,669,939

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

40. STATUTORY RESTRICTIONS ON ASSETS

Insurers are registered to conduct insurance business under legislation in place in each relevant jurisdiction. This legislation may prescribe requirements with respect to deposits, investment of funds and solvency for the protection of policyholders. In general, these requirements do not restrict the ability of the insurer to trade investments. Banking subsidiaries may also be required to hold deposits with Central Banks which regulate the conduct of banking operations.

To satisfy the above requirements, invested assets and cash totalling $900,662 (2022 - $1,701,356) have been deposited with regulators or are held in trust to the order of regulators.

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

41. CAPITAL MANAGEMENT

The Group's objectives when managing capital, which is a broader concept than equity in the statement of financial position, are:

- To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities;
- To comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards;
- To safeguard its ability as a going concern to continue to provide benefits and returns to policyholders, depositors, note-holders and shareholders;
- To provide adequate returns to shareholders;
- To maintain a strong capital base to support the future development of Group operations.

41.1 Capital resources

The principal capital resources of the Group are as follows:

	2023	2022
Shareholder's equity	970,934	429,691
Non-controlling interests' equity	358,087	306,733
Notes and loans payable	945,666	632,535
Total financial statement capital resources	2,274,687	1,368,959

The Group deploys its capital resources through its operating activities. These operating activities are carried out by subsidiary companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that subsidiaries have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

41.2 Capital adequacy

The capital adequacy of the principal operating subsidiaries is discussed in this section.

(a) Life insurers

Capital adequacy is managed at the operating company level. It is calculated by the Appointed Actuary and reviewed by executive management, the audit committee and the board of directors. In addition, certain subsidiaries of the Group seek to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

41. CAPITAL MANAGEMENT (continued)

41.2 Capital adequacy (continued)

(a) Life insurers (continued)

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. Some jurisdictions within the Group prescribe differing risk-based assessment measures for statutory purposes, and a number of jurisdictions in the Caribbean region have no internationally-recognised capital adequacy requirements. Sagicor voluntarily adopted the Canadian Minimum Continuing Capital and Surplus Requirement ("MCCSR") standard as its risk-based assessment measure to provide a consolidated view of capital adequacy. The MCCSR was a standard used by Canadian regulators from 1992 until 2018, when it was superceded by the Life Insurance Capital Adequacy Test ("LICAT"). When it was in place, the minimum standard recommended by the Canadian regulators was an MCCSR of 150%. Canadian practices for calculation of the MCCSR evolved and changed from inception through its replacement. In jurisdictions where the MCCSR is currently prescribed, the MCCSR guidance is not consistent with the most recent Canadian MCCSR guidelines or with current Canadian capital standards under LICAT. Sagicor has made certain interpretations in the calculation of the MCCSR, in consultation with its appointed actuary, which are believed appropriately reflect the risk-based assessment of the capital position. As the MCCSR is no longer prescribed by Canadian regulators and is interpreted in different ways by local regulators, there can be no assurance that Sagicor's MCCSR figures are comparable to current reporting by Canadian life insurers or that of Canadian life insurers at any single point in time since the implementation of the MCCSR.

The consolidated MCCSR for the life insurers of the Sagicor Group as of December 31 has been estimated as 301.0% (2022 restated – 275.8%). This is the principal standard of capital adequacy used to assess the overall strength of the life insurers of the Sagicor Group. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of the Group and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch. The Group complies with all regulatory capital requirements.

(i) Sagicor Life Jamaica

Sagicor Life Jamaica determines capital adequacy using the Jamaican Life Insurance Capital Adequacy Test (JA-LICAT) which became effective January 1, 2023, as per the Insurance Regulations, 2001 amended 2023. The Minimum Continuing Surplus and Capital Requirement (MCCSR) was in effect prior to 2023. The JA-LICAT for Sagicor Life Jamaica as of December 31, 2023 has been estimated as 155.2% with the minimum standard requirement for JA-LICAT being 100%.

(ii) Sagicor Life Insurance Company (USA)

A risk-based capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners (NAIC) of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and property and casualty insurance product mix; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount.

Sagicor Life Insurance Company looks to maintain a surplus of at least 300% of the RBC amount, and the company has maintained these ratios as of December 31, 2023 and 2022 respectively.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

41. CAPITAL MANAGEMENT (continued)

41.2 Capital adequacy (continued)

(a) Life insurers (continued)

(iii) Sagicor Canada

Sagicor Canada determines capital adequacy using the Life Insurance Capital Adequacy Test (LICAT), from the Office of the Superintendent of Financial Institutions, which became effective January 1, 2018, and has been amended several times, with the most recent amendment being effective on January 1, 2023. The Minimum Continuing Surplus and Capital Requirement (MCCSR) was in effect prior to 2018. The total LICAT ratio for Sagicor Canada as of December 31, 2023 has been estimated as 131% with the minimum standard requirement for LICAT being 90%.

(b) Sagicor Investments Jamaica Limited and Sagicor Bank Limited

Capital adequacy and the use of regulatory capital are monitored monthly by management employing techniques based on the guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals. The BOJ and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

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 financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the capital adequacy ratios. During 2023 and 2022, all applicable externally imposed capital requirements were complied with.

	Sagicor Investments Jamaica		Sagicor Bank Jamaica	
	2023	**2022**	**2023**	**2022**
Actual capital base to risk-weighted assets	17%	15%	13%	13%
Required capital base to risk-weighted assets	10%	10%	10%	10%

The Group complies with all regulatory capital requirements.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

41. CAPITAL MANAGEMENT (continued)

41.3 Covenants

(a) 5.30% Senior Notes due 2028

Under the indenture entered into by the Group on the issue of new senior notes on May 31, 2021 and December 15, 2021, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Limitation of indebtedness	Under this covenant, the Group is restricted to incremental borrowing up to a prescribed level. The Group must maintain a debt to capitalisation ratio equal to or less than 35% in order to incur additional debt.
Limitation on restricted payments covenant	This covenant sets limits on cash outflows, dividends, acquisition and investments by the Group. The Group must maintain a debt to capitalisation ratio equal to or less than 35% and an MCCSR capital ratio in excess of 175%.
Limitation on restricted distributions from subsidiaries	This covenant limits the subsidiaries from creating encumbrances or restrictions on their ability to make distributions to the Parent.
Limitation on sale of assets of subsidiary stock	This covenant restricts the Group from selling material subsidiary assets without using the proceeds to either reinvest in the business or offer to buy back bondholders.
Limitation on affiliate transactions	This covenant restricts affiliate transactions of the Group.
Change in control	This covenant allows investors to put their bonds back to the Group at a certain value when a specified event has changed ownership/control of the Group.
Limitation on liens	This covenant restricts the Group’s ability to secure future debt with the Group’s assets.
Optional Redemption	The notes are redeemable at the Group’s option after May 13, 2024 at specified redemption rates.

At December 31, 2023, the Group was in compliance with the specified covenants.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

41. CAPITAL MANAGEMENT (continued)

41.3 Covenants (continued)

(b) Unsecured bond, 7.50% and 10.50% tranches due 2024

Under a trust deed dated September 16, 2019 entered into by the Group on the issue of these securities, the facilities of which were extended on May 26, 2023, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Change in control	Under a change in control, each holder has the right to require the issuer to purchase all or any part of the bonds.
Limitation on indebtedness	SFCL will not create, or permit to subsist, any security interest on any of its present or future assets without the prior consent in writing of the Trustee.
Limitation on indebtedness	SFCL will not seek to incur any additional indebtedness where the incurrence of additional indebtedness will give rise to any breach of the Financial Covenants, except with the prior written consent of the Trustee.
	Financial Covenants SFCL will maintain the following ratios: (i) Minimum Interest Services Coverage Ratio of 1.5. (ii) Maximum Debt to Equity Ratio of 75%
Restrictions on dividends	Except with the prior written consent of the Trustee, SFCL will not pay any dividends while SFCL is in breach of any of the financial covenants.
Restrictions on dealing with affiliates	The covenant restricts affiliate transactions of the Group.

At December 31, 2023, the Group was in compliance with the specified covenants.

(c) Sagicor General Insurance Inc 3.50% loan agreement

COVENANT	DESCRIPTION
Debt service coverage ratio	The guarantor subsidiary, Sagicor Life Inc, must maintain a minimum debt service coverage ratio of 1.5 to 1.0.
Effective net worth	The subsidiary net worth must not fall below US$15.0 million.
Total funded debt to net worth	The total funded debt to net worth ratio of the subsidiary must not exceed 1.0 to 1.0.

At December 31, 2023, the Group was in compliance with the specified covenants.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

41. CAPITAL MANAGEMENT (continued)

41.3 Covenants (continued)

(d) Variable Rate Revolving Credit Facility and Variable Rate Credit and Guarantee Agreement (2027)

Under the revolver credit facility agreement, entered into by the Group on August 2, 2023, and the Credit and Guarantee Agreement (2027) entered into on October 3, 2023 the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Indebtedness	Under this covenant, the Group must maintain a debt to capitalisation ratio equal to or less than 35%.
Liens	Under this covenant, the Group shall not create any Lien of any kind other than Permitted Liens.
Fundamental Changes	This covenant restricts changes to the Group's properties and assets.
Restricted Payments	This covenant sets limits on outflows such as dividend payments and acquisition of certain investments by the Group.
Transactions with Affiliates	This covenant restricts affiliate transactions of the Group.
Restrictive Agreements	This covenant limits the subsidiaries from creating encumbrances or restrictions on their ability to make distributions to the Parent.
Limitation on Sales of Assets and Subsidiary Stock	This covenant restricts the Group from selling material subsidiary assets without using the proceeds to either reinvest in the business or repay indebtedness.
Financial Covenants	The Group will maintain the following financial ratios: (vi) A Debt to Capitalization Ratio equal to or less than 35%. (vii) An Aggregate MCCSR Ratio not less than 175%. (viii) An RBC Ratio for the USA Segment of not less than 275%. (ix) A Total LICAT Ratio for our Canada Segment of not less than 103%. (x) A minimum Consolidated Net Worth of the Group.

At December 31, 2023, the Group was in compliance with the specified covenants.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

41. CAPITAL MANAGEMENT (continued)

41.3 Covenants (continued)

(e) The Estates (Residential Properties) Limited Construction Credit Agreement

COVENANT	DESCRIPTION
Debt to equity ratio	The maximum funded Debt to Effective Equity ratio of the Borrower shall not exceed 2.0 to 1.0.

At December 31, 2023, the Group was in compliance with the specified covenants.

42. REINSURANCE CONTRACT

Effective December 31, 2023, Sagicor Life Insurance Company, (the “Ceding Company”), extended the Modified Coinsurance Agreement (the “Reinsurance Agreement”) with Hannover Life Reassurance Company of America (Bermuda) Ltd (the “Reinsurer”), to reinsure an additional US$0.82 billion portfolio of annuities written in the “Ceding Company” (our USA Subsidiary). The original Reinsurance Agreement, effected on December 31, 2022, reinsured US$1.94 billion portfolio of annuities. The two transactions were structured such that the company ceded the risks related to policyholder contract liabilities and an equal amount of related invested assets backing those liabilities. The agreement is structured as modified coinsurance under which the company continues to record the reinsured assets and liabilities in its statement of financial position. Under the terms of the agreement, the company will obtain capital relief and protection against severe adverse events while retaining the economic results from the business reinsured in exchange for a reinsurance premium commensurate with the risk assumed by the reinsurer. The company recorded no initial gain or loss on this transaction except for the impact of the present value of the reinsurance premium reflected in the insurance contract liabilities.

In addition, the Reinsurer and Sagicor Financial Company Ltd. (the “Noteholder” and ultimate parent company of the “Ceding Company”) entered into a Note Purchase Agreement (the “NPA”) for the Reinsurer to issue to the Noteholder a related variable principal promissory note (the “Note”). The proceeds of the Note may be used by the Reinsurer to offset adverse experience on the reinsured annuity portfolio. The Noteholder’s obligation to increase its investment in the Note is limited to US$280 million.

Sagicor Life Inc. (the “Guarantor”) has provided a guarantee to the Reinsurer with respect to the Noteholder’s obligations under the NPA.

Year ended December 31, 2023 and December 31, 2022 Amounts expressed in US $000

43. RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 5, 7, 11, 17, 23, 26, 27 and 39, there are no material related party transactions except as disclosed below.

Key management transactions and balances

Key management comprises directors and senior management of the Company and of Group subsidiaries. Key management includes those persons at or above the level of Vice President or its equivalent. Compensation of and loans to these individuals are summarised in the following tables.

	2023	2022
Compensation:		
Salaries, directors' fees and other short-term benefits	24,165	33,152
Equity-settled compensation benefits	5,014	4,703
Pension and other retirement benefits	673	804
	29,852	38,659

	Mortgage loans	Other loans	Total loans
Balance, beginning of year	2,557	969	3,526
Advances	266	588	854
Repayments	(353)	(415)	(768)
Effects of exchange rate changes	(15)	(18)	(33)
Balance, end of year	2,455	1,124	3,579
Interest rates prevailing during the year	3.50% to 8.05%	3.25% to 16.50%	

44. SUBSEQUENT EVENTS

i. On January 11, 2024, the Group entered into an agreement for the transfer of the insurance portfolio of its Curaçao branch. The transfer is expected to become effective during the quarter ended June 30, 2024, subject to the completion of certain regulatory requirements. See note 33.6.

ii. Subsequent to the year end, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US$0.06 per common share payable on April 30, 2024 to the shareholders of record at the close of business on April 10, 2024.