SAGICOR FINANCIAL COMPANY LTD.

MANAGEMENT’S DISCUSSION & ANALYSIS

For the three-month periods and years ended December 31, 2020 and December 31, 2019

Introduction and Notice

This Management's Discussion and Analysis ("MD&A") contains important information about Sagicor's business and its performance for the three-month period and year ended December 31, 2020 with comparative analysis for the corresponding periods ended December 31, 2019. This MD&A should be read in conjunction with the Company's annual financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), in effect on the date of such information.

The following discussion is based on the financial condition and results of operations of Sagicor, unless otherwise specified or indicated. Financial information is presented in millions of US dollars, unless otherwise indicated. Amounts for subtotals, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the tables due to rounding.

Legal Constitution and General Information

Sagicor Financial Company Ltd. ("Sagicor") ("the Company") (TSX: SFC) is a leading financial services provider in the Caribbean, with over 180 years of history. Sagicor'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 entered into a definitive arrangement agreement as amended on January 28, 2019 with Alignvest Acquisition II Corporation ("Alignvest") pursuant to which on December 5, 2019, Alignvest acquired all the shares of Sagicor by way of a scheme of arrangement under the laws of Bermuda, where Sagicor is incorporated, and continued as Sagicor Financial Company Ltd.

The Company's issued common shares are listed on the Toronto Stock Exchange.

Sagicor Financial Company Ltd. and its subsidiaries ("the Group") operate across the Caribbean and in the United States of America (USA). Details of Sagicor's holdings and operations are set out in notes 4 and 38 to the 2020 financial statements.

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).

The Group also underwrites property and casualty insurance and provides hospitality services.

Result of Operations

An understanding of Sagicor's financial condition and the results and related risks of Sagicor's operations for the periods discussed in this MD&A requires an understanding of Sagicor's business. Accordingly, the following discussion should be read in conjunction with the discussion of these and related matters that appear elsewhere in this MD&A, including under the following headings: (i) Key Factors Affecting Results; (ii) Critical Accounting Estimates and Judgments; and (iii) Risk Management.

Non-IFRS Financial Information

Sagicor reports its financial results and statements in accordance with IFRS. It also publishes certain financial measures that are not based on IFRS (non-IFRS). A financial measure is considered a non-IFRS measure if it is presented other than in accordance with the generally accepted accounting principles used for the Group's audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. The Group believes that these non-IFRS financial measures provide additional information to better understand the Group's financial results and assess its growth and earnings potential. Since non-IFRS financial measures do not have standardised definitions and meanings, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Group strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure.

Sagicor believes that certain non-IFRS measures described below are more reflective of its ongoing operating results and provide readers with a better understanding of management's perspective on the Group's performance. These measures enhance the comparability of the Group's financial performance from period to period, as well as measure relative contribution to shareholder value.

The following represent non-IFRS financial measures:

1. Return on Shareholders' Equity

IFRS does not prescribe the calculation of return on shareholders' equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) attributable to shareholders is divided by the total weighted average common shareholders' equity for the period. The quarterly return on shareholders' equity is annualised.

2. Return on Total Equity

IFRS does not prescribe the calculation of return on total equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported group net income/(loss) is divided by the weighted average total equity for the period. The quarterly return on total equity is annualised.

3.Return on Investments

IFRS does not prescribe the calculation of return on Investments therefore a comparable measure under IFRS is not available. Return on investments measures the return on the investments relative to the value of the investments for a period. To determine this measure, two times investment income is divided by the opening financial investments plus the closing financial investments minus the investment income for the period.

4. Book value per share

To determine the book value per share, shareholders' equity is divided by the number of shares outstanding at the period end, net of any treasury shares.

5. Minimum Continuing Capital and Surplus Requirements (MCCSR)

The MCCSR is a capital adequacy measure for life insurance companies that was established by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). It was used to monitor that insurers maintain adequate capital to meet their financial obligations with 150% being the minimum standard that was recommended by Canadian regulators when it was in effect; companies were expected to establish and meet an internal target greater than 150%. Refer to note 46.2 to the 2020 audited financial statements, for details.

6. Debt to capital ratio

The debt to capital ratio is the ratio of notes and loans payable (refer to note 16 to the 2020 audited annual financial statements) to total capital (excluding Participating accounts), where capital is defined as the sum of notes and loans payable and total equity excluding Participating accounts. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

7. Debt to equity ratio

The debt to equity ratio is the ratio of notes and loans payable (refer to note 16 to the 2020 audited annual financial statements) to total equity (excluding Participating accounts). This ratio measures the proportion of debt a company uses to finance its operations as compared with its equity.

8. Dividend pay-out ratio

This is the ratio of dividends paid per share to basic earnings per common share.

9. Health claims ratio

This is the ratio of net health claims including the provision for incurred but not reported claims, divided by net health premiums revenue earned for the period under review. The ratio seeks to measure health claims as a percentage of premium income.

Cautionary Statement Regarding Forward-Looking Information

This MD&A includes “forward-looking information” and “forward-looking statements” (collectively “**forward-looking information**”) and assumptions about, among other things, Sagicor’s business, operations, and financial performance and condition, approved by the board of directors of Sagicor on the date of this MD&A.

This forward-looking information and these assumptions include, but are not limited to, statements about Group’s objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Information included in this MD&A that is not a statement of historical fact is forward-looking information. When used in this MD&A, words such as “believes,” “may,” “will,” “estimate,” “should,” “shall,” “plans,” “assumes,” “continue,” “outlook,” “could,” “anticipates,” “intends,” “expects,” and words of similar import, are intended to identify statements containing forward-looking statements. These statements appear throughout this MD&A. Such forward-looking statements are based on Sagicor’s estimates, assumptions, strategies and projections and subject to known and unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond its control and which may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements.

Risk factors include, but are not limited to, the following: fluctuations in the fixed income markets may adversely affect Sagicor’s profitability and financial condition; the success of Sagicor’s operations in the United States depends on Sagicor’s ability to grow its business; Sagicor’s financial targets may prove materially inaccurate or incorrect; Sagicor’s exposure to the credit risk of its counterparties could adversely affect its profitability; differences between actual claims experience and estimated claims at the time the product was priced may result in increased losses, and so Sagicor’s policy reserves may be insufficient to cover actual policy benefits; Sagicor could be forced to sell investments at a loss to cover policyholder withdrawals; Sagicor’s risk management policies and procedures could leave Sagicor exposed to unidentified or unanticipated risks, which could negatively affect Sagicor’s business or result in losses; illiquidity of certain investment assets may prevent Sagicor from selling investments at fair prices in a timely manner; Sagicor’s fiduciary relationship with certain counterparties could adversely affect its profitability; a prolonged labour dispute could hurt Sagicor’s business; disease outbreaks may negatively impact the performance of Sagicor and its subsidiaries; a failure to successfully integrate Sagicor’s acquisitions could adversely affect Sagicor’s operations and profitability; a failure to successfully execute current and future strategic acquisitions could adversely affect Sagicor’s profitability; Sagicor’s business is highly regulated and subject to numerous laws and regulations; litigation and regulatory proceedings outcomes could adversely affect Sagicor’s business; companies in the financial services industry are sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny; there may be adverse consequences if the status of Sagicor’s independent contractors is successfully challenged; failures to implement or comply with legally required anti-money laundering practices could subject Sagicor to sanctions and/or criminal and civil penalties; the amount of statutory capital that Sagicor’s insurance subsidiaries have and the amount of statutory capital that they must hold to maintain their financial strength and credit ratings and meet other requirements can vary significantly from time to time and are sensitive to factors outside of Sagicor’s control; a failure to maintain adequate levels of surplus capital may result in increased regulatory scrutiny or a downgrade by the private rating agencies; Sagicor’s financial condition may be adversely affected by geopolitical events; Sagicor operates in a highly competitive industry; Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance, and Sagicor also faces competition from global companies – this competition could limit Sagicor’s ability to gain or maintain its position in the industry and could materially adversely affect its business, financial condition and results of operations; brokers that sell Sagicor’s products may sell insurance products of Sagicor’s competitors and such brokers may choose not to sell Sagicor’s products; computer viruses, network security breaches, disasters or other unanticipated events could affect Sagicor’s data processing systems or those of its business partners and could damage Sagicor’s business and adversely affect its financial condition and results of operations; a financial strength downgrade in Sagicor’s A.M. Best ratings or any other negative action by a rating agency may increase policy surrenders and withdrawals, adversely affect relationships with advisors and negatively affect Sagicor’s financial condition and results of operations; the unpredictable nature of the property and casualty insurance industry may cause fluctuations in Sagicor’s results; Sagicor may be unable to reinsure risks on terms that are commercially reasonable or satisfactory to Sagicor, or Sagicor’s reinsurers may fail to meet assumed obligations, increase rates, or be subject to adverse developments, negatively affecting Sagicor’s business, financial condition and result of operations; Sagicor’s business model depends on the performance of various third parties including actuarial consultants and other service providers; negative publicity in the insurance industry could adversely affect Sagicor;

Sagicor depends on key personnel, and if they were to leave Sagicor, Sagicor might have an insufficient number of qualified employees; Sagicor is highly dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in which it operates; Sagicor's financial condition and operating results may be adversely affected by foreign exchange fluctuations; foreign exchange controls may restrict Sagicor's ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes; catastrophes and weather-related events, such as hurricanes, may adversely affect Sagicor; disease outbreaks may negatively impact the performance of Sagicor and its subsidiaries; the performance of Sagicor's group life insurance may be adversely affected by the characteristics of the employees insured or through unexpected catastrophic events such as natural disasters; Sagicor's credit ratings may be reduced, which may adversely affect Sagicor; Sagicor may be subject to Bermuda tax; Bermuda's compliance with the Organization for Economic Cooperation and Development international tax standards could subject Sagicor to additional taxes; legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect Sagicor's operations and financial condition; any additional taxes resulting from changes to tax regulations or the interpretation thereof in countries in which it does business could negatively impact Sagicor's financial condition; Sagicor Financial Company Ltd. is a holding company and is dependent upon distributions from subsidiaries to pay taxes and other expenses.

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in this MD&A under "Risk Management", "Key Factors Affecting Results," and "Critical Accounting Estimates and Judgements" and in the "Financial Risk" and "Insurance Risk" notes to the consolidated financial statements. The forward-looking statements in this document are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.

Additional Information

All documents related to the financial results of Sagicor Financial Company Ltd. are available on the Company's website at Sagicor.com, in the Investor Relations section. Additional information about Sagicor may be found on the SEDAR website at sedar.com, as well as the Company's Annual Information Form, which may be found on the Company's website or the SEDAR website.

The Management's Discussion and Analysis is dated March 30, 2021.

TABLE OF CONTENTS

1. HIGHLIGHTS

The Group's financial results for the year ended December 31, 2020 were materially affected by COVID-19. On March 11, 2020 the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. As a response to this public health emergency, governments around the world have made significant interventions in responding to this threat. Most Caribbean countries have experienced periods of shut down and periods of significantly reduced air and sea traffic. Similar procedures have also been implemented in the United States, Canada and elsewhere. In addition, Governments have implemented various forms of public lockdowns which have largely curtailed economic and social activity during the year. Companies have therefore implemented work from home policies in response to these restrictions. Sagicor, like other companies has had to focus on supporting our staff, customers and suppliers, while developing responses to the business disruption. The Group has made significant efforts to stabilize revenues while maintaining customer service levels. During the three-month period ended December 31, 2020 there have been attempts to modify and relax some of the restrictions implemented earlier in the year, however some countries experienced potential second wave of infections which reduced the ability to modify these restrictions. As a consequence, many of the restrictions have continued with a dampening impact on economic activity. The overall impact of COVID-19 is still evolving and there have been developments in research which have yielded new drugs to fight the pandemic. The ultimate success of the actions taken by Governments, businesses and communities and the ultimate outcomes may vary by country as new medical tools and drugs are developed.

Against this backdrop the Sagicor Group recorded net income of US $ 14.4 million for the three months ended December 31, 2020, compared to net income of US $24.5 million for the same period in 2019. Net income from continuing operations attributable to common shareholders was US $29.0 million compared to net income US $11.5 million, for the same period in the prior year. The main contributing factors to the financial performance during the three-month period were the normalisation of new business sales levels across all our geographies, and the positive impact of our asset optimisation efforts in our Sagicor Life segment which gave rise to a release in actuarial liabilities. These positive developments were offset by a further strengthening of reserves for forward-looking assumptions in our United States subsidiary, and group net income was affected by our share of net loss and impairment related to our associated company investment in Playa Hotels & Resorts due to the economic environment occasioned by the pandemic.

Sagicor Group recorded a net loss of US $15.1 million for the year ended December 31, 2020, compared to net income of US $104.1 million for the same period in 2019. Net loss from continuing operations attributable to common shareholders was US $3.6 million compared to net income US $44.0 million, for the same period in the prior year. The main contributing factors to the net loss were slower new business sales in the first half of 2020, higher Expected Credit Losses (ECLs), the strengthening of our actuarial liabilities within our USA segment and in the case of Group net income, our share of net loss and impairment related to our associated company investment in Playa Hotels & Resorts, all due to the economic environment occasioned by the pandemic. The Group was also impacted by net mark-to-market losses as a result of the markets' response to COVID-19 coupled with declines in fees and other revenues associated with the hospitality and banking businesses.

Group capital remains strong, with the Group closing 2020 with a Minimum Continuing Capital and Surplus Requirement (MCCSR) of 252%, well above our target capital standards.

About Sagicor

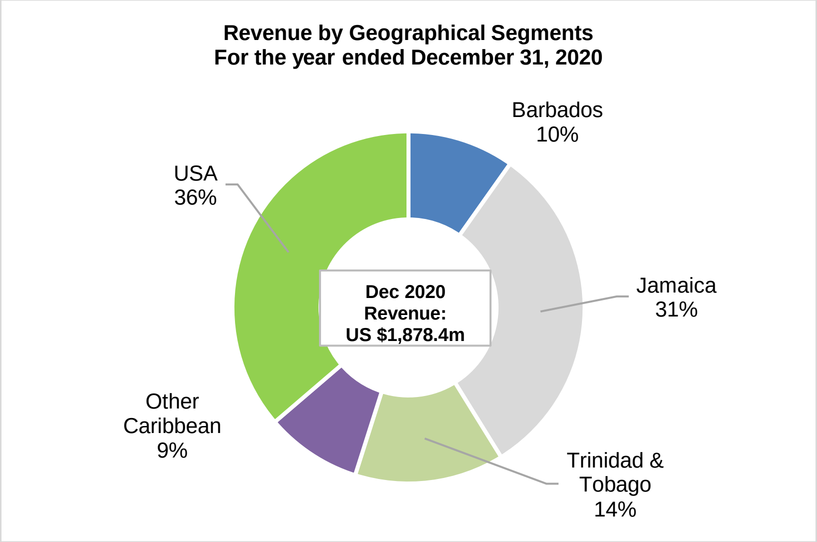
Established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest providers of insurance in the Americas. Sagicor offers a wide range of products and services including life and health insurance, annuities, pension administration, property and casualty insurance, asset management, investment and merchant banking, securities brokerage, mutual funds and real estate development, and commercial banking. Sagicor's principal markets are Barbados, Jamaica, Trinidad and Tobago, and the United States of America. Sagicor demutualised in November 2002 and listed its shares on the Barbados Stock Exchange (BSE: SFC), with subsequent listings on the Trinidad and Tobago Stock Exchange (TTSE: SFC) and the London Stock Exchange (LSE: SFI). Sagicor Financial Corporation moved its corporate domicile from Barbados to Bermuda and continued as Sagicor Financial Corporation Limited (SFCL), an exempted company, on July 20, 2016.

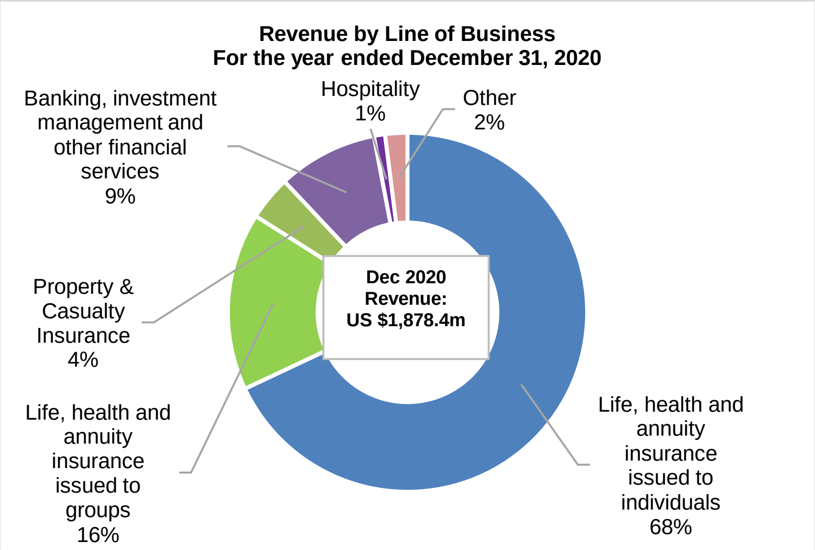
As a result of its completed business combination with Alignvest Acquisition II Corporation (AQY) on December 5, 2019, the new Sagicor, known as Sagicor Financial Company Ltd., now trades on the Toronto Stock Exchange under the new symbols "SFC" and "SFC.WT". With a listing on the Toronto Stock Exchange, Sagicor Financial Corporation Limited's common shares, formerly listed on the London Stock Exchange, have ceased trading and have been delisted from the London Stock Exchange. Former listings on the Barbados and the Trinidad and Tobago Stock Exchanges have ceased trading and applications for delisting have been submitted.

Sagicor currently operates in 20 countries and maintains a strong market position in most of the markets where it operates.

Sagicor operates its business primarily through its three reporting operating segments, namely Sagicor Life, Sagicor Jamaica, and Sagicor Life USA.

Sagicor's objective is to be a leading insurance and financial services provider of world class products and services to better serve its customers and other stakeholders in its markets. Sagicor is expanding its banking and asset management business in the Caribbean, where it has strong brand recognition and market shares.





Financial Summary

The summary consolidated financial data is derived from the audited annual financial statements, for each of the periods indicated on the following table.

On December 5, 2019 Sagicor and Alignvest announced they had completed the business combination involving the transfer of all issued and outstanding shares in Sagicor to Alignvest. This transaction raised over US $450 million in new capital for the Group. As a result of the completion of the transaction, all issued and outstanding shares in Sagicor were transferred to Alignvest, with former shareholders of Sagicor receiving cash or shares in Alignvest, which was renamed Sagicor Financial Company Ltd. and trades on the Toronto Stock Exchange under the symbol SFC.

Under the Alignvest transaction, Sagicor Financial Corporation Limited common shares (other than those purchased for cash), were exchanged for common shares of Sagicor Financial Company Ltd. on an exchange ratio of one Sagicor Financial Company Ltd. common share for 4.328 of Sagicor Financial Corporation Limited common shares ("Exchange Ratio"). This exchange ratio has been used to convert the 2019 outstanding shares to the Sagicor Financial Company Ltd. equivalent. All per share ratios for 2016 to 2019 have been adjusted to reflect the Exchange Ratio.

	Three months ended December 31		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**
Profitability			
Group net income	**14.4**	24.5	(41%)
Group net income [a]	**14.4**	24.5	(41%)
Group net income [a) b]	**14.4**	67.9	(79%)
Net income [a] attributable to common shareholders	**29.0**	11.5	152%
Net income [a] [b] attributable to common shareholders	**29.0**	54.9	(47%)
Earnings per share:			
Basic earnings[a]	**19.8¢**	12.3¢	61%
Basic earnings[a] [b]	**N/A**	58.7¢	N/A
Fully diluted [a]	**19.6¢**	10.9¢	80%
Fully diluted [a] [b]	**N/A**	51.9¢	N/A
Return on shareholders' equity [a]	**10.8%**	6.2%	4.6 pts
Return on shareholders' equity [a] [b]	**N/A**	30.4%	N/A
Growth			
Revenue:			
Individual life, health and annuity	**512.6**	288.5	78%
Group life, health and annuity	**81.6**	78.7	4%
Property and casualty insurance	**18.3**	23.5	(22%)
Banking and investment management	**45.0**	54.9	(18%)
Hospitality	**4.4**	11.3	(61%)
Farming and unallocated revenues	**12.6**	14.8	(15%)
Total revenue	**674.5**	471.7	43%

(a) From continuing operations. (b) Before listing expense and other transaction costs incurred in 2019.

	Year ended December 31		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**
Profitability			
Group net (loss)/income	**(15.1)**	104.1	(115%)
Group net (loss)/income [a]	**(15.1)**	103.6	(115%)
Group net (loss)/income [a] [b]	**(15.1)**	147.0	(110%)
Net (loss)/income [a] attributable to common shareholders	**(3.6)**	44.0	(108%)
Net (loss)/income [a] [b] attributable to common shareholders	**(3.6)**	87.4	(104%)
Earnings per share:			
Basic earnings[a]	**(2.4) ¢**	57.5¢	(104%)
Basic earnings[a] [b]	**N/A**	114.3¢	N/A
Fully diluted [a]	**(2.4) ¢**	54.1¢	(104%)
Fully diluted [a] [b]	**N/A**	107.5¢	N/A
Return on shareholders' equity [a]	**(0.3%)**	6.8%	(7.1) pts
Return on shareholders' equity [a] [b]	**N/A**	14.0%	N/A
Growth			
Revenue:			
Individual life, health and annuity	**1,270.7**	1,214.8	5%
Group life, health and annuity	**304.8**	317.9	(4%)
Property and casualty insurance	**82.3**	61.9	33%
Banking and investment management	**171.2**	192.2	(11%)
Hospitality	**14.3**	41.7	(66%)
Farming and unallocated revenues	**35.1**	38.8	(10%)
Total revenue	**1,878.4**	1,867.3	1%

Financial Summary, continued

(in millions of US $, unless otherwise noted)	Three months ended December 31 2020	2019	Change
Growth (continued)			
Net premium revenue:			
Life insurance	**118.5**	111.8	6%
Annuity	**337.4**	125.5	169%
Health insurance	**42.3**	45.2	(6%)
Property and casualty insurance	**12.7**	18.0	(29%)
Total net premium revenue	**510.9**	300.5	70%
Assets from continuing operations	**9,266.3**	8,728.9	6%
Total assets	**9,266.3**	8,728.9	6%
Operating liabilities	**7,136.5**	6,461.4	10%
Notes and loans payable	**471.6**	517.7	(9%)
Book value per common share	**$7.58**	$7.81	(3%)
Financial strength			
Debt to capital ratio	**22.2%**	22.8%	0.6 pts
Dividend pay-out ratio	**28.4%**	87.8%	(59.4 pts)
Dividends paid per common share	**5.6¢**	2.5¢	N/A
Dividends paid per common share – Converted using exchange ratio	**N/A**	10.8¢	N/A
Total capital	**2,128.2**	2,266.3	(6%)
Average common shares outstanding (000's)	**147,830**	76,519	93%
Outstanding shares, at end of period (000's)	**146,381**	147,839	(1%)
MCCSR, at end of period	**N/A**	N/A	N/A

(a) Profits were negative during the period.

(in millions of US $, unless otherwise noted)	Year ended December 31 2020	2019	Change
Growth (continued)			
Net premium revenue:			
Life insurance	**440.3**	430.6	2%
Annuity	**736.5**	592.1	24%
Health insurance	**171.5**	173.1	(1%)
Property and casualty insurance	**55.1**	45.7	21%
Total net premium revenue	**1,403.4**	1,241.5	13%
Assets from continuing operations	**9,266.3**	8,728.9	6%
Total assets	**9,266.3**	8,728.9	6%
Operating liabilities	**7,136.5**	6,461.4	10%
Notes and loans payable	**471.6**	517.7	(9%)
Book value per common share	**$7.58**	$7.81	(3%)
Financial strength			
Debt to capital ratio	**22.2%**	22.8%	0.6 pts
Dividend pay-out ratio[a]	**-**	37.6%	-
Dividends paid per common share	**22.5¢**	5.0¢	N/A
Dividends paid per common share – Converted using exchange ratio	**N/A**	21.6¢	N/A
Total capital	**2,128.2**	2,266.3	(6%)
Average common shares outstanding (000's)	**147,830**	76,519	93%
Outstanding shares, at end of period (000's)	**146,381**	147,839	(1%)
MCCSR, at end of period	**252%**	253%	(1) pt.

Profitability

The Sagicor Group recorded a net loss of US $15.1 million for the year ended December 31, 2020, compared to net income before listing and other transaction costs of US $147.0 million reported for the same period in 2019. Net loss from continuing operations attributable to common shareholders, amounted to US $3.6 million compared to net income before listing expense and other transaction costs of US $87.4 million for the corresponding period in 2019. Both Group net income and income attributable to shareholders from continuing operations were adversely affected by the impact of the COVID-19 pandemic on the business. The main contributing factors to the net loss were slower than expected new business generation in the first half of 2020, higher Expected Credit Losses (ECLs), net mark-to-market losses, the strengthening of our actuarial liabilities within our USA segment, associated with its forward-looking assumptions and the long-term impact COVID-19 has had on the economic policy and outlook in the USA and, for Group net income our share of net loss and impairment related to our associated company investment in Playa Hotels & Resorts, all due to the economic environment occasioned by the pandemic. The Group was also impacted as a result of the markets’ response to COVID-19, as well as declines in fees and other revenues associated with the hospitality and banking businesses.

Earnings per share (basic) for the year ended December 31, 2020 was a loss of $0.024 per share compared to a profit of US $1.143 per share (before listing expense and other transaction costs), for the year December 31, 2019.

Refer to the Profitability section of this Management’s Discussion and Analysis for additional information on the Company’s profitability for the year 2020.

Profitability	Three months ended December 31			Year ended December 31		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Group net income/(loss) from continuing operations [a]	**14.4**	67.9	(79%)	**(15.1)**	**147.0**	(110%)
Group net income/(loss) from continuing operations	**14.4**	24.5	(41%)	**(15.1)**	**103.6**	(115%)
Net income/(loss) attributable to common shareholders from continuing operations [a]	**29.0**	54.9	(47%)	**(3.6)**	**87.4**	(104%)
Listing expense and other transaction costs	**-**	(43.4)	100%	**-**	**(43.4)**	100%
Net income/(loss) attributable to common shareholders from continuing operations	**29.0**	11.5	152%	**(3.6)**	**44.0**	(108%)
Earnings per common share (EPS) – (basic)	**$0.198**	$0.123	61%	**($0.024)**	**$0.575**	(104%)
Earnings per common share (EPS) – (basic) [a]	**N/A**	$0.587	N/A	**N/A**	**$1.143**	N/A

(a) Before listing expense and other transaction costs incurred in 2019

Business Growth

Net premiums showed growth for the year ended December 31, 2020, however, net investment income showed declines when compared to the same period in the prior year. Net premium revenue grew 13% when compared to 2019 financial year, due in part to a significant increase in premium revenue in our USA segment in the fourth quarter. Net investment income was impacted by mark-to-market declines on our financial assets. These declines have impacted our regional and our international portfolios and were largely a result of the capital markets reaction to the COVID-19 pandemic. As a result, the Group closed the year under review with total revenue growing by 1% when compared to the same period in 2019. Total revenue also includes Credit impairment losses of US $24.0 million for the year ended December 31, 2020 as the Group updated its credit impairment assumptions for the COVID-19 economic environment. The following table summarizes the revenue by operating segment.

Total Revenue by Business	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Sagicor Life	**190.6**	162.2	18%	**523.3**	533.3	(2%)
Sagicor Jamaica	**177.1**	194.2	(9%)	**631.9**	735.3	(14%)
Sagicor Life USA	**295.0**	103.0	186%	**679.0**	561.5	21%
Head office, Other and Adjustments	**11.8**	12.3	(4%)	**44.2**	37.2	19%
Total revenue	**674.5**	471.7	43%	**1,878.4**	1,867.3	1%

Refer to the sections that follow for more information on business growth.

Financial Strength

The consolidated Minimum Continuing Capital and Surplus Requirement (MCCSR - a Canadian risk-based assessment measure), for the life insurers of the Sagicor Group as of December 31, 2020 has been estimated at 252% (December 31, 2019 - 253%).

The debt to capital ratio was 22.2% as at December 31, 2020 compared 22.8% at December 31, 2019.

As of December 31, 2020, capital resources declined to US $2,128.2 million compared to US $2,266.3 million reported at the end of December 2019, a reduction of US $138.1 million. Capital resources, which comprises shareholder's equity, notes and loans payable, and non-controlling interest, was largely driven by marked-to-market declines of our financial asset in response to the COVID-19 pandemic, coupled with declines in operating income being reported. During the year, the distribution of dividends to shareholders and a reduction to notes and loans payable also impacted capital resources. Non-controlling interests at December 31, 2020 were lower than reported in the prior year.

For detailed comments on financial strength, refer to the Financial Position section of the Management's Discussion and Analysis.

Dividends

On February 3, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on February 10, 2020. This dividend was paid on February 28, 2020.

On April 24, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on May 5, 2020. The dividend was paid on May 29, 2020.

On August 14, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on August 28, 2020. The dividend was paid on September 18, 2020.

On November 14, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on November 25, 2020. The dividend was paid on December 16, 2020.

Quality of Investments

As of December 31, 2020, the Sagicor Group held US $7,238.6 million of diversified financial assets, compared to US $6,685.6 at December 31, 2019, an increase of US $553.0 million. The Group recorded net investment income of US $330.9 million for the year ended December 31, 2020 compared to US $419.8 million for the prior year. The annualized net investment return was 4.9% compared to 7.2% for the prior year, due to the impact of the market's reaction to the COVID 19 pandemic. Since becoming a public company in 2002, Sagicor has had positive and stable investment portfolio performance. As at December 31, 2020, Sagicor held US $5,230.3 million in debts securities (72% of the total financial investments on hand). A summary of net investment income for the three-month periods and years ended December 31, 2020 and 2019, is shown below.

Investment Income Summary	**Three months ended December 31**			**Year ended December 31**		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Interest income (AC)	**45.7**	44.3	3%	**178.8**	175.5	2%
Interest income (FVOCI)	**34.5**	35.7	(3%)	**136.0**	132.5	3%
Income from FVTPL investments	**40.4**	28.3	43%	**18.7**	112.8	(83%)
Other investment income	**0.7**	0.1	600%	**4.0**	7.9	(49%)
Investment expenses	**(1.0)**	(0.7)	(43%)	**(6.6)**	(8.9)	26%
	120.3	107.7	12%	**330.9**	419.8	(21%)

Litigation or Other Matters

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 to 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 the 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 $8.9 million 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 outcome of this matter cannot be properly assessed until it has 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 company 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 $300.0 million. No provision was made in these financial statements for this claim as the claim has been stayed to accommodate arbitration as required under the Agreement between the parties coupled with the assessment by the Group of a probable favourable outcome.

Board of Directors

The composition of the Board of Directors has been disclosed in the Group's Management Discussion and Analysis for the year ended December 31, 2019. The composition of the Board of Directors was changed on June 30, 2020 as follows:

- Mr. Monish Dutt and Mr. Douglas (Rik) Parkhill resigned as directors of the Company.
- Mr. Gilbert Palter and Mr. Jonathan Finkelstein were elected as directors of the Company.

On October 30, 2020 the Board of Directors approved the re-appointment of Mr. Monish Dutt to the board to fill the vacancy created by the death of Director Mr. John Shettle. Mr. Dutt also serves as the chairman of the Audit Committee.

Changes to Accounting Policies in 2020

There were no new accounting standards adopted during the year ended December 31, 2020. Refer to note 2 of the 2020 annual consolidated financial statements included in pages 12 to 38.

Amendments to existing IFRS and IAS effective January 1, 2020

The Group has adopted the following amendments to IFRS and IAS:

- IFRS 3 – Definition of a business, effective January 1, 2020
- IAS 1 and IAS 8 – The definition of material, effective January 1, 2020
- Conceptual Framework for Financial Reporting, effective January 1, 2020
- IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, effective January 1, 2020

None of these amendments had a material effect on the Group's financial statements. Refer to note 2.1 of the 2020 annual financial statements for further details on amendments to existing IFRS and IAS effective January 1, 2020.

Outlook for 2021

The Group's outlook for 2021 continues to be clouded by the uncertain resolution to the pandemic that was declared in March 2020. The Group's financial results in Q4 2020 continued to normalize with strong premium growth and further recovery of asset values. However, the economies in which we operate continue to be directly impacted by the lockdown in our markets and reduction in global economic activity, including tourism, which affects our Caribbean economies significantly. It is unclear when the pandemic will recede enough to fully open the economies in which we operate. As such, we will continue to monitor the situation and will resume providing specific guidance with respect to earnings targets when the timing of economic recovery becomes more certain.

Economic Environment

2020 was a challenging year for most developed and developing economies as the Coronavirus plagued nations, enforced stringent lockdown measures which constrained economic activity. Against this background, the International Monetary Fund (IMF) estimated global growth for 2020 contracted by 3.5%. Along this vein, the second estimates released by the Bureau of Economic Analysis indicated real GDP for the USA declined by 3.5% in 2020. In December 2020, the unemployment rate for the USA stood at 6.7% compared to 3.6% in December 2019 and 14.8% at the height of lockdown measures in April 2020. From March 2020, the Federal Open Market Committee switched into a dovish stance and implemented two interest rate cuts and continued to increase its holdings of Treasury and agency mortgage-backed securities in the effort to buffer the US economy from the ongoing pandemic. By the end of the year, the West Texas Intermediate oil prices declined to approximately US $48 per barrel from approximately US $61 per barrel at the end of 2019. However, during the year, oil prices experienced substantial volatility as the demand and supply of oil fluctuated significantly.

Despite economic activity in the Euro Area improving by 12.4% during the third quarter, this growth was preceded by declines of 11.7% and 3.7% in the second and first quarters, respectively. Economic activity in Japan also showed signs of recovery in the third quarter and increased by 5.3% compared to a decline of 8.3% in the second quarter of 2020. Furthermore, the IMF estimated real GDP in the Euro Area and Japan contracted by 7.2% and 5.1%, respectively in 2020. Like most Central Banks, the Bank of England dropped its short-term interest rate to 0.25% on March 11, 2020 and one week later imposed a further reduction to 0.1% where it was maintained for the remainder of the year. Japan's short-term rates remained unchanged at its highly accommodative rate of -0.1% during 2020.

During the first half of the year, equity markets plummeted, and many investors sought safe haven assets. However, as Central Banks deployed accommodative strategies and the progression in vaccine trials and distributions continued, major international equity markets were buoyed and recovered these losses by the end of the year. In the US market, the S&P 500 Index was up 18.40% for the year. Similarly, the NASDAQ Composite Index and Dow Jones Industrial Average Index were up 44.92% and 9.72%, respectively for 2020 and the MSCI Emerging Market Index grew 18.31%. The 10-year treasury yield started 2020 at 1.88% and ended the year at 0.93%, maintaining its downward trend from 2019.

The most recent data from the Eastern Caribbean Central Bank (ECCB) projected the GDP for the Eastern Caribbean Currency Union (ECCU) was expected to decline within the range of 10% and 20% in 2020. Moreover, the IMF estimated GDP in the ECCU contracted by 16% in 2020. This double-digit decline in GDP was hinged on the projected 67.7% contraction in the tourism industry. Moreover, member governments of the ECCU recorded an aggregate decline of 16% in tax revenue during the first half of the year. According to the ECCB's June 2020 Economic and Financial Review, the tourism industry for all members of the ECCU is expected to revert to normal levels by the end of 2023 or the first quarter of 2024.

Like most tourism dependent economies, economic growth in Barbados exhibited a sharp decline in 2020 as arrivals were reduced by 71% for the year. Preliminary estimates indicated real economic activity in Barbados contracted by 17.6% during 2020. Nonetheless, the agricultural output for Barbados during 2020 increased by 1.9% in comparison to the previous year. At the end of 2020, the international reserves for Barbados stood at BDS $2,661.9 million compared to BDS $1,481.0 million at the end of 2019, expanding the country's import cover to 40.3 weeks. However, as the Government of Barbados acquired an aggregate of BDS $968 million in economic policy (fiscal stabilization) loans during 2020 and the acute reality of the country's constricted GDP during the year became apparent, its previously downward trend of debt-to-GDP ratio was reversed. At the end of the year, the debt-to-GDP ratio was up to 144.4% from its 2019 position of 120.2%. The most recent Economic Review from the Central Bank of Barbados indicated the average unemployment rate in Barbados rose to 18.5% in 2020 from 10.1% in 2019. Moreover, inflation in Barbados trended downward to a recorded value of 3.5% in 2020 compared to 4.1% in 2019.

Real economic activity in Trinidad and Tobago was adversely impacted in 2020. The Ministry of Finance in Trinidad and Tobago indicated a widening of the government's budget deficit to 11.2% of GDP in FY2019/20 compared to 2.6% in FY2018/19. Moreover, a deficit of TTD$ 1 billion was recorded for the first 3 months of FY2020/21 (October – December 2020) compared to TTD$ 386.8 million for the same period in FY2019/20. At the end of December 2020, Trinidad and Tobago's headline inflation was subdued to 0.8%. At the end of December 2020, Trinidad and Tobago's gross official reserves remained strong at approximately US $6,953.8 million, equivalent to 8.5 months of prospective imports of goods and services. The domestic stock market in Trinidad remained depressed for most of the year and the Composite Price Index declined by 9.9% for the year 2020.

In the quarter ended September 2020, the Jamaica economy contracted by 10.7% compared to contractions of 18.4% and 2.3% in the second and first quarters of 2020, respectively. The Bank of Jamaica's latest forecasts of real economic activity for the fiscal year 2020/21 estimated a contraction within a range of 10 – 12%. From the onset of the pandemic, the Bank of Jamaica embarked on accommodative strategies including the provision of JMD $76 billion in liquidity support via bond-buying initiates and a reduction of the cash reserve requirements. Moreover, the Bank of Jamaica maintained its accommodative policy rate at 0.5% for the entirety of 2020. Inflation of 6.4% was recorded for the calendar year of 2020 in Jamaica. Jamaica's unemployment rate rose by 3.5 percentage points to 10.7% as at October 2020, compared to the same period in 2019. The Jamaica Stock Exchange contracted 22.4% for 2020. The fixed income market yields continued their downwards trend as the GOJ 180-day Treasury Bill declined to 0.86% at the end of 2020 from 1.60% at the end of 2019.

2. PROFITABILITY

Highlights

The Sagicor Group recorded net loss attributable to common shareholders for the year ended December 31, 2020 of US $3.6 million, compared to net income of US $87.4 million (before listing expense and other transaction costs) reported for the same period in 2019, a decrease of US $91.0 million. Return on equity for the year 2020 was a loss of 0.3%, compared to 14.0% for 2019 (before listing expense and other transaction costs). The Earnings per Share (EPS - basic) moved similarly, closing at a loss of US $0.024 per share for the year compared to earnings of US $1.143 per share for the prior year (before listing expense and other transaction costs). These results have been largely driven by the impact of COVID-19 pandemic as the Group experienced mark-to-market losses on financial assets, credit impairment losses, declines in new business sales and strengthening of our actuarial liabilities.

Net (loss)/income attributable to Common shareholders from continuing operations	Year ended December 31,		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**
Sagicor Life	**47.7**	60.9	(22%)
Sagicor Jamaica	**50.5**	61.4	(18%)
Sagicor Life USA	**(27.1)**	35.4	(177%)
Head office, Other and adjustments	**(74.7)**	(70.3)	(6%)
Net (loss)/income before listing expense and other transaction costs	**(3.6)**	87.4	(104%)
Listing expense and other transaction costs	**-**	(43.4)	100%
Net (loss)/income	**(3.6)**	44.0	(108%)
Earnings per common share (EPS):			
Basic	**(2.4) ¢**	57.5 ¢	(104%)
Basic – excluding listing expense and other transaction costs	**N/A**	114.3 ¢	N/A
Diluted	**(2.4) ¢**	54.1 ¢	(104%)
Diluted – excluding listing expense and other transaction costs	**N/A**	107.5 ¢	N/A
Return on common shareholders' equity (ROE)	**(0.3%)**	6.8%	(7.1) pts
Return on common shareholders' equity (ROE) – excluding listing expense and other transaction costs	**N/A**	14.0%	N/A

Group net (loss)/ income for the year ended December 31, 2020 and December 31, 2019.

The table below summarises Sagicor's net (loss)/income for the year ended December 31, 2020 and 2019.

(in millions of US $)	2020	2019	Change
	Year ended December 31,		
Group net (loss)/income			
Group net (loss)/income before listing expense and other transaction costs	**(15.1)**	147.5	(110%)
Listing expense and other transaction costs	**-**	(43.4)	100%
Total	**(15.1)**	104.1	(115%)
Net (loss)/ income is attributable to Common shareholders:			
From continuing operations before listing expense and other transaction costs	**(3.6)**	87.4	(104%)
Listing expense and other transaction costs	**-**	(43.4)	100%
From total continuing operations	**(3.6)**	44.0	(108%)
From discontinued operation	**-**	0.5	(100%)
	(3.6)	44.5	(108%)
Participating policyholders	**1.4**	(1.9)	174%
Non-controlling interest	**(12.9)**	61.5	(121%)
Group net (loss)/income	**(15.1)**	104.1	(115%)

Group net losses amounted to US $15.1 million for the year ended December 31, 2020, compared to net income of US $147.5 million, excluding listing and other transaction costs, in the prior year.

Net loss from continuing operations attributable to common shareholders, closed the period at US $3.6 million compared to income of US $87.4 million (excluding listing and other transaction costs) for the year 2019. Both Group net loss and loss attributable to Shareholders from continuing operations, were impacted by significant mark-to-market losses and credit impairment losses, as capital markets responded adversely to the COVID-19 pandemic. In addition, during the year, the group strengthened the actuarial liabilities within our USA segment, associated with its forward-looking assumptions related to its policy liabilities and the long-term impact COVID-19 has had on the economic policy and outlook in the USA. An internal reinsurance transaction also resulted in a strengthening of reserves in our U.S. operation (US $13.4 million). The Group also experienced a positive impact from its asset optimisation efforts (US $27.6 million). Group net income was also impacted by our share of net loss and impairment related to our associated company investment in Playa Hotels and Resorts, all due to the economic environment occasioned by the pandemic.

Net income from discontinued operation was nil for the year ended December 31, 2020 compared to income of US $0.5 million for the same period in 2019. On February 12, 2019, The Group completed a review of the consideration related to the price adjustments to December 31, 2018 and entered into a Deed of Release to close off this exposure. The final settlement amount was received on February 26, 2019.

Group net (loss)/income from continuing operations

The table below summarises Sagicor's net income from continuing operations for the year ended December 31, 2020 and 2019.

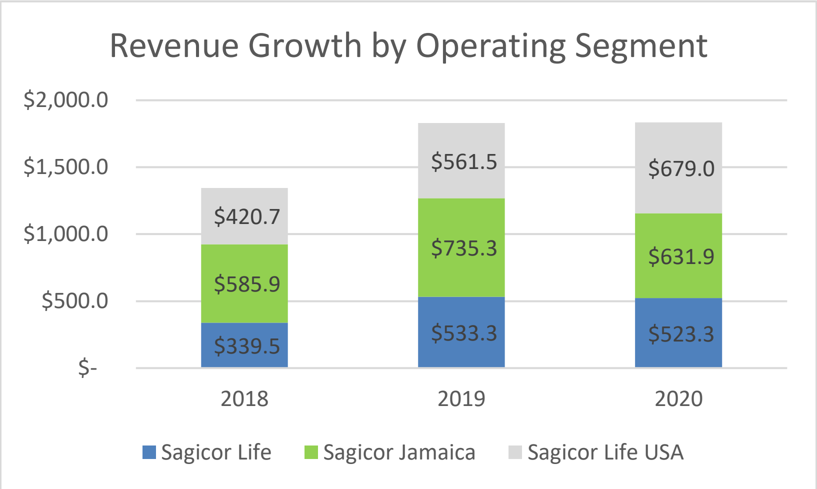
(in millions of US $)	Year ended December 31, 2020	2019	Change
Group net income from continuing operations			
Revenue	**1,878.4**	1,867.3	1%
Benefits	**(1,221.7)**	(1,116.5)	(9%)
Expenses	**(561.1)**	(547.1)	(3%)
Other	**(68.0)**	3.0	(2,367%)
Income taxes	**(42.7)**	(59.7)	28%
Group net (losses)/income from continuing operations before listing expense and other transaction costs	**(15.1)**	147.0	(110%)
Listing expense and other transaction costs	**-**	(43.4)	100%
Group net (losses)/income from continuing operations	**(15.1)**	103.6	(115%)

Revenue

The following table summarises the main items of Sagicor's revenue for the year ended December 31, 2020 and December 31, 2019.

(in millions of US $)	Year ended December 31, 2020	2019	Change
Revenue			
Net insurance premiums:			
Life and annuity	**1,176.8**	1,022.7	15%
Health	**171.5**	173.1	(1%)
Property and casualty	**55.1**	45.7	21%
	1,403.4	1,241.5	13%
Net investment income	**330.9**	419.8	(21%)
Gain on derecognition of amortised cost investments	**8.9**	12.9	(31%)
Gain on derecognition of assets carried at FVOCI	**20.2**	30.0	(33%)
Credit impairment losses	**(24.0)**	(4.9)	(390%)
Fees and other revenue	**139.0**	168.0	(17%)
Total	**1,878.4**	1,867.3	1%
Total Revenue by Operating Segment			
Sagicor Life	**523.3**	533.3	(2%)
Sagicor Jamaica	**631.9**	735.3	(14%)
Sagicor Life USA	**679.0**	561.5	21%
Head office, Other and Adjustments	**44.2**	37.2	19%
	1,878.4	1,867.3	1%

Total revenue from continuing operations reached US $1,878.4 million for the year ended December 31, 2020, an increase of US $11.1 million (1%) from US $1,867.3 million reported for the same period in 2019.



Net insurance premium revenue represented 75% (December 2019 – 66%) of total revenue, and closed the year at US $1,403.4 million, US $161.9 million (13%) above the amount of US $1,241.5 million reported for the same period in 2019. Net premium revenue from the life and annuity insurance business totalled US $1,176.8 million for the year ended December 31, 2020, compared to US $1,022.7 million for the same period in 2019, an increase of US $154.1 million. Net premium revenue in our Sagicor Life USA segment grew US $152.4 million or 34% during the year and is consistent with our strategy to increase sales production in this segment. The Group was able to maintain reasonable sales of new insurance business notwithstanding the reduced economic activity occasioned by the Covid-19 pandemic Our Sagicor Life segment also reported moderate growth however the impact was reduced by a moderate decline observed in our Jamaica segment due to the changing interest rate environment.

Net premium revenue from health insurance business totalled US $171.5 million for the year ended December 31, 2020, a modest decline from the US $173.1 million reported in 2019. Net premium revenue from property and casualty insurance totalled US $55.1 million for the year under review, a US $9.4 million or 21% increase from US $45.7 million for the same period in 2019. Net premium revenue from property and casualty insurance includes net premiums of US $18.4 million (2019 – US $8.0 million) related to the general insurance business - Advantage General Insurance Company Limited, acquired on September 30, 2019, in our Jamaica segment.

Both regional and international capital markets responded adversely to the uncertainty occasioned by the COVID-19 pandemic, resulting in net investment income of US $330.9 million for the year ended December 31, 2020 compared to US $419.8 million for the same period in 2019, a decrease of US $88.9 million. The Group experienced mark-to-market losses on its financial assets. Overall, the Group experienced realised and unrealised losses on financial assets categorised as FVTPL of US $4.6 million, during the year, which largely related to equities and equity indexed options in our USA and our Jamaica segments. In 2019, the Group benefitted from US $95.7 million in realised and unrealised gains on financial assets categorised as FVTPL.

The interest yields and returns achieved on financial investments are disclosed in the following table.

	Year ended December 31,	
	2020	**2019**
Interest yields		
Debt securities	**4.6%**	5.1%
Mortgage loans	**5.8%**	6.0%
Policy loans	**7.5%**	7.3%
Finance loans and leases	**11.2%**	11.6%
Securities purchased for resale	**2.4%**	6.2%
Deposits	**1.0%**	1.6%

The Group generated Fees and other revenues of US $139.0 million for the year ended December 31, 2020, compared to US $168.0 million for the prior year, a decrease of US $29.0 million. The Group recorded lower hotel revenues (US $22.6 million), a direct consequence of the travel restrictions associated with the COVID-19 pandemic.

Benefits

Benefits totalled US $1,221.7 million in for the year ended December 31, 2020, a US $105.2 million or 9% increase from US $1,116.5 million reported in 2019. The increases in benefits (which include actuarial provisions for future benefits) reflects and is consistent with higher premium revenue in our Sagicor Life USA segment and was offset by a net reduction in actuarial provisions updated during the year in our Jamaica Segment coupled with reductions in actuarial provisions associated with asset optimisation efforts in our Sagicor Life segment.

The following table summarises the benefits provided by Sagicor to holders of insurance contracts, investment contracts and deposit and security liability contracts for the years ended December 31, 2020 and 2019.

	Year ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Benefits			
Net insurance benefits:			
Life and annuity	**1,017.7**	900.0	(13%)
Health	**132.9**	135.3	2%
Property and casualty	**28.2**	27.0	(4%)
	1,178.8	1,062.3	(11%)
Interest cost	**42.9**	54.2	21%
Total	**1,221.7**	1,116.5	(9%)

Life and annuity benefits totalled US $1,017.7 million for the year ended December 31, 2020 of which US $486.5 million related to current benefits and US $531.2 million related to future benefits. The amounts for the corresponding period in 2019 were a total of US $900.0 million, of which US $414.6 million related to current benefits and US $485.4 million related to future benefits. The change in provision for future benefits from 2019 to 2020 represented an increase of US $45.8 million.

The change in the future benefits for 2020 comprise primarily of the following:

(in millions of US $)	**2020**
	Increase/(decrease)
New business - Sagicor Life USA	548.0
Update of Actuarial Assumptions - Sagicor Jamaica	(43.0)
Impact of reinsurance agreement - Sagicor USA	13.4
Update of forward-looking assumptions - Sagicor USA	33.6
Impact of asset optimisation Sagicor Life	(27.6)
Significant premium annuity – Sagicor Life	47.8
Other	(41.0)
Total	531.2

Total health insurance benefits were US $132.9 million representing an overall claim to premium ratio of 77.5%. In 2019 the Group experienced health insurance benefits of US $135.3 million and an overall claim to premium ratio of 78.2%.

Property and casualty claims amounted to US $28.2 million in 2020, a US $1.2 million increase over the US $27.0 million incurred in 2019. The newly acquired subsidiary Advantage General Insurance, acquired on October 1, 2019 in our Jamaica segment, contributed additional benefits during the period under review (US $7.5 million). Taking this into consideration there was an overall reduction in benefits of US $6.3 million. The improvement in general insurance claims was largely associated with a reduction in motor claims a direct impact of movement restrictions associated with the COVID-19 pandemic.

Interest expense totalled US $42.9 million for year ended December 31, 2020, a decrease from the US $54.2 million reported for the same period in 2019 and represented lower investment returns paid on contracts due to the current investment and economic environment.

The following table summarises the interest returns to holders of insurance contracts, investment contracts and deposit and security liability contracts.

	Year ended December 31,	
	2020	2019
Interest yields		
Investment contracts	**2.8%**	2.6%
Other funding instruments	**0.9%**	2.3%
Customer deposits	**1.2%**	1.3%
Securities sold for repurchase	**2.3%**	3.0%

Expenses and taxes

Expenses and taxes totalled US $603.8 million for the year ended December 31, 2020, down US $3.0 million from the amount reported for the same period in 2019 (before listing expense and other transaction costs). The table below summarises Sagicor's expenses and taxes from continuing operations for the years ended December 31, 2020 and 2019.

	Year ended December 31,		
(in millions of US $)	2020	2019	Change
Expenses and taxes			
Administrative expenses	**340.6**	333.3	(2%)
Commissions and related compensation	**121.2**	120.1	(1%)
Finance costs, depreciation and amortisation	**84.4**	79.1	(7%)
Premium, asset and income taxes	**57.6**	74.3	22%
Total expenses and taxes	**603.8**	606.8	-
Listing expense and other transaction costs	**-**	43.4	100%
Total expenses and taxes	**603.8**	650.2	7%

Administrative expenses totalled US $340.6 million for the period under review compared to US $333.3 million for the same period in 2019. Expenses also now include a full year's contribution from the general insurance business acquired on September 30, 2019. Administrative expenses also include restructuring charges related to the retirement of a senior executive costs.

Commissions and related compensation totalled US $121.2 million for the year under review, closing US $1.1 million above the US $120.1 million reported for the same period in 2019; a direct impact of higher new business when compared to the prior period.

Finance costs, depreciation and amortisation totalled US $84.4 million, for the period under review, an increase of US $5.3 million over the prior year and includes US $3.0 million of goodwill impairment on a general insurance subsidiary company. The Company has also experienced a marginal increase in finance costs on new facilities in some of its operations.

Sagicor is subject to a variety of direct taxes, with premium and income taxes comprising the main types of tax. Taxes are incurred in the jurisdiction in which the income is generated. Premium tax is customarily a percentage of gross premium revenue, while income tax is usually either a percentage of investment income or a percentage of profits. Sagicor is also subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit taking institutions at a percentage 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 at a percentage of adjusted assets held at the end of the period.

Premium, asset and income taxes were US $57.6 million compared to US $74.3 million in the prior year results, a decrease of US $16.7 million. Of the total taxes, income taxes were US $42.7 million, compared to US $59.7 million in 2019, a decrease of US $17.0 million, and was largely related to lower net income levels reported during the year, when compared to the prior year.

Earnings from other sources was a loss of US $68.0 million for the year ended December 31, 2020, compared to income of US $3.0 million for the same period in 2019. During the year 2020, the Group incurred a loss of US $73.5 million on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations. This loss largely represents our share of net income/(loss) of the associate and an impairment charge on the investment in the associate (Shareholder impact: - loss of US $6.7 million).

Discontinued operation

Sagicor's discontinued operation comprised the Sagicor at Lloyd's business, which consisted primarily of property and casualty insurance business written through Lloyd's of London Syndicate 1206. The Lloyd's of London franchise enabled the syndicate to write international business outside of the United Kingdom.

In December 2012, Sagicor made the decision to dispose of the Sagicor Europe Limited ("SEL") segment, which owned the Sagicor at Lloyd's operations. The disposal of this segment occurred on December 23, 2013. In accordance with IFRS, the results of SEL have been separated from Sagicor's continuing operations and presented as a discontinued operation.

The following tables summarise Sagicor's discontinued operation for the year ended December 31, 2020 and 2019.

	Year ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Net income - discontinued operation			
Currency translation gain realised on sale	**-**	0.5	(100%)
Total	**-**	0.5	(100%)

On February 12, 2019, Sagicor Financial Corporation Limited completed a review of the consideration related to the price adjustments to December 31, 2018 and entered into a Deed of Release with AmTrust to close off this exposure. The final settlement amount of £13.5 million was received on February 26, 2019. The Group has no further exposure to this business.

Shareholder returns

Sagicor's net income and comprehensive income are allocated to the equity owners of Sagicor's respective Group companies in accordance with their results. As some Group companies have minority shareholders, particularly in the Sagicor Jamaica operating segment, the net income is allocated accordingly between holders of Sagicor common shares and the minority interest shareholders. There is also an allocation to Sagicor Life Inc.'s policyholders who hold participating policies, an arrangement which was established at the demutualization of the Barbados Mutual Life Assurance Society (now Sagicor Life), and of its amalgamation with Life of Barbados Limited.

The Group recorded a loss of US $3.6 million from continuing operations for the year ended December 31, 2020, allocated to the holders of Sagicor's common shares. This corresponded to a loss per share for continuing operations of US $0.024. The comparative amount for the year ended December 31, 2019 was net income of US $87.4 million (before listing expense and other transaction costs), which corresponded to earnings per share of US $1.143. The respective annual returns on equity were a loss of 0.3% for December 2020 and income of 14.0% for December 2019.

The table below summarises Sagicor's profitability, dividends and returns in respect of common shareholders for the years ended December 31, 2020 and 2019.

	Year ended December 31,	
Common shareholder returns	**2020**	**2019**
Net (loss)/income [a] attributable to common shareholders	**US ($3.6) million**	US $44.0 million
Net (loss)/income [a] [b] attributable to common shareholders	**US ($3.6) million**	US $87.4 million
Basic earnings [a] per share	**(2.4) ¢**	57.5 ¢
Basic earnings [a] [b] per share	**N/A**	114.3 ¢
Fully diluted earnings [a] per share	**(2.4) ¢**	54.1 ¢
Fully diluted earnings [a] [b] per share	**N/A**	107.5 ¢
Return [a] on shareholders' equity	**(0.3%)**	6.8%
Return [a] [b] on shareholders' equity	**N/A**	14.0%
Dividend pay-out ratio [a] [c]	**-**	37.6%
Dividend pay-out ratio [a] [b] [c]	**-**	18.9%
Dividends declared	**$ 33.2 million**	$15.3 million
Dividends paid per common share	**US $0.2250**	US $0.2164

[a] *From continuing operations*. [b] Before listing expense and other transaction costs incurred in 2019. [c] Profits were negative during 2020.

Comprehensive income

The table below summarises Sagicor's total comprehensive income for the year ended December 31, 2020 and 2019.

	Year ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Other comprehensive (loss)/income:			
Items net of tax that may be reclassified subsequently to income:			
Financial assets measured at fair value through other comprehensive income:			
Gains on revaluation	**97.3**	168.7	(42%)
Gains transferred to income	**(16.6)**	(20.4)	19%
Net change in actuarial liabilities	**(52.1)**	(95.0)	45%
Cash flow hedges	**(0.7)**	(3.1)	77%
Other reserves	**-**	(0.1)	100%
Retranslation of foreign currency operations	**(38.2)**	(16.6)	(130%)
	(10.3)	33.5	(131%)
Items net of tax that will not be reclassified subsequently to income:			
Losses arising on revaluation of ownership occupied property	**(14.9)**	(1.0)	(1,390%)
Net losses on equity securities designated at fair value through other comprehensive income	**(0.1)**	-	-
Losses on defined benefits plans	**3.5**	11.2	(69%)
	(11.5)	10.2	(213%)
Other comprehensive (loss)/income from continuing operations	**(21.8)**	43.7	(150%)

(in millions of US $)	Year ended December 31, 2020	2019	Change
Total comprehensive (loss)/income attributable to:			
Common shareholders:			
From continuing operations before listing expense and other transaction costs	**(3.0)**	124.1	(102%)
Listing expense and other transaction costs	**-**	(43.4)	100%
	(3.0)	80.7	(104%)
From discontinued operation	**-**	0.5	(100%)
	(3.0)	81.2	(104%)
Participating policyholders	**0.6**	(2.7)	122%
Non-controlling interests	**(34.5)**	69.3	(150%)
	(36.9)	147.8	(125%)

(in millions of US $)	Year ended December 31, 2020	2019	Change
Total comprehensive income			
Group net (loss)/income before listing expense and other transaction costs	**(15.1)**	147.5	(110%)
Other comprehensive (loss)/income	**(21.8)**	43.7	(150%)
Total comprehensive (loss)/ income for the year, before listing expense and other transaction costs	**(36.9)**	191.2	(119%)
Listing expense and other transaction costs	**-**	(43.4)	100%
Total comprehensive (loss)/income for the year	**(36.9)**	147.8	(125%)

Items recorded within other comprehensive income arise primarily from gains and losses on employee defined benefit pension plans, from fair value changes of certain asset classes and from the related movements in actuarial liabilities, and from the retranslation of foreign currency operations.

Other comprehensive losses for year ended December 31, 2020 amounted to US $21.8 million, a significant decrease from the income of US $43.7 million reported for the prior year.

During the period, the Group reported net gains on financial assets totalling US $97.3 million compared to US $168.7 million in the prior year, a reduction of US $71.4 million resulting from mark-to-market increases on financial assets in our investment portfolios. The lower gains reported resulted from the impact of the capital markets’ adverse response to the uncertainties created by the COVID 19 pandemic. These gains were offset by a net change in actuarial liabilities reserve of US $52.1 million (2019 - US $95.0 million). Other comprehensive income for the period also included a loss of US $38.2 million on the retranslation of foreign currency operations and largely related to the impact of the depreciation of the Jamaican dollar when compared to the United States dollar.

Overall total comprehensive loss for the year amounted to US $36.9 million. Total comprehensive loss allocated to shareholders from continuing operations was US $3.0 million. Total comprehensive income of US $147.8 million was reported in the prior year.

Statement of financial position

The table below summarises Sagicor's consolidated statement of financial position as at December 31, 2020 and December 31, 2019, respectively.

Statement of Financial Position	**As of December 31,**		
(in millions of US $)	**2020**	**2019**	**Change**
Sagicor Group			
Financial investments	**7,238.6**	6,685.6	8%
Other assets	**2,027.7**	2,043.3	(1%)
Total assets	**9,266.3**	8,728.9	6%
Policy liabilities	**4,883.0**	4,316.0	13%
Other operating liabilities	**2,253.5**	2,145.4	5%
Borrowings	**471.6**	517.7	(9%)
Total liabilities	**7,608.1**	6,979.1	9%
Shareholders' equity	**1,109.8**	1,154.1	(4%)
Participating accounts	**1.6**	1.2	33%
Non-controlling interests	**546.8**	594.5	(8%)
Total equity	**1,658.2**	1,749.8	(5%)
Total liabilities and equity	**9,266.3**	8,728.9	6%

Fourth Quarter 2020 Profitability

Group net (loss)/ income for the three-month periods ended December 31, 2020 and December 31, 2019.

The table below summarises Sagicor's net (loss)/income for the three-month periods ended December 31, 2020 and 2019.

	Three months ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Group net income			
From continuing operations before listing expense and other transaction cost	**14.4**	67.9	(79%)
Listing expense and other transaction cost	**-**	(43.4)	100%
Total	**14.4**	24.5	(41%)
Net income is attributable to Common shareholders:			
From continuing operations before listing expense and other transaction cost	**29.0**	54.9	(47%)
Listing expense and other transaction cost	**-**	(43.4)	100%
	29.0	11.5	152%
Participating policyholders	**1.0**	(1.2)	183%
Non-controlling interest	**(15.6)**	14.2	(210%)
Group net income	**14.4**	24.5	(41%)

Group net income amounted to US 14.4 million for the three-months ended December 31, 2020, compared to net income of US $24.5 million in the same period in the prior year.

Net (loss)/income attributable to Common shareholders from continuing operations	**Three months ended December 31**		
(in millions of US $, unless otherwise noted)	**2020**	**2019**	**Change**
Sagicor Life	**35.2**	29.4	20%
Sagicor Jamaica	**11.0**	18.2	(40%)
Sagicor Life USA	**8.8**	16.5	(47%)
Head office, Other and Adjustments	**(26.0)**	(9.2)	(183%)
Net income before listing expense and other transaction costs	**29.0**	54.9	(47%)
Listing expense and other transaction	**-**	(43.4)	100%
Net income	**29.0**	11.5	152%
Earnings per common share (EPS):			
Basic	**19.8¢**	12.3¢	61%
Basic – before listing expense and other transaction costs	**N/A**	58.7¢	N/A
Diluted	**19.6¢**	10.9¢	80%
Diluted – before listing expense and other transaction costs	**N/A**	51.9¢	N/A
Return on common shareholders'	**10.8%**	6.2%	4.6 pts
Return on common shareholders' equity (ROE) – before listing expense and other transaction costs	**N/A**	30.4%	N/A

Net income from continuing operations attributable to common shareholders closed the period at US $29.0 million compared to US $54.9 million (before listing expense and other transaction costs) for the December 2019 quarter. Both Group net income and income attributable to shareholders from continuing operations benefited from the positive impact of our asset optimisation efforts in our Sagicor Life segment which gave rise to a release in net change in actuarial liabilities. Our administrative expenses include restructuring charges related to the retirement of a senior executive. Group net income was also impacted by our share of net loss and impairment related to our associated company investment in Playa Hotels & Resorts, due to the economic environment occasioned by the pandemic.

Group net income from continuing operations

The table below summarises Sagicor's net income from continuing operations for the three-month periods ended December 31, 2020 and 2019.

(in millions of US $)	Three months ended December 31, 2020	2019	Change
Group net income from continuing operations			
Revenue	**674.5**	471.7	43%
Benefits	**(454.9)**	(228.5)	(99%)
Expenses	**(157.9)**	(147.9)	(7%)
Other	**(33.4)**	(5.4)	(519%)
Income taxes	**(13.9)**	(22.0)	37%
Group net income from continuing operations before listing expense and other transaction costs	**14.4**	67.9	(79%)
Listing expense and other transaction costs	**-**	(43.4)	100%
	14.4	24.5	(41%)

Revenue

The following table summarises the main items of Sagicor's revenue for the three-month periods ended December 31, 2020 and December 31, 2019.

(in millions of US $)	Three months ended December 31, 2020	2019	Change
Revenue			
Net insurance premiums:			
Life and annuity	**455.9**	237.3	92%
Health	**42.3**	45.2	(6%)
Property and casualty	**12.7**	18.0	(29%)
	510.9	300.5	70%
Net investment income	**120.3**	107.7	12%
Gain on derecognition of amortised cost investments	**3.6**	10.0	(64%)
Gain on derecognition of assets carried at FVOCI	**6.8**	19.5	(65%)
Credit impairment losses	**1.6**	(10.4)	(115%)
Fees and other revenue	**31.3**	44.4	(30%)
Total	**674.5**	471.7	43%
Total Revenue by Operating Segment			
Sagicor Life	**190.6**	162.2	18%
Sagicor Jamaica	**177.1**	194.2	(9%)
Sagicor Life USA	**295.0**	103.0	186%
Head office, Other and Adjustments	**11.8**	12.3	(4%)
	674.5	471.7	43%

Revenue from continuing operations reached US $674.5 million for the three-month period ended December 31, 2020, an increase of US $202.8 million (43%) from the US $471.7 million reported in 2019.

Net insurance premium revenue represented 76% (December 2019 – 64%) of total revenue, and closed the period at US $510.9 million, US $210.4 million (70%) above the amount of US $300.5 million reported for the same period in 2019.

Net insurance premiums from Life and annuity insurance business totalled US $455.9 million for the three-month period ended December 31, 2020, compared to US $237.3 million reported for the same period in 2019. During the quarter, the Group benefited from an increase in life and annuity premium in our Sagicor Life USA segment amounting to US $184.5 million which is consistent with our strategy to increase sales production in this segment. The Sagicor Life segment also experienced an increase in premium income as the segment closed a new single premium policy with premiums of US $63.9 million.

Net premium revenue from health insurance business totalled US $42.3 million for the three-month period ended December 31, 2020 which was US $2.9 million below the US $45.2 million reported for the same period in 2019. Net premium revenue from property and casualty insurance totalled US $12.7 million for the December 2020 quarter, a decrease from US $18.0 million recorded for the same period in 2019. The decline in premiums was mainly observed in our Sagicor Jamaica segment (US $4.1 million), a direct result of the loss of a significant plan.

Net investment income for the three-month period ended December 31, 2020 totalled US $120.3 million, up US $12.6 million (12%) from the US $107.7 million reported for the three-month period ended December 31, 2019. During the three-month period the Group benefited from realised and unrealised gains of US $35.5 million on financial assets categorised as FVTPL, compared to gains of US $23.5 million reported in the same period in 2019, as capital markets experienced some reversal of the mark-to-market losses reported earlier in the 2020 financial year.

The Group generated Fees and other revenues of US $31.3 million for the three-month period ended December 31, 2020, compared to US $44.4 million for the same period in 2019, a decrease of US $13.1 million. Hotel revenues reported by our Jamaica segment declined by US $6.3 million when compared to the same period in 2019, as the tourism industry continues to be adversely impacted by travel restrictions associated with the COVID 19 pandemic. In addition, in 2019, the segment of benefited from higher fee income from the banking business.

Benefits

Benefits totalled US $454.9 million in for the fourth quarter of 2020, a 99% increase from US $228.5 million reported for the same period in 2019.

The following table summarises the benefits provided by Sagicor to holders of insurance contracts, investment contracts and deposit and security liability contracts for the three-month periods ended December 31, 2020 and 2019.

	Three months ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Benefits			
Net insurance benefits:			
Life and annuity	**400.2**	174.0	(130%)
Health	**37.0**	33.4	(11%)
Property and casualty	**6.5**	8.4	23%
	443.7	215.8	(106%)
Interest cost	**11.2**	12.7	12%
Total	**454.9**	228.5	(99%)

Life and annuity benefits totalled US $400.2 million for the three-month period ended December 31, 2020 of which US $124.8 million related to current benefits and US $275.4 million related to future benefits. The amounts for the corresponding period in 2019 were a total of US $174.0 million, of which US $108.0 million related to current benefits and US $66.0 million related to future benefits. The change in provision for future benefits from 2019 to 2020 represented an increase of US $209.4 million and was associated mainly with the significant new annuity business acquired by our Sagicor Life and Sagicor Life USA segments during the quarter. During the quarter the group benefited from better asset liability matching in its Sagicor Life segment, which resulted in a reduction in actuarial liabilities (US $27.6 million). This however was offset by the strengthening of actuarial liabilities associated with forward-looking assumptions surrounding policy liabilities in our Sagicor Life USA segment totalling US $18.1 million.

The change in the future benefits for Q4 2020 comprise primarily of the following:

(in millions of US $)	2020
	Increase/(decrease)
New business - Sagicor Life USA	236.1
Update of forward-looking assumptions - Sagicor USA	18.1
Impact of asset optimisation - Sagicor Life	(27.6)
Significant premium annuity – Sagicor Life	47.8
Other	1.0
Total	275.4

Total health insurance benefits were US $37.0 million representing an overall claim to premium ratio of 87.6%. In 2019 the Group experienced health insurance benefits of US $33.4 million and an overall claim to premium ratio of 74.0%.

Property and casualty claims amounted to US $6.5 million in 2020, a US $1.9 million decrease from US $8.4 million incurred in 2019. Benefits associated with motor vehicles were down during the period due to lower accidents occurring during the period; a direct impact of movement restrictions associated with the COVID-19 pandemic.

Interest expense totalled US $11.2 million for the three-month period ended December 31, 2020 and was slightly below that reported for the same period in 2019.

Expenses and taxes

Total expenses and taxes were US $171.8 million for the three-month period ended December 31, 2020, compared to US $169.9 million (before listing expense and other transaction costs) for the same period in 2019, an increase of US $1.9 million (1%).
The table below summarises Sagicor's expenses and taxes from continuing operations for the three-month periods ended December 31, 2020 and 2019.

	Three months ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Expenses and taxes			
Administrative expenses	**97.4**	91.1	(7%)
Commissions and related compensation	**37.2**	32.4	(15%)
Finance costs, depreciation and amortisation	**20.8**	22.1	6%
Premium, asset and income taxes	**16.4**	24.3	33%
Total expenses and taxes before listing expense and other transaction costs	**171.8**	169.9	(1%)
Listing expense and other transaction costs	**-**	43.4	100%
Total expenses and taxes	**171.8**	213.3	19%

Administrative expenses totalled US $97.4 million for the period under review compared to US $91.1 million for the same period in 2019, an increase of US $6.3 million and includes restructuring charges related to the retirement of a senior executive.

Commissions and related compensation totalled US $37.2 million for the three-month period ended December 31, 2020 and was above the US $32.4 million reported for the same period in 2019, due to mainly to increased new business generated.

Finance costs, depreciation and amortisation totalled US $ 20.8 million for the December 2020 quarter, and was marginally below the US $22.1 million reported for the December 2019 quarter.

Sagicor is subject to a variety of direct taxes, with premium and income taxes comprising the main types of tax. Taxes are incurred in the jurisdiction in which the income is generated. Premium tax is customarily a percentage of gross premium revenue, while income tax is usually either a percentage of investment income or a percentage of profits. Sagicor is also subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit taking institutions at a percentage 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 at a percentage of adjusted assets held at the end of the period.

Premium, asset and income taxes were US $16.4 million for the three-month period ended December 31, 2020, compared to US $24.3 million in the corresponding period in 2019, a decrease of US $7.9 million. Of the total taxes, income taxes were US 13.9 million, compared to US $22.0 million in 2019, a decrease of US $8.1 million, due to higher net income generated in Q4, 2019.

Earnings from other sources was a loss of US $33.4 million for the fourth quarter of 2020, compared to a loss of US $5.4 million for the same period in 2019. During the December 2020 quarter, the Group incurred a loss of US $34.6 million on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions on the hotel sector. This loss largely represents our share of net income/(loss) of the associate and an impairment charge on the investment in the associate (Shareholder impact: - loss of US $4.0 million).

Comprehensive income

The table below summarises Sagicor's total comprehensive income for the three-month periods ended December 31, 2020 and 2019.

	Three months ended December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Other comprehensive (loss)/income:			
Items net of tax that may be reclassified subsequently to income:			
Financial assets measured at fair value through other comprehensive income:			
Gains on revaluation	**80.8**	17.7	356%
Gains transferred to income	**(7.1)**	(13.7)	(48%)
Net change in actuarial liabilities	**(42.2)**	(10.7)	(294%)
Cash flow hedges	**(0.8)**	(3.1)	74%
Other reserves	**1.2**	(0.1)	1,300%
Retranslation of foreign currency operations	**(4.3)**	4.6	(193%)
	27.6	(5.3)	621%
Items net of tax that will not be reclassified subsequently to income:			
Gains arising on revaluation of ownership occupied property	**1.0**	1.5	(33%)
Losses on equity securities designated as FVOCI	**(0.1)**	-	-
Gains on defined benefit plans	**3.7**	11.2	(67%)
	4.6	12.7	(64%)
Other comprehensive income from continuing operations	**32.2**	7.4	335%

(in millions of US $)	Three months ended December 31, 2020	2019	Change
Total comprehensive income			
Group net income	**14.4**	67.9	(79%)
Other comprehensive income	**32.2**	7.4	335%
Total comprehensive income for the year	**46.6**	75.3	(38%)
Listing expense and other transaction costs	**-**	(43.4)	100%
	46.6	31.9	46%

(in millions of US $)	Three months ended December 31, 2020	2019	Change
Total comprehensive (loss)/income attributable			
Common shareholders:			
From continuing operations before listing expense and other transaction costs	**52.9**	61.6	(14%)
Listing expense and other transaction costs	**-**	(43.4)	100%
From continuing operations	**52.9**	18.2	191%
Participating policyholders	**0.6**	(2.1)	(129%)
Non-controlling interests	**(6.9)**	15.8	(144%)
	46.6	31.9	46%

Items recorded within other comprehensive income arise primarily from gains and losses on employee defined benefit pension plans, from fair value changes of certain asset classes and from the related movements in actuarial liabilities, and from the retranslation of foreign currency operations.

Other comprehensive income for three-month period ended December 31, 2020 totalled US $32.2 million, an increase from the of US $7.4 million reported for the December 2019 quarter.

During the quarter, the Group reported net gains on financial assets totalling US $80.8 million resulting from mark-to-market gains on financial assets in our investment portfolios. These gains reflect a partial reversal of losses reported earlier in the year resulting from the impact of the capital markets' response to the COVID 19 pandemic. These gains were offset by a net change in actuarial liabilities reserve of US $42.2 million. Other comprehensive income for the period also included a loss of US $4.3 million on the retranslation of foreign currency operations and largely related to the impact of the depreciation of the Jamaican dollar when compared to the United States dollar.

Overall total comprehensive income for the three-month period ended December 31, 2020 amounted to US $46.6 million. Total comprehensive income allocated to shareholders from continuing operations was US $52.9 million. Total comprehensive income of US $31.9 million was reported for the same period in the prior year.

Quarterly Financial Disclosures

The following table provides a summary of Sagicor's results from continuing operations for the eight most recently completed quarters. A more complete discussion of our historical quarterly results can be found in our interim and annual MD&A for the relevant periods.

(in millions of US $, unless otherwise noted)	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net premium revenue	**510.9**	264.9	310.0	317.7	300.5	263.3	312.7	365.1
Net investment and other income	**163.6**	137.3	148.5	25.5	171.2	148.2	155.7	150.7
Total revenue	**674.5**	402.2	458.5	343.2	471.7	411.5	468.4	515.8
Benefits and expenses	**(612.8)**	(373.7)	(440.6)	(355.8)	(376.4)	(379.3)	(429.3)	(478.7)
Other	**(33.4)**	(9.2)	(19.7)	(5.7)	(5.4)	-	0.6	7.7
Income(loss)/ before tax	**28.3**	19.3	(1.8)	(18.3)	89.9	32.2	39.7	44.8
Income tax	**(13.9)**	(12.7)	(9.3)	(6.8)	(22.0)	(11.1)	(14.2)	(12.4)
Net (loss)/income before listing expense and other transaction costs	**14.4**	6.6	(11.1)	(25.1)	67.9	21.1	25.5	32.4
Listing expense and other transaction costs transaction costs	**-**	-	-	-	(43.4)	-	-	-
Net income/(loss)	**14.4**	6.6	(11.1)	(25.1)	24.5	21.1	25.5	32.4
(Loss)/income/ attributable to shareholders before listing expense and other transaction	**29.0**	(3.0)	(0.3)	(29.3)	54.9	6.3	11.1	15.1
(Loss)/income attributable to shareholders	**29.0**	(3.0)	(0.3)	(29.3)	11.5	6.3	11.1	15.1

Quarterly Financial Disclosures, continued

(in millions of US $, unless otherwise noted)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Basic EPS before listing expense and other transaction costs incurred in 2019	**N/A**	N/A	N/A	N/A	58.7 ¢	N/A	N/A	N/A
Basic EPS	**19.8¢**	(2.0) ¢	(0.2) ¢	(19.7) ¢	12.3 ¢	8.9 ¢	15.7 ¢	21.3 ¢
Diluted EPS before listing expense and other transaction costs incurred in 2019	**N/A**	N/A	N/A	N/A	51.9 ¢	N/A	N/A	N/A
Diluted EPS	**19.6 ¢**	(2.0) ¢	(0.2) ¢	(19.7) ¢	10.9 ¢	8.6 ¢	15.3 ¢	21.0 ¢
Annualised return on shareholders' equity before listing expense and other transaction costs incurred in 2019	**N/A**	N/A	N/A	N/A	30.4%	N/A	N/A	N/A
Annualised return on shareholders' equity	**10.8%**	(1.1%)	(0.1%)	(10.5%)	6.2%	3.8%	6.9%	9.9%
Dividends paid per share	**5.6 ¢**	5.6 ¢	5.6 ¢	5.6 ¢	2.5 ¢	-	2.5 ¢	-
Total assets [(a)]	**9,266.3**	8,894.3	8,734.2	8,457.1	8,728.9	8,056.4	7,861.7	7,639.8
Total equity attributable to shareholders [(a)]	**1,109.8**	1,062.3	1,072.5	1,049.5	1,154.1	660.4	658.6	640.4
(Loss)/Income before listing expense and other transaction costs (incurred in Q4, 2019) attributable to shareholders by operating segment:								
Sagicor Life	**35.2**	8.4	2.2	1.9	29.4	10.2	9.8	11.2
Sagicor Jamaica	**11.0**	21.3	9.1	9.1	18.2	18.4	14.3	10.4
Sagicor Life USA	**8.8**	(18.7)	(2.9)	(14.3)	16.5	6.0	6.0	6.9
Head office, other & inter-segment eliminations	**(26.0)**	(14.0)	(8.7)	(26.0)	(9.2)	(28.3)	(19.0)	(13.4)
Total	**29.0**	(3.0)	(0.3)	(29.3)	54.9	6.3	11.1	15.1

(a) From continuing operations.

Quarterly Financial Disclosures (continued)

Under the Alignvest transaction, Sagicor Financial Corporation Limited common shares not purchased for cash, were exchanged for common shares of Sagicor Financial Company Ltd. on an exchange ratio of one Sagicor Financial Company Ltd. common share for 4.328 of Sagicor Financial Corporation Limited common shares (“Exchange Ratio”). This exchange ratio has been used to convert the 2018 and 2019 outstanding shares to the Sagicor Financial Company Ltd. equivalent. The earnings per share ratio for 2019 and 2018 has been adjusted to reflect the Exchange Ratio.

Third Quarter 2020

The Group’s financial results for the quarter ended September 30, 2020 continued to be affected by the COVID-19 pandemic.

Against this backdrop the Sagicor Group recorded a net loss from continuing operations attributable to common shareholders of US $3.0 million compared to net income US $6.3 million, for the same period in the prior year. The net loss was primarily related to significant strengthening of reserves in our U.S. operation associated with forward-looking assumptions.

Second Quarter 2020

The Group’s financial results for the quarter ended June 30, 2020 were materially affected by the COVID-19 pandemic. On March 11, 2020 the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. As a response to this public health emergency, governments around the world made significant interventions in response to this threat. Most Caribbean countries shut down air and sea traffic. Similar procedures were also implemented in the United States, Canada and elsewhere. During the three-month period ended June 2020 attempts were made to modify and relax some of the restrictions implemented in the first quarter of the year, however these have yielded mixed results and therefore many of the restrictions continued with a continued slowdown in economic activity.

Against this backdrop the Sagicor Group recorded a net loss from continuing operations attributable to common shareholders of US $0.3 million compared to net income US $11.1 million, for the same period in the prior year. The net loss was primarily related to higher Expected Credit Losses (ECLs) losses due to the pandemic as well as an internal reinsurance transaction that resulted in a strengthening of reserves in our U.S. operation. The results also include impairment losses on an associated company.

First Quarter 2020

The Group’s financial results for the quarter ended March 31, 2020 were materially affected by the COVID-19 pandemic. On March 11, 2020 the World Health Organisation declared the emergence of COVID-19 coronavirus, a global pandemic. As a response to this public health emergency, governments around the world made significant interventions in response to this threat. Most Caribbean countries shut down air and sea traffic. Similar procedures were also implemented in the United States, Canada and elsewhere.

Against this backdrop the Sagicor Group recorded a net loss from continuing operations attributable to common shareholders of US $29.3 million compared to net income US $15.1 million, for the same period in the prior year. This result was primarily driven by mark-to-market changes in asset prices (net of corresponding reserve changes) and increased provisions for Expected Credit Losses (ECLs) in anticipation of a potential prolonged economic downturn, in the markets in which the Group operates.

Fourth Quarter 2019

On December 5, 2019 Sagicor and Alignvest announced they had completed the business combination involving the transfer of all issued and outstanding shares in Sagicor to Alignvest. This transaction raised over US $450 million in new capital for the Group. As a result of the completion of the transaction, all issued and outstanding shares in Sagicor were transferred to Alignvest, with former shareholders of Sagicor receiving cash or shares in Alignvest, which was renamed Sagicor Financial Company Ltd. and trades on the Toronto Stock Exchange under the symbol SFC. The Group incurred listing expense and other transaction costs of US $43.4 million relating to this exercise.

Net income from continuing operations attributable to shareholders for the fourth quarter of 2019 totalled US $54.9 million, excluding listing expense and other transaction costs, compared to US $8.0 million for the same period in 2018, an increase of US $46.9 million. During the last quarter of 2019, the Group benefited from a significant increase in mark to market changes on indexed options in our USA segment coupled with gains arising from the strong performance of the Jamaica stock market.

Third Quarter 2019

Results for third quarter of 2019 reflected moderate aggregate growth in our core operating segments, offset somewhat with the effect of Hurricane Dorian.

Net income from continuing operations attributable to shareholders was US $6.3 million for the three-month period ended September 30, 2019, (three-month period end September 30, 2018 – US $7.0 million), a decrease of US $0.7 million. During Q3 2019, Sagicor took a provision of US $2.5 million, representing our maximum potential impact from Hurricane Dorian. During Q3 2018, the Group increased its provisions on the Government of Barbados (GoB) debt. The net impact on the net income was US $16.4 million. Net income in 2018, also benefitted from certain one-time positive earnings releases that did not recur in 2019.

Second Quarter 2019

Net income from continuing operations attributable to shareholders was US $11.1 million for the three-month period ended June 30, 2019, (three-month period end June 30, 2018 – US $2.0 million), an increase of US $9.1 million. The Group benefited from net premium growth in our USA segment. Benefits and expenses also grew over the prior year's levels driven by business growth. In the June quarter of 2018 the Group also experienced the net impact of increased provisions for expected credit impairment losses on the Government of Barbados debt (US $19.8 million).

First Quarter 2019

Net income from continuing operations attributable to shareholders was $15.1 million for the three months ended March 31, 2019, (first quarter March 2018 – US $19.5 million). While the Group benefited from net premium growth through our USA segment, benefits and expenses also grew over the prior year-to-date levels and was consistent with premium growth due to the provisions for future benefits on new business. During the first quarter of 2019, the Group also benefited from increased investment income due to marked to market changes on equities and indexed options in our Jamaica and USA segments. During the first quarter of 2018 the results included a one-time gain of US $5.3 million on the acquisition of the British American insurance portfolio.

Fourth Quarter 2018

Net income from continuing operations attributable to shareholders was US $8.0 million for the three months ended December 31, 2018, compared to US $15.7 million for the three-month period ended December 31, 2017. The Group was impacted by lower realised gains on the sale of securities and lower interest rates in our Jamaica Segment in 2018. In addition, in 2017, the Group recognised a tax benefit in our Sagicor USA segment, arising from the 2017 US Federal tax law changes.

Key Factors Affecting Results

A variety of factors affect Sagicor's results, including:

- (i) sales of core products and services;
- (ii) life insurance and annuity policy lapse experience;
- (iii) insurance claims experience;
- (iv) investment yields;
- (v) asset default;
- (vi) country inflation and taxes;
- (vii) Sensitivity arising from the valuation of actuarial liabilities;
- (viii) Sagicor's expansion into new geographic markets (in the United States) and product markets (in Jamaica) through portfolio and / or company acquisitions; and
- (ix) the continuing availability of appropriately priced reinsurance treaties for life, health and property and casualty insurance.

Sales of core products and services

Growth in sales enables Sagicor to allocate its fixed operating expenses over larger revenues and subsequently increases its profitability. The impact is very significant for the Sagicor Life and Sagicor Jamaica operating segments which sell significant amounts of periodic premium life insurance and annuity policies. The pricing of such products is either fixed at the issue of each policy or may limit the extent of cost recovery over the duration of the policy which can extend over decades. Growth in sales enables Sagicor to contain the growth in unit policy operating expenses.

Lapse experience

With respect to periodic premium life insurance and annuity policies, lapse experience is a factor of profitability. Many of these polices have up-front commission, policy issue and medical underwriting costs which are only recovered in full if the policy is premium paying for the initial years of its duration. If the policy lapses during the initial years, Sagicor will not fully recover its up-front costs and incur a loss on that policy.

For the same reasons that the quantum of sales of insurance policies is an important factor in maintaining insurance policy unit costs of administration, the rates of lapse or termination of inforce policies impacts the policy unit costs incurred. The lower the lapse or termination rate, the more policies are inforce, enabling Sagicor to contain growth in unit policy administrative costs.

Insurance claims experience

Across all lines of insurance, claims experience is a factor in profitability. In establishing rates of premium, Sagicor provides for appropriate levels of claims experience, be it rates of mortality for life insurance, rates of longevity for annuities, rates of morbidity for disability and health insurance, or rates of contingent losses for property and casualty insurance. Claims rates incurred in excess of pricing have adverse consequences for profitability, and conversely, claims rates incurred at levels below pricing impact profitability positively.

Investment yields

Across applicable lines of insurance and across financial contracts issued by Sagicor, investment yield is important to the profitability of the Group. Higher investment yields enable Sagicor to achieve higher interest margins (defined as the difference between interest earned and payable) on applicable insurance contracts and financial contracts. With lower investment yields, the interest margins are generally lower and may be eliminated if Sagicor is not able to earn a guaranteed rate of interest which is payable under the insurance or financial contract.

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 after factoring in rates of investment return on re-invested assets. These rates, including the ultimate rates of return, affect the quantum of actuarial liability determined, with higher re-investment rates resulting in a lower actuarial liability, and with lower re-investment rates resulting in a higher actuarial liability.

Asset default

The recognition of an un-anticipated default from an invested asset, may have immediate negative consequences for profitability. Sagicor maintains certain invested assets for which the full return (of capital and of interest) is borne by insurance and /or financial contract-holders. In such instances, Sagicor is generally not exposed to asset default risk. However, for other invested assets, for which Sagicor is exposed to default risk, the default risk may be entirely borne by Sagicor's shareholders, or the risk is shared by Sagicor's shareholders and insurance and /or financial contract-holders. In such instances, the impact on profitability will be negative.

For long-term life insurance and annuity contracts, the Appointed Actuaries within the Group determine each segment's actuarial liabilities at December 31 after factoring in the expected rates of asset default. Should asset default rates over time be lower than expected, profitability is impacted positively. Conversely, if asset default rates over time are higher than expected, profitability is impacted negatively.

Country inflation and taxes

As with other key factors affecting profitability, changes in the level of country inflation and taxes impact the operating costs of the Sagicor Group, immediately and in the longer term.

Actuaries within the Group determine each segment's actuarial liabilities as of December 31 after factoring in expected levels of operating expenses. Higher inflation and taxation levels result is adverse consequences for profitability and lower inflation and taxation levels result in positive consequences for profitability.

Sensitivity arising from the valuation of actuarial liabilities

The estimation of actuarial liabilities is sensitive to the assumptions made. Changes in those assumptions could have a significant effect on the valuation results which are discussed below.

The valuation of actuarial liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario used,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- the margins for adverse deviations

Under Canadian accepted actuarial standards, the Appointed Actuary is required to test the actuarial liability under economic scenarios. The scenarios developed and tested by insurers were as follows:

Sensitivity	**Scenario**		
	Sagicor Life Inc segment	**Sagicor Jamaica Segment**	**Sagicor USA segment**
Worsening rate of lapse	Lapse rates were either doubled or halved, and the more adverse result was selected.		Lapse rates were increased or reduced by 30%, and the more adverse result was selected.
High interest rate	Assumed increases in the investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed increases in the investment portfolio yield rates of 0.5% for 10 years.	A 1% increase was applied to the investment portfolio rate.

Sensitivity	Scenario		
	Sagicor Life Inc segment	Sagicor Jamaica Segment	Sagicor USA segment
Low interest rate	Assumed decreases in investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed decreases in investment portfolio yield rates of 0.5% per year for 10 years.	A 1% decrease was applied to the investment portfolio rate.
Worsening mortality and morbidity	Mortality and morbidity rates for insurance and critical illness products were increased by 3% of the base rate per year for 5 years. For annuity products, the mortality rates were decreased by 3% of the base rate for 5 years.		For life insurance and deferred annuity products, the base assumed rates were increased annually by 3% cumulatively over the next 5 years. For pay-out annuity products only, the mortality rates were decreased by 3% cumulatively over the next 5 years.
Higher expenses	Policy unit maintenance expense rates were increased by 5% per year for 5 years above those reflected in the base scenario.		

To illustrate the potential impact of some of the foregoing key factors, the following table presents the estimated sensitivity using the economic scenarios outlined above, relating to (i) worsening rate of lapse, (ii) higher interest rate (on invested assets), (iii) lower interest rate (on invested assets), (iv) worsening rate of mortality and morbidity, and (v) higher operating expenses, to the net actuarial liabilities of each of operating segments of the Group, as of December 31, 2020 and 2019.

(in US $millions)	**2020**	**2019**
Sagicor Life Segment		
Base net actuarial liability	1,136.5	1,038.7
Scenario	***Increase (decrease) in actuarial liability***	
Worsening rate of lapse	202.9	177.6
Higher interest rate	(94.9)	(97.6)
Lower interest rate	199.4	163.3
Worsening mortality / morbidity	69.5	42.6
Higher expenses	39.2	20.4
Sagicor Jamaica Segment		
Base net actuarial liability	345.4	360.0
Scenario	***Increase (decrease) in actuarial liability***	
Worsening rate of lapse	88.0	78.5
High interest rate	(112.5)	(116.6)
Low interest rate	83.9	97.1
Worsening mortality / morbidity	48.9	56.9
Higher expenses	17.1	20.9

(in US $millions)	**2020**	**2019**
Sagicor Life USA Segment		
Base net actuarial liability	1,734.8	1,212.2
Scenario	***Increase (decrease) in actuarial liability***	
Worsening rate of lapse	25.5	18.4
High interest rate	(99.5)	(72.2)
Low interest rate	123.2	83.1
Worsening mortality / morbidity	16.3	17.0
Higher expenses	2.6	2.9

Expansion into new markets and company acquisitions

While Sagicor has endured for 180 years, its product offerings and geographic markets have evolved. Markets often have different preferences for certain products and any successful venture into new markets need to adapt to market tastes. Sagicor only ventures into new markets or offers new products after extensive research and appraisal.

Company acquisitions has been a strategy employed by the Sagicor Group over the last twenty years. As a result of these acquisitions, Sagicor's assets include goodwill and other intangibles acquired on company acquisitions. The goodwill carried by operating segments as of December 31, 2020 and 2019, respectively, is summarised in the following table.

(in US $millions)	**2020**	**2019**
Goodwill		
Sagicor Life segment	26.5	26.6
Sagicor Jamaica segment	29.2	31.0
Sagicor General Insurance	2.7	5.7
Total goodwill	58.4	63.3

Goodwill is subject to an annual impairment test, whereby the carrying value of the business unit including the associated goodwill is compared to the fair value of the business. As long as the fair value of the business exceeds the carrying value of the business and its associated goodwill, the goodwill is un-impaired. If it is not, the goodwill is impaired to the extent of the excess of the carrying value plus goodwill over its fair value, and the resulting impairment charge is recorded in the income statement.

In this test, fair value is defined as the higher of 'value in use' and 'fair value less costs to sell'. The computation of fair value includes the use of management prepared income and cash flow forecasts, and independently determined market discount and residual growth rates. For some life insurance elements of the carrying value, the Group uses an actuarially determined 'embedded value' to determine fair value, as this is an appropriate methodology to determine fair value of long-term insurance business.

As income and cash flow forecasts and market discount and residual factors vary from year to year, there is the possibility of a significant impairment charge. During the year, goodwill of US $3.0 million (2019 – US $nil) has been impaired relating to the Sagicor General Insurance Inc.

Reinsurance treaties

In order to offer useful insurance coverages to potential customers, the Group holds reinsurance coverages that allow potential policy benefits to exceed amounts which are prudent for Sagicor to undertake the claims risk. Reinsured amounts may be on a per policy basis, (i.e. in excess of a pre-determined insured amount) or may be based on the aggregation of the insured's coverages (i.e. the insured has several policies and the amount reinsured is the aggregate exceeding a pre-determined amount).

The tables below illustrate the gross and net (of reinsurance) total life insurance coverages and annuity liabilities for individual and group polices as of December 31, 2020 and 2019, respectively.

(in US $millions)	2020	2019
Total life insurance coverage		
Individual contracts - gross	35,710.5	33,486.9
Individual contracts - net	28,982.4	27,482.8
Group contracts – gross	12,542.8	12,350.6
Group contracts - net	12,037.8	11,853.5

(in US $millions)	2020	2019
Total actuarial liability for annuity contracts		
Individual contracts - gross	2,561.9	2,016.2
Individual contracts - net	1,909.0	1,335.0
Group contracts – gross	436.6	428.1
Group contracts - net	423.7	414.2

3. ANALYSIS BY BUSINESS SEGMENT

Sagicor operates its business primarily through three reporting operating segments. These segments are: Sagicor Life, Sagicor Jamaica and Sagicor Life USA. A summary analysis of revenue and net income by operating segment are presented on a three-month quarterly basis and on a yearly basis for 2020 and 2019, as follows:

	Fourth Quarter (three-month period) – December 2020					
(in millions of US $)	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office & other	Adjustments	Total
Revenue						
Net premium revenue	156.1	90.6	255.4	8.8	-	510.9
Gain on derecognition of amortised cost investments	0.6	3.0	-	-	-	3.6
Gain on derecognition of assets carried at FVOCI	1.7	3.6	1.5	-	-	6.8
Interest income earned from financial assets measured at amortised costs and FVOCI	19.9	39.4	19.9	1.0	-	80.2
Other investment income	2.5	14.0	19.8	3.7	0.1	40.1
Credit impairment losses	0.9	0.6	0.1	-	-	1.6
Fees and other revenues	3.1	25.9	(1.7)	4.4	(0.4)	31.3
Inter-segment revenues	5.8	-	-	2.0	(7.8)	-
Segment revenue	190.6	177.1	295.0	19.9	(8.1)	674.5
Benefits and expenses	(151.5)	(139.3)	(282.7)	(38.5)	(0.8)	(612.8)
Inter-segment expenses	(0.6)	(0.8)	(1.5)	(5.6)	8.5	-
Gain/(loss) arising on business combinations, acquisitions and divestitures	-	1.5	-	(1.5)	-	-
Loss on impairment of associates and joint ventures	-	(19.0)	-	-	-	(19.0)
Share of operating income of associates and joint ventures	0.3	(15.5)	-	0.8	-	(14.4)
Segment income before tax	38.8	4.0	10.8	(24.9)	(0.4)	28.3
Income taxes	(2.6)	(8.7)	(2.0)	(0.1)	(0.5)	(13.9)
Segment net income/(loss) from continuing operations	36.2	(4.7)	8.8	(25.0)	(0.9)	14.4
Net income attributable to shareholders	35.2	11.0	8.8	(25.1)	(0.9)	29.0

	Fourth Quarter (three-month period) – December 2019					
(in millions of US $)	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Head office & other**	**Adjustments**	**Total**
Revenue						
Net premium revenue	126.0	93.7	70.9	9.9	-	300.5
Gain/(loss) on derecognition of amortised cost investments	0.5	10.3	-	(0.8)	-	10.0
Gain on derecognition of assets carried at FVOCI	2.9	15.1	1.5	-	-	19.5
Interest income earned from financial assets measured at amortised costs and FVOCI	20.1	40.9	18.2	0.8	-	80.0
Other investment income	3.1	8.6	13.8	2.6	(0.3)	27.8
Credit impairment losses	(0.4)	(9.5)	(0.5)	-	-	(10.4)
Fees and other revenues	4.9	35.1	(0.9)	5.8	(0.6)	44.3
Inter-segment revenues	5.1	-	-	18.5	(23.6)	-
Segment revenue	162.2	194.2	103.0	36.8	(24.5)	471.7
Benefits and expenses	(131.2)	(139.8)	(81.7)	(22.3)	(1.4)	(376.4)
Inter-segment expenses	(1.4)	(0.9)	(0.4)	(5.0)	7.7	-
Gain/(loss) arising on business combinations, acquisitions and divestitures	0.1	-	-	(0.1)	-	-
Share of operating income of associates and joint ventures	0.3	(5.7)	-	-	-	(5.4)
Segment income before tax	30.0	47.8	20.9	9.4	(18.2)	89.9
Income taxes	(1.8)	(15.5)	(4.4)	(0.5)	0.2	(22.0)
Segment net income/(loss) from continuing before listing expense and other transaction costs	28.2	32.3	16.5	8.9	(18.0)	67.9
Listing expense and other transaction costs	-	-	-	(43.4)	-	(43.4)
Segment net income/(loss) from continuing operations	28.2	32.3	16.5	(34.5)	(18.0)	24.5
Net income attributable to shareholders	29.4	18.2	16.5	(8.4)	(44.2)	11.5
Net income attributable to shareholders before listing expense and other transaction costs	29.4	18.2	16.5	35.0	(44.2)	54.9

	Change December 2020 Quarter vs December 2019 Quarter (%)					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office & other	Adjustments	Total
Revenue						
Net premium revenue	24%	(3%)	260%	(11%)	-	70%
Gain/(loss) on derecognition of amortised cost investments	20%	(71%)	-	100%	-	(64%)
Gain on derecognition of assets carried at FVOCI	(41%)	(76%)	-	-	-	(65%)
Interest income earned from financial assets measured at amortised costs and FVOCI	(1%)	(4%)	9%	25%	-	-
Other investment income	(19%)	63%	43%	42%	133%	44%
Credit impairment losses	325%	106%	120%	-	-	115%
Fees and other revenues	(37%)	(26%)	(89%)	(24%)	33%	(29%)
Inter-segment revenues	14%	-	-	(89%)	67%	-
Segment revenue	18%	(9%)	186%	(46%)	67%	43%
Benefits and expenses	(15%)	-	(246%)	(73%)	43%	(63%)
Inter-segment expenses	57%	11%	(275%)	(12%)	10%	-
(Loss)/gain arising on business combinations, acquisitions and divestitures	(100%)	-	-	1,400%	-	-
Share of operating income of associates and joint ventures	-	(172%)	-	-	-	(167%)
Segment income before tax	29%	(92%)	(48%)	(365%)	98%	(69%)
Income taxes	(44%)	44%	55%	80%	(350%)	37%
Segment net income/(loss) from continuing operations before listing expense and other transaction costs	28%	(115%)	(47%)	(381%)	95%	(79%)
Listing expense and other transaction costs	-	-	-	100%	-	100%
Segment net income/(loss) from continuing operations	28%	(115%)	(47%)	28%	95%	(41%)
Net income attributable to shareholders	20%	(40%)	(47%)	(199%)	98%	152%
Net income attributable to shareholders before listing expense and other transaction costs	20%	(40%)	(47%)	(172%)	98%	(47%)

	Year ended December 31, 2020					
(in millions of US $)	**Sagicor Life**	**Sagicor Jamaica**	**Sagicor Life USA**	**Head office & other**	**Adjustments**	**Total**
Revenue						
Net premium revenue	414.2	355.4	597.1	36.7	-	1,403.4
Gain on derecognition of amortised cost investments	0.6	8.3	-	-	-	8.9
Gain/(loss) on derecognition of assets carried at FVOCI	2.9	21.7	(4.2)	(0.2)	-	20.2
Interest income earned from financial assets measured at amortised costs and FVOCI	74.8	160.5	74.8	4.7	-	314.8
Other investment income	4.1	(14.3)	18.9	7.4	-	16.1
Credit impairment losses	(7.4)	(12.1)	(4.0)	(0.5)	-	(24.0)
Fees and other revenues	11.4	112.4	(3.6)	19.3	(0.5)	139.0
Inter-segment revenues	22.7	-	-	7.8	(30.5)	-
Segment revenue	523.3	631.9	679.0	75.2	(31.0)	1,878.4
Benefits and expenses	(465.0)	(480.7)	(709.3)	(126.2)	(1.6)	(1,782.8)
Inter-segment expenses	(4.1)	(2.1)	(4.3)	(21.7)	32.2	-
Loss arising on business combinations, acquisitions and divestitures	-	(1.3)	-	-	-	(1.3)
Loss on impairment of associates and joint ventures	-	(31.8)	-	-	-	(31.8)
Share of operating income of associates and joint ventures	3.3	(38.2)	-	-	-	(34.9)
Segment income before tax	57.5	77.8	(34.6)	(72.7)	(0.4)	27.6
Income taxes	(8.4)	(40.0)	7.5	(1.4)	(0.4)	(42.7)
Segment net income/(loss) from continuing operations	49.1	37.8	(27.1)	(74.1)	(0.8)	(15.1)
Net income attributable to shareholders	47.7	50.5	(27.1)	(73.9)	(0.8)	(3.6)

(in millions of US $)	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office & other	Adjustments	Total
	Year ended December 31, 2019					
Revenue						
Net premium revenue	409.2	350.1	444.7	37.5	-	1,241.5
Gain/(loss) on derecognition of amortised cost investments	0.5	13.3	-	(0.9)	-	12.9
Gain on derecognition of assets carried at FVOCI	6.2	21.3	2.5	-	-	30.0
Interest income earned from financial assets measured at amortised costs and FVOCI	74.2	160.3	70.2	3.3	-	308.0
Other investment income	10.8	52.1	46.9	2.6	(0.6)	111.8
Credit impairment losses	1.4	(6.1)	(0.4)	0.2	-	(4.9)
Fees and other revenues	11.0	144.3	(2.4)	17.2	(2.1)	168.0
Inter-segment revenues	20.0	-	-	41.7	(61.7)	-
Segment revenue	533.3	735.3	561.5	101.6	(64.4)	1,867.3
Benefits and expenses	(465.1)	(568.2)	(515.4)	(107.0)	(7.9)	(1,663.6)
Inter-segment expenses	(5.0)	(2.5)	(1.3)	(19.3)	28.1	-
Loss arising on business combinations, acquisitions and divestitures	(0.4)	-	-	-	-	(0.4)
Share of operating income of associates and joint ventures	4.0	(0.6)	-	-	-	3.4
Segment income before tax	66.8	164.0	44.8	(24.7)	(44.2)	206.7
Income taxes	(7.9)	(40.4)	(9.4)	(2.2)	0.2	(59.7)
Segment net income/(loss) from continuing operations before listing expense and other transaction costs	58.9	123.6	35.4	(26.9)	(44.0)	147.0
Listing expense and other transaction costs	-	-	-	(43.4)	-	(43.4)
Segment net income/(loss) from continuing operations	58.9	123.6	35.4	(70.3)	(44.0)	103.6
Net income attributable to shareholders	60.9	61.4	35.4	(69.6)	(44.1)	44.0
Net income attributable to shareholders before listing expense and other transaction costs	60.9	61.4	35.4	(26.2)	(44.1)	87.4

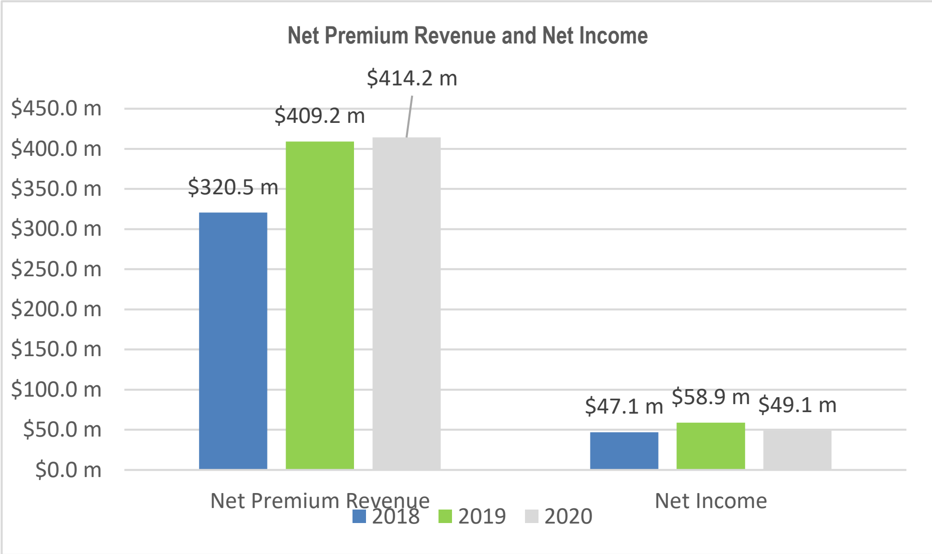
	Change December 31, 2020 vs December 31, 2019 (%)					
	Sagicor Life	Sagicor Jamaica	Sagicor Life USA	Head office & other	Adjustments	Total
Revenue						
Net premium revenue	1%	2%	34%	(2%)	-	13%
Gain/(loss) on derecognition of amortised cost investments	20%	(38%)	-	100%	-	(31%)
Gain/(loss) on derecognition of assets carried at FVOCI	(53%)	2%	(268%)	-	-	(33%)
Interest income earned from financial assets measured at amortised costs and FVOCI	1%	-	7%	42%	-	2%
Other investment income	(62%)	(127%)	(60%)	185%	100%	(86%)
Credit impairment losses	(629%)	(98%)	(900%)	(350%)	-	(390%)
Fees and other revenues	4%	(22%)	(50%)	12%	(76%)	(17%)
Inter-segment revenues	14%	-	-	(81%)	51%	-
Segment revenue	(2%)	(14%)	21%	(26%)	52%	1%
Benefits and expenses	-	15%	(38%)	(18%)	80%	(7%)
Inter-segment expenses	18%	16%	(231%)	(12%)	15%	-
Loss arising on business combinations, acquisitions and divestitures	(100%)	-	-	-	-	(225%)
Share of operating income of associates and joint ventures	(18%)	(6,267%)	-	-	-	(1,126%)
Segment income before tax	(14%)	(53%)	(177%)	(194%)	99%	(87%)
Income taxes	(6%)	1%	180%	36%	(300%)	28%
Segment net income/(loss) from continuing operations before listing expense and other transaction costs	(17%)	(69%)	(177%)	(175%)	98%	(110%)
Listing expense and other transaction costs	-	-	-	100%	-	100%
Segment net income/(loss) from continuing operations	(17%)	(69%)	(177%)	(5%)	98%	(115%)
Net income attributable to shareholders	(22%)	(18%)	(177%)	(6%)	98%	(108%)
Net income attributable to shareholders before listing expense and other transaction costs	(22%)	(18%)	(177%)	(182%)	98%	(104%)

The performance of these reporting segments for the three-month and twelve-month periods ended December 31, 2020 compared to the same period in 2019 is discussed in the following sections.

Sagicor Life segment

The Sagicor Life segment conducts life, health insurance, property & casualty insurance, pensions, annuities, and asset management services in Barbados, Trinidad and Tobago, Eastern Caribbean, Dutch Caribbean, the Bahamas and Central America. Sagicor Life has a diversified customer base providing financial solutions to both individuals and corporations, mainly through a captive distribution network and local brokers. Sagicor Life's strong corporate image, people, financial strength, and diverse insurance solutions has contributed to Sagicor Life's leading position in the insurance market in the Caribbean. Sagicor Life has an "A-stable" rating from A.M. Best.

Sagicor Life Highlights



	2020	2019	2018
Return on Total Equity	**9.1%**	12.2%	9.5%
Return on Shareholder's Equity	**8.8%**	12.7%	8.1%
Return on Investments	**5.4%**	6.1%	5.9%

The following table summarises the results of the Sagicor Life segment for the three-month and year ended December 31, 2020 and 2019.

(in millions of US $)	Three months ended December 31, 2020	2019	Change	Year ended December 31, 2020	2019	Change
Sagicor Life segment						
Net premium revenue	**156.1**	126.0	24%	**414.2**	409.2	1%
Gain on derecognition of amortised cost investments	**0.6**	0.5	20%	**0.6**	0.5	20%
Gain on derecognition of assets carried at FVOCI	**1.7**	2.9	(41%)	**2.9**	6.2	(53%)
Interest income earned from financial assets measured at amortised costs and FVOCI	**19.9**	20.1	(1%)	**74.8**	74.2	1%
Other investment income	**2.5**	3.1	(19%)	**4.1**	10.8	(62%)
Credit impairment gains/(losses)	**0.9**	(0.4)	325%	**(7.4)**	1.4	(629%)
Fees and other revenue	**3.1**	4.9	(37%)	**11.4**	11.0	4%
Inter-segment revenues	**5.8**	5.1	14%	**22.7**	20.0	14%
Total revenue	**190.6**	162.2	18%	**523.3**	533.3	(2%)
Benefits	**(112.8)**	(94.6)	(19%)	**(330.4)**	(331.4)	-
Expenses and taxes	**(35.3)**	(34.5)	(2%)	**(125.7)**	(126.3)	-
Depreciation and amortisation	**(3.4)**	(2.1)	(62%)	**(8.9)**	(7.4)	(20%)
Inter-segment expenses	**(0.6)**	(1.4)	57%	**(4.1)**	(5.0)	18%
Other	**0.3**	0.4	(25%)	**3.3**	3.6	(8%)
Segment income before taxes	**38.8**	30.0	29%	**57.5**	66.8	(14%)
Income taxes	**(2.6)**	(1.8)	(44%)	**(8.4)**	(7.9)	(6%)
Net segment income from continuing operations	**36.2**	28.2	28%	**49.1**	58.9	(17%)
Income attributable to shareholders	**35.2**	29.4	20%	**47.7**	60.9	(22%)
Return on Investments (annualised)	**6.1%**	6.6%	(0.5) pts	**5.4%**	6.1%	(0.7) pts
Return on Equity (annualised)	**26.3%**	22.0%	4.3 pts	**9.1%**	12.2%	(3.1) pts
Return on Shareholder's Equity (annualised)	**25.7%**	23.0%	2.7 pts	**8.8%**	12.7%	(3.9) pts

Fourth quarter (three-month period) results of the Sagicor Life Segment analysis

Notwithstanding the continued impact of the COVID-19 pandemic, the Sagicor Life segment demonstrated a strong performance for the three-month period ended December 31, 2020, with growth in its new business sales to individuals closing 13% over the previous quarter together with a significant new single premium annuity sale amounting to US $63.9 million during the quarter. Additionally, the segment was able to improve its asset liability matching by acquiring debt securities that better match its policy liability maturity profile at attractive yields, resulting in a reduction of its actuarial provisions.

The net income attributable to shareholders was US $35.2 million for the three-month period ended December 31, 2020, US $5.8 million above the US $29.4 million recorded for the same period in 2019.

The Sagicor Life segment generated total revenue of US $190.6 million for the three-month period, US $28.4 million (18%) above the US $162.2 million reported for the same period in the prior year. Net premium revenue was US $156.1 million compared to US $126.0 million for the same period in 2019, an increase of US $30.1 million, as the segment benefited from a new single premium annuity sale as mentioned above.

Net investment income including interest income, gains on derecognition of financial assets and other investment income totalled US $24.7 million for the three-month period ended December 31, 2020 and was marginally below the US $26.6 million reported for the same period in 2019. Interest income for the three-month period was US $19.9 million and was on par with that reported for the three-month period ended December 31, 2019. Other investment income was US $2.5 million, compared to US $3.1 million for Q4 2019, a decrease of US $0.6 million. During Q4 2020, the segment reported unrealised losses on investment property totalling US $1.3 million (Q4, 2019 – US $0.7 million).

Fees and other revenues decreased by US $1.8 million to close at US $3.1 million for the three-month period ended December 31, 2020, compared to US $4.9 million for the corresponding period in 2019.

Benefits incurred for the Sagicor Life segment totalled US $112.8 million for the three-month period ended December 31, 2020 compared to benefits incurred of US $94.6 million reported for the same period in the prior year an increase of US $18.2 million. Net policy benefits excluding the changes in actuarial reserves increased by US $8.1 million mainly due to higher benefits paid, driven by the impact of higher annuity business, along with the continued growth in the life insurance portfolio. In addition, net change in actuarial liabilities increased by US $9.3 million to close at US $43.9 million and includes the impact of the single premium new annuity sale (US $47.8 million). The impact of a new single premium annuity sale was partially offset by better asset liability matching, the impact of which was a reduction in the actuarial liabilities of US $ 27.6 million.

Total expenses and taxes for the Sagicor Life segment totalled US $41.9 million for the three-month period ended December 31, 2020, US $2.1 million above the US $39.8 million reported for the same period in 2019. The increase in expenses was due to restructuring charges related to the retirement of a senior executive.

Year-to-date (twelve-month period) results of the Sagicor Life Segment analysis

The Sagicor Life segment was impacted by the COVID-19 pandemic during the year ended December 31, 2020. The impact is reflected primarily in higher expected credit losses and lower sales in our individual life and annuities lines of business versus the previous year. Despite these challenges this segment had a creditable performance and was buoyed by a new single premium annuity sale during 2020 with premium of US $63.9 million.

The net income attributable to shareholders was US $47.7 million for the year ended December 31, 2020, US $13.2 million below the US $60.9 million recorded for the same period in 2019.

The Sagicor Life segment generated total revenue of US $523.3 million, US $10.0 million (2%) lower than the US $533.3 million reported for the same period in the prior year. Net premium revenue was US $414.2 million compared to US $409.2 million for the same period in 2019, an increase of US $5.0 million. The segment was impacted by growth in net premium revenue for the life and annuity insurance business when compared to the prior year. The segment benefited from a new significant single premium policy in Q4 2020 amounting to US $63.9 million.

Net investment income including interest income, gains on derecognition of financial assets and other investment income totalled US $82.4 million, US $9.3 million below the US $91.7 million reported for the same period in 2019. Interest income for the year ended December 31, 2020 was US $74.8 million which was on par with the prior year’s levels. Other investment income totalled US $4.1 million, as the segment recorded realised and unrealised losses on financial assets categorised as FVTPL of US $2.9 million due to the impact of COVID-19 on capital markets. During the same period in 2019, the segment reported gains of US $3.8 million.

Credit impairment losses for the year 2020 totalled US $7.4 million, compared to impairment gains of US $1.4 million, for the corresponding period in 2019 and resulted from the update of credit assessment assumptions due to the impact of the pandemic.

Fees and other revenues increased marginally, closing at US $11.4 million for the period under review.

Benefits incurred for the Sagicor Life segment totalled US $330.4 million for the year ended December 31, 2020 compared to benefits incurred of US $331.4 million reported for the same period in the prior year. Benefits include the impact of the single premium new annuity sale (US $47.8 million), offset by the reduction in actuarial liabilities relating to asset matching of US $ 27.6 million.

Total expenses and taxes for the Sagicor Life segment totalled US $147.1 million for the year ended December 31, 2020 and was slightly above the US $146.6 million reported for the same period in 2019.

The following table summarises the financial position of the Sagicor Life segment as of December 31, 2020 and December 31, 2019.

Statement of Financial Position	As of December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Sagicor Life segment			
Financial investments	**1,551.0**	1,438.6	8%
Other assets	**337.6**	341.4	(1%)
Inter-segment assets	**390.6**	335.8	16%
Total assets	**2,279.2**	2,115.8	8%
Policy liabilities	**1,477.9**	1,379.8	7%
Other liabilities	**82.8**	77.3	7%
Inter-segment liabilities	**126.4**	120.0	5%
Total liabilities	**1,687.1**	1,577.1	7%
Net assets	**592.1**	538.7	10%

Financial investments totalled US $1,551.0 million (December 31, 2019 - US $1,438.6 million) and comprised 68% (December 31, 2019 - 68%) of the segment's total assets, and policy liabilities totalled US $1,477.9 million (December 31, 2019 - US $1,379.8 million) and comprised 88% (December 31, 2019 - 87%) of the segment's total liabilities at the end of December 2020. Overall, net assets increased by 10% or US $53.4 million due to strong operating results.

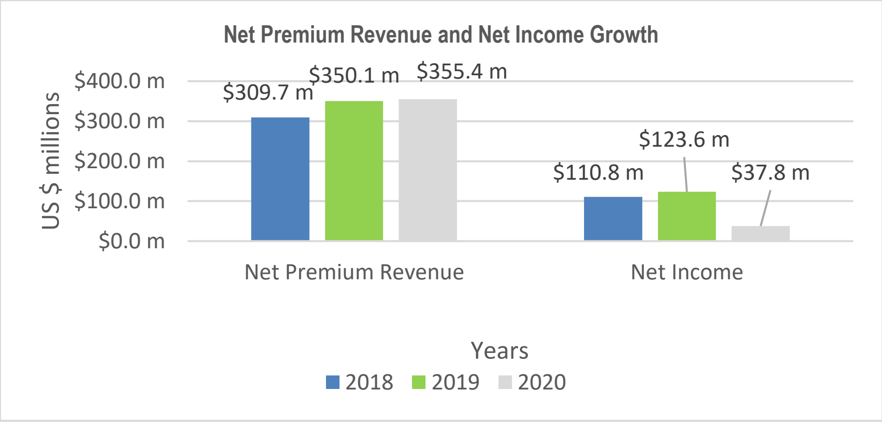
New initiatives and developments

The COVID-19 virus has had a significant impact on all the territories in which we operate during 2020. In response, Sagicor implemented several initiatives to assist the communities in which we operate in these difficult times. We rolled out our business continuity plan and moved to provide services to our clients remotely. New products were launched during the year targeted at the annuities market and the life insurance market. Additionally, we continue to be competitive in the single premium annuity market and were able to grow new business here in the fourth quarter.

Sagicor Jamaica segment

The Sagicor Jamaica segment offers life, health, annuity, property and casualty insurance, pension administration services, commercial banking, investment banking, hospitality and real estate investment services in the markets of Jamaica, Cayman Islands, Costa Rica and the United States of America. Sagicor Jamaica's strong brand, together with its wide range of products and highly skilled work force, has allowed it to maintain a leading position in market segments in which it operates. Its commercial banking services are offered through a network of sixteen (16) branches. Sagicor Life Jamaica Limited, a life insurance subsidiary within the Sagicor Jamaica segment, currently holds a financial strength rating of B++ stable and an issuer credit rating of bbb+ stable, with A.M. Best.

Sagicor Jamaica Highlights



	2020	2019	2018
Return on Total Equity	**4.1%**	15.1%	17.4%
Return on Shareholder's Equity	**14.3%**	20.3%	18.9%
Return on Investments	**5.6%**	8.8%	7.6%

(in millions of US $)	Three months ended December 31, 2020	2019	Change	Year ended December 31, 2020	2019	Change
Sagicor Jamaica segment						
Net premium revenue	**90.6**	93.7	(3%)	**355.4**	350.1	2%
Gain on derecognition of amortised cost investments	**3.0**	10.3	(71%)	**8.3**	13.3	(38%)
Gain on derecognition of assets carried at FVOCI	**3.6**	15.1	(76%)	**21.7**	21.3	2%
Interest income earned from financial assets measured at amortised costs and FVOCI	**39.4**	40.9	(4%)	**160.5**	160.3	-
Other investment income	**14.0**	8.6	63%	**(14.3)**	52.1	(127%)
Credit impairment gains/(losses)	**0.6**	(9.5)	106%	**(12.1)**	(6.1)	(98%)
Fees and other revenue	**25.9**	35.1	(26%)	**112.4**	144.3	(22%)
Total revenue	**177.1**	194.2	(9%)	**631.9**	735.3	(14%)
Benefits	**(73.6)**	(65.0)	(13%)	**(231.9)**	(308.9)	25%
Expenses and taxes	**(61.0)**	(69.3)	12%	**(228.6)**	(238.9)	4%
Depreciation, amortisation and impairments	**(4.7)**	(5.5)	15%	**(20.2)**	(20.4)	1%
Inter-segment expenses	**(0.8)**	(0.9)	11%	**(2.1)**	(2.5)	16%
Gain/(loss) arising on business combination, acquisitions and	**1.5**	-	-	**(1.3)**	-	-
Loss on impairment of associates and joint ventures	**(19.0)**	-	-	**(31.8)**	-	-
Share of operating losses from associates and joint ventures	**(15.5)**	(5.7)	(172%)	**(38.2)**	(0.6)	(6,267%)
Segment income before taxes c/fwd	**4.0**	47.8	(92%)	**77.8**	164.0	(53%)

(in millions of US $)	Three months ended December 31, 2020	2019	Change	Year ended December 31, 2020	2019	Change
Segment income before taxes b/fwd	**4.0**	47.8	(92%)	**77.8**	164.0	(53%)
Income taxes	**(8.7)**	(15.5)	44%	**(40.0)**	(40.4)	1%
Net segment income from continuing operations	**(4.7)**	32.3	(115%)	**37.8**	123.6	(69%)
Income attributable to shareholders	**11.0**	18.2	(40%)	**50.5**	61.4	(18%)
Return on Investments (annualised)	**8.0%**	7.6%	0.4 pts	**5.6%**	8.8%	(3.2) pts
Return on Total Equity (annualised)	**(2.1%)**	14.3%	(16.4) pts	**4.1%**	15.1%	(11.0) pts
Return on Shareholder's Equity	**11.5%**	21.3%	(9.8) pts	**14.3%**	20.3%	(6.0) pts

Fourth quarter (three-month period) results of the Sagicor Jamaica Segment analysis

The Sagicor Jamaica segment reported a net loss of US $4.7 million for the three-month period ended December 31, 2020 (Q4 2019 – net income of US $32.3 million) which was impacted by our share of net losses on our Associate Playa Hotels and Resorts (US $14.8 million) coupled with impairment losses $19.0 million arising from investment in Associate (Playa Hotels and Resorts). Net income attributable to shareholders was US $11.0 million for the three-month period ended December 31, 2020 compared to US $18.2 million for the three-month period ended December 31, 2019.

This segment generated total revenue of US $177.1 million for the three-month period ended December 31, 2020, compared to US $194.2 million for the same period in the prior year. This represented a decrease of US $17.1 million or 9%.

Premium income closed at US $90.6 million for the fourth quarter of 2020 compared to US $93.7 million, for the same period in 2019, a decrease of US $3.1 million. While the Life, health and property and casualty insurance businesses observed declines, improvements were seen in the annuities business.

Interest income was US $39.4 million, for the three-month period ended December 31, 2020 compared to US $40.9 million in the corresponding prior period. Other investment income totalled US $14.0 million, for the period under review, compared to income of US $8.6 million for the same period in the prior year. Investment gains totalled US $11.9 million were higher than the US $6.9 million reported in the prior year and was affected by mark-to-market movements experienced in the local and international capital markets.

Credit impairment assessment resulted in a of gain totalled US $ 0.6 million for the three-month period ended December 31, 2020, compared to losses of US $9.5 million for the same period in 2019, a decrease in the impairment loss of US $10.1 million.

Fees and other revenue closed at US $25.9 million for the three-month period under review, compared to US $35.1 million for the same period in 2019, a decrease of US $9.2 million or 26%. During the period, the segment was impacted by lower hotel revenues of US $6.3 million, as the hotel business line continues to grapple with worldwide travel restrictions occasioned by the COVID-19 pandemic. In addition, in 2019, the segment of benefited from higher fee income from the banking business.

Benefits totalled US $73.6 million compared to US $65.0 million reported for the same period in 2019 an increase of US $8.6 million. The segment reported net change in actuarial liabilities increase of US $9.4 million compared to a release of US $0.1 million in 2019, an increase of US $9.5 million. The Individual Life reserve releases for assumption changes in Q4 2020 was lower than in Q4 2019 coupled with higher actuarial liabilities in Employee Benefits driven by higher annuities new business.

Expenses and taxes incurred amounted to US $75.2 million for the three-month period compared to US $91.2 million for the same period in 2019, a decrease of US $16.0 million. Depreciation, amortisation and impairment charges totalled US $4.7 million, a decrease of US $0.8 million when compared to that reported for the same period in 2019. Administrative expenses declined by US $9.0 million to close at US $43.8 million and was partially as a result to lower hotel expenses, as the tourism industry continued to grapple with restricted travel associated with the COVID-19 pandemic, coupled with declines in income taxes of US $6.8 million due to the lower net income levels in Q4 2010.

Earnings from other sources was a loss of US $33.0 million for the fourth quarter of 2020, compared to a loss of US $5.7 million for the same period in 2019. During the December 2020 quarter, our Jamaica segment incurred a loss of US $33.8 million (including US $19.0 million in impairment losses) on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations. This loss largely represents our share of net income/(loss) of the associate and an impairment charge on the investment in the associate (Shareholder impact: - loss of US $3.3 million).

Year-to-date (twelve-month period) results of the Sagicor Jamaica Segment analysis

Net income for the Sagicor Jamaica segment for the year ended December 31, 2020 was US $37.8 million (2019 - US $123.6 million). The impact of the COVID-19 pandemic and the resulting travel restrictions adversely impacted our investments in hotel operations, caused recognition of a significant share of loss and impairment charges on the associated company investment, Playa Hotels and Resorts (US $73.5 million). Net income attributable to the shareholders was US $50.5 million compared to US $61.4 million in 2019, a decline of 18% (US $10.9 million).

This segment generated total revenue of US $631.9 million for the year period ended December 31, 2020, compared to US $735.3 million for the same period in the prior year. This represented a decrease of US $103.4 million or 14%.

Premium income totalled US $355.4 million for the year compared to US $350.1 million, for the same period in 2019, an increase of US $5.3 million. The segment's acquisition of a 60% interest in Advantage General Insurance Company Limited (AGI) effective September 30, 2019, contributed US $18.4 million in net premiums income. However, this impact was reduced by declines in life and annuity premium revenue.

Interest income was US $160.5 million and was on par with the US $160.3 million reported for the same period in 2019. Other investment losses totalled US $14.3 million, for the year under review, compared to income of US $52.1 million for the prior year. Realised and unrealised losses on financial assets categorised as FVTPL totalled US $17.6 million for the year 2020, compared to gains of US $46.7 million for the same period in 2019. These investment losses resulted from the impact of mark-to-market declines in the local and international capital markets, as capital markets responded to the economic uncertainty created by the COVID-19 pandemic.

Credit impairment losses totalled US $12.1 million for the year ended December 31, 2020, compared to US $6.1 million for the same period in 2019, an increase in impairments losses of US $6.0 million, due to the continuing economic impact of the pandemic. Sagicor Jamaica strengthened the provisions on loans and investments, given the slow economic recovery projected.

Fees and other revenue closed at US $112.4 million for the year under review, compared to US $144.3 million for the same period in 2019, a decrease of US $31.9 million or 22%. During the period, the segment benefited from fees and other revenue generated in the property and casualty lines of business acquired effective September 30, 2019. Hotel revenues however, declined by US $22.6 million, as the industry continues to be negatively impacted by travel restrictions associated with the COVID-19 pandemic. Declines were also reported in fee income from the segment's banking business, primarily from the slowing of consumer activity and the decline in corporate financing deals closed during the period.

Benefits totalled US $231.9 million compared to US $308.9 million reported for the same period in 2019, a decrease of US $77.0 million. Net change in actuarial liabilities was a release of US $26.3 million compared to an increase of US $59.3 million reported in 2019. During the year under review the change in actuarial liabilities was positively influenced by improvements in mortality, morbidity, lapse experience and other assumptions, which were updated during the period (US $70.1 million). The impact of the releases was reduced by an increase related to the strengthening of the actuarial liabilities as a result of a change in the yield curve (US $27.1 million).

Expenses and taxes incurred amounted to US $290.9 million for the year compared to US $302.2 million for the same period in 2019, a decrease of US $11.3 million over the prior year's levels. Expenses excluding taxes decreased by US $10.9 million to close at US $250.9 million. While the segment incurred additional expenses of US $7.1 million in the newly acquired property and casualty business, this was offset by lower expenditure in the hotel business (US $16.8 million). Income taxes totalled US $40.0 million for the period under review, compared to US $40.4 million for the same period in 2019.

Earnings from other sources was a loss of US $71.3 million for the year ended December 31, 2020, compared to a loss of US $0.6 million for the same period in 2019. During the year, the segment incurred a loss of US $73.5 million on its associated company investment in Playa Hotels and Resorts due to the impact of the COVID-19 travel restrictions' adverse impact on hotel operations. This loss largely represents our share of net income/(loss) of the associate and an impairment charge on the investment in the associate (Shareholder impact: - loss of US $6.7 million).

The following table summarises the financial position of the Sagicor Jamaica segment as of December 31, 2020 and December 31, 2019.

Statement of Financial Position	**As of December 31,**		
(in millions of US $)	**2020**	**2019**	**Change**
Sagicor Jamaica segment			
Financial investments	**2,714.5**	2,670.3	2%
Other assets	**730.0**	795.8	(8%)
Inter-segment assets	**10.6**	15.9	(33%)
Total assets	**3,455.1**	3,482.0	(1%)
Policy liabilities	**824.5**	865.9	(5%)
Other liabilities	**1,690.4**	1,673.1	1%
Inter-segment liabilities	**12.9**	6.1	111%
Total liabilities	**2,527.8**	2,545.1	(1%)
Net assets	**927.3**	936.9	(1%)

Financial investments totalled US $2,714.5 million (December 31, 2019 – US $2,670.3 million) and comprised 79% (December 31, 2019 - 77%) of the segment's total assets. Total assets closed at US $3,455.1 million, a decrease of 1% (US $26.9 million). Policy liabilities totalled US $824.5 million (December 31, 2019 – US $865.9 million) and other liabilities totalled US $1,690.4 million (December 31, 2019 – US $1,673.1 million), representing 33% (December 31, 2019 - 34%) and 67% (December 31, 2019 - 66%) of the segment's total liabilities at the end of December 31, 2020 and December 31, 2019.

Overall net assets declined by 1% from US $936.9 million as at December 31, 2019 to US $927.3 million at the end of December 2020, mainly due to the decline in the value of the Jamaican dollar relative to the US dollar, coupled with lower operating results.

New initiatives and developments

The COVID-19 virus had a significant impact on the Sagicor Jamaica segment. In response, Sagicor Jamaica Group implemented several initiatives to assist the communities in which we operate in these difficult times. Additionally, we rolled out our business continuity plan and moved to provide services to our clients remotely.

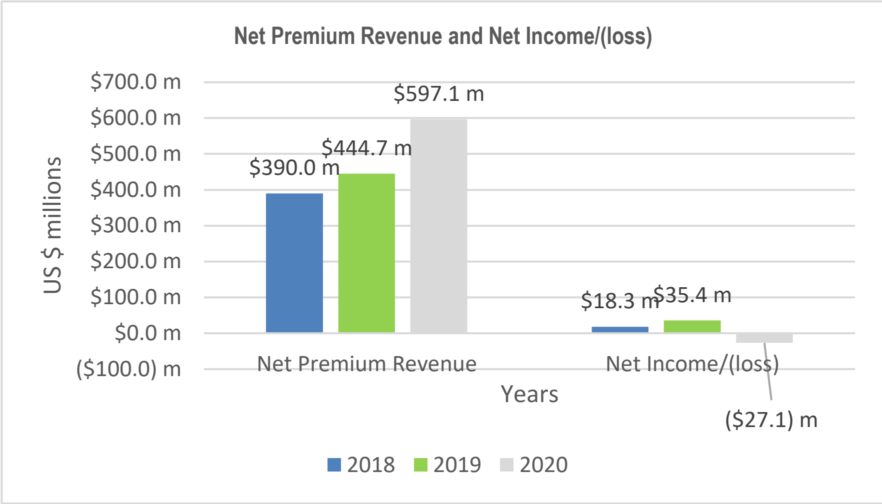
Sagicor Life USA segment

Sagicor USA, Inc. and its operating entity, Sagicor Life Insurance Company, (collectively, Sagicor USA) operate in 45 states and the District of Columbia. Sagicor USA is focused on providing life and annuity products to middle market America through independent producers and direct-to-consumer platforms (SagicorNOW.com and PeaceAssured.com). Middle market America has been defined broadly as individuals and families with household incomes of $40,000 to $100,000 or retirees or near-retirees with retirement portfolios of $100,000 to $1,000,000.

Sagicor USA's products can be broadly placed in three categories:

- Periodic premium – This would include products such as several variations of term insurance, non-participating whole life, indexed universal life and no-lapse universal life. All of these products usually allow the owner to pay premiums on a monthly, quarterly, or annual basis.
- Single premium life – This category includes two products developed to support an older demographic who are looking principally to provide a larger legacy upon their death, while having access to funds to assist if they need critical care. We offer a standard interest crediting whole life product as well as an indexed universal life product.
- Annuities – Currently all of Sagicor USA's annuity offerings are single premium products including such products as multi-year guaranteed, fixed interest crediting, indexed crediting as well as immediate annuities. Most of the products are focused on helping the customer accumulate assets with little to no market risk to their initial premium.

Sagicor Life USA Highlights



	2020	2019	2018
Return on Total Equity	**(9.2%)**	14.0%	7.8%
Return on Shareholder's Equity	**(9.2%)**	14.0%	7.8%
Return on Investments	**4.2%**	6.8%	3.1%

The following table summarises the results of the Sagicor Life USA segment for the three-month periods and years ended December 31, 2020 and 2019.

(in millions of US $)	Three months ended December 31, 2020	2019	Change	Year ended December 31, 2020	2019	Change
Sagicor Life USA segment						
Net premium revenue	**255.4**	70.9	260%	**597.1**	444.7	34%
Gain/(loss) on derecognition of assets carried at FVOCI	**1.5**	1.5	-	**(4.2)**	2.5	(268%)
Interest income earned from financial assets measured at amortised costs and FVOCI	**19.9**	18.2	9%	**74.8**	70.2	7%
Other investment income	**19.8**	13.8	43%	**18.9**	46.9	(60%)
Credit impairment losses	**0.1**	(0.5)	120%	**(4.0)**	(0.4)	(900%)
Fees and other revenue	**(1.7)**	(0.9)	(89%)	**(3.6)**	(2.4)	(50%)
Total revenue	**295.0**	103.0	186%	**679.0**	561.5	21%
Benefits	**(263.9)**	(64.5)	(309%)	**(643.1)**	(448.3)	(43%)
Expenses and taxes	**(17.6)**	(15.9)	(11%)	**(62.0)**	(62.4)	1%
Depreciation and amortisation	**(1.2)**	(1.3)	8%	**(4.2)**	(4.7)	11%
Inter-segment expenses	**(1.5)**	(0.4)	(275%)	**(4.3)**	(1.3)	(231%)
Segment income/(loss) before taxes	**10.8**	20.9	(48%)	**(34.6)**	44.8	(177%)
Income taxes	**(2.0)**	(4.4)	55%	**7.5**	(9.4)	180%
Net segment income/(loss) from continuing operations	**8.8**	16.5	(47%)	**(27.1)**	35.4	(177%)
Income/(loss) attributable to shareholders	**8.8**	16.5	(47%)	**(27.1)**	35.4	(177%)
Return on Investments (annualised)	**6.6%**	6.5%	0.1 pts	**4.2%**	6.8%	(2.6) pts
Return on Equity (annualised)	**13.4%**	23.6%	(10.2 pts)	**(9.2%)**	14.0%	(23.2) pts
Return on Shareholder's Equity (annualised)	**13.4%**	23.6%	(10.2 pts)	**(9.2%)**	14.0%	(23.2) pts

Fourth quarter (three-month period) results of the Sagicor Life USA Segment analysis

The Sagicor Life USA segment reported net income of US $8.8 million, for the three-month period ended December 31, 2020.

The segment generated revenue of US $295.0 million for the three-month period ended December 31, 2020, compared to US $103.0 million reported for the same period in 2019, an increase of 186% or US $192.0 million. Net premium revenue closed the period at US $255.4 million, up 260% or US $184.5 million, compared to the US $70.9 million reported for the same period in 2019. The segment benefitted from higher multi-year guaranteed annuity (MYGA) business during Q4 2020 the result of a direct strategy to increase its sales.

Interest income totalled US $19.9 million for the three-month period ended December 31, 2020 and was moderately above that reported for the same period in 2019.

Other investment income totalled US $19.8 million for the fourth quarter of 2020 compared to US 13.8 million for the same period in 2019. During the three-month period the segment continued to experience a reversal of the unrealised mark-to-market losses incurred earlier in the financial year, when the capital markets responded negatively to the impact of the COVID-19 pandemic.

Benefits reflect policy payments (surrenders, deaths, lapses, etc.) and changes in actuarial liabilities. Policy payments totaled US $40.7 million compared to US $32.3 million, an increase of US $8.4 million, as surrenders and other policy benefits increased, consistent with the growth in the insurance portfolio. The changes in actuarial liabilities totaled US $223.6 million for the fourth quarter in 2020, compared to US $30.3 million, for the same quarter in 2019, an increase of US $193.3 million, driven by increased new business during the quarter. The changes in actuarial liabilities for the fourth quarter 2020, also reflected a US $18.1 million strengthening associated with its forward-looking assumptions surrounding its policy liabilities and the long-term impact COVID-19 has had on the economic policy and long-term outlook in the USA.

Total expenses and taxes totaled US $22.3 million and was on par with that reported for the same period in 2019. Expenses increased by US $2.7 million and was driven by the increased sales for the quarter.

In summary, the net income for the three-months ended December 31, 2020 was impacted significantly by the segment's increase in new annuity business.

Year-to-date (twelve-month period) results of the Sagicor Life USA Segment analysis

The Sagicor Life USA segment incurred a loss of US 27.1 million, for the year ended December 31, 2020, as noted previously due to the significant ramifications of COVID-19 and the SRBL transaction (see below), representing a US $63.7 million decrease from the US $35.4 million net income reported for the same period in the prior year.

The Sagicor Life USA segment generated revenue of US $679.0 million for the year ended December 31, 2020, compared US $561.5 million reported for the same period in 2019, an increase of 21% or US $117.5 million. Net premium revenue closed the period at US $597.1 million, up 34% or US $152.4 million, compared to the US $444.7 million reported for the same period in 2019, due to the higher annuity sales.

The investment portfolio increase drove increased interest income totalling US $74.8 million, up US $4.6 million from the US $70.2 million reported for 2019.

Other investment income totalled US $18.9 million for the year ended December 31, 2020 compared to income of US $46.9 million for the same period in 2019 and includes market movements in the segment's hedging portfolio which reflected a cumulative gain for the year 2020 of $7.7 million compared to a gain of US $32.9 million in the prior year. Additionally, the segment also reported realised and unrealised gain on financial assets categorised as FVTPL of US $4.1 million during the year ended December 31, 2020 compared to gains of US $9.1 million in the prior period, a reduction of US $5.0 million, as capital markets still experience significant volatility as a result of the COVID-19 pandemic.

Benefits totaled US $643.1 million for the year ended December 31, 2020 compared to US $448.3 million for the same period in 2019, an increase of US $194.8 million. Net policy benefits excluding changes in actuarial liabilities totaled US $177.2 million for the year, compared to US $115.2 million for the prior year, an increase of US $62.0 million and reflects expected increases in surrenders and other policy benefits, as the in-force business continues to grow.

Net changes in actuarial liabilities totaled US $463.4 million, compared to US $325.9 million, an increase of US $137.5 million due to the growth in business over the prior year. The segment also reflected in this increase US $33.6 million associated with its forward-looking assumptions surrounding its policy liabilities and the long-term impact COVID-19 has had on the economic policy and long-term outlook in the USA. In addition, during the June 2020 quarter, Sagicor Life USA completed a transaction whereby it transferred the insurance risks associated with certain life products and US $195 million of financial instruments supporting those liabilities to Sagicor Reinsurance Bermuda Limited (SRBL), providing approximately US $26 million of regulatory capital relief to SLIC. However, this transaction did result in a strengthening of the associated policy liabilities recognized in the consolidated segment of approximately US $13.4 million.

Driven by lower income taxes, total expenses and taxes decreased by 19%. Commission and premium taxes are 5% higher than the same period a year ago due to higher new business. The segment recognized a tax credit of US $7.5 million compared to a tax charge of US $9.4 million in 2019, driven by the loss recorded for the year.

In summary, the net loss for year ended December 31, 2020 was impacted by the significant volatility of the capital markets as a result of the global pandemic and the associated impact of investment returns (both current and projected) on the actuarial liabilities.

Statement of Financial Position	As of December 31,		
(in millions of US $)	**2020**	**2019**	**Change**
Sagicor Life USA segment			
Financial investments	**2,556.3**	2,040.8	25%
Other assets	**767.8**	735.7	4%
Inter-segment assets	**59.0**	65.2	(10%)
Total assets	**3,383.1**	2,841.7	19%
Policy liabilities	**2,507.8**	1,997.4	26%
Other liabilities	**452.6**	437.9	3%
Inter-segment liabilities	**152.8**	110.8	38%
Total liabilities	**3,113.2**	2,546.1	22%
Net assets	**269.9**	295.6	(9%)

Consistent with prior reporting periods, Sagicor Life USA's financial position is dominated by the liabilities it recognizes on its in force life and annuity policy obligations; 81% of total liabilities as of December 31, 2020 (December 31, 2019 – 78%) and the financial investments that support those liabilities (76% of total assets as of December 31, 2020 and 72% of total assets as of December 31, 2019).

Policy liabilities and the supporting financial investments grew during the twelve months ended December 31, 2020 as the company wrote approximately US $568.0 million of new single premium life and annuities while paying out approximately US $204.2 million in benefits and commissions.

Overall, the decrease in net assets from December 31, 2019 to December 31, 2020 of US $25.7 million (9%) was a direct result of the market impact of the COVID-19 pandemic coupled with increases in the actuarial assumptions for the policy liabilities, offsetting the growth noted above.

New initiatives and developments

Strategic initiatives for 2020 have been focused on continuing the segment's long-standing initiatives on serving the middle-market consumer. While COVID-19 has disrupted the timing of some of these initiatives, the segment's focus in prior periods on Accelewriting ® and SagicorNOW (the segment's direct-to-consumer platform) has allowed for increased life insurance sales from the prior year and we are focusing on growing these platforms (allowing for contactless future sales). Also, the segment focused its attention on "simple" annuity products, specifically its MYGA suite, offering the consumer a measure of certainty in an unsettled economic environment.

4. FINANCIAL POSITION

Capitalisation and Solvency

Capitalisation

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; and
- To maintain a strong capital base to support the future development of Group operations.

Capital resources

The principal capital resources of the Group are as follows:

(in millions of US $)	**2020**	**2019**	**2018**	**2017 Restated [i]**	**2016**
Shareholders' equity	**1,109.8**	1,154.1	600.9	624.6	537.1
Non-controlling interest	**546.8**	594.5	530.5	311.8	261.1
Notes and loans payable	**471.6**	517.7	490.3	413.8	395.2
Total financial statement	**2,128.2**	2,266.3	1,621.7	1,350.2	1,193.4

[i] For details of the restatement, refer to page 94.

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.

At December 31, 2020, the Company's capital totalled US $2,128.2 million, a decrease of US $138.1 million from the December 31, 2019 position (US $2,266.3 million). Capital resources' decline during the year was largely driven by marked-to-market declines of our financial asset in response to the COVID-19 pandemic, coupled with declines in operating income being reported. During the year, the distribution of dividends to shareholders and a reduction to notes and loans payable also impacted capital resources. Non-controlling interests at December 31, 2020 were lower than reported in the prior year.

Financial Leverage

As of December 31, 2020, Sagicor had a debt to equity ratio of 28.5%, compared to 29.6% as of December 31, 2019, respectively. To determine the debt to equity ratio, loans and notes payable, as presented note 16 to the annual financial statements, is divided by total equity.

The Debt to Capital ratio was 22.2%, at December 30, 2020, compared to 22.8% as of December 31, 2019. To determine the debt to capital ratio, notes and loans payable as presented in note 16 to the annual financial statements, is divided by total capital, where capital is the summation of total equity excluding Participating accounts, (as presented in the Statement of Financial Position in the annual financial statements) and notes and loans payable, as at the reporting date.

Both the debt to equity ratio and the debt to capital ratio experienced improvements when compared to December 2019, due in part to a reduction in notes and loans payable (US $46.1 million) arising from repayments, coupled with declines in equity and by extension, capital, associated with the impact of COVID-19 on the financial results.

Debt Ratios

	2020	2019	2018	2017 Restated [i]	2016
Debt ratios					
Notes and Loans Payable/capital	**22.2%**	22.8%	30.2%	30.6%	33.1%
Notes and Loans Payable/equity	**28.5%**	29.6%	43.2%	44.2%	49.4%

[i] For details of the restatement, refer to page 94.

Capital adequacy

Capital adequacy is managed at the operating company level. It is calculated by the company's Appointed Actuary and reviewed by executive management, the audit committee and the board of directors of the company. In addition, the Group seeks to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. The risk-based assessment measure which has been adopted is the Canadian MCCSR standard. The minimum standard recommended by the Canadian regulators for companies is an MCCSR of 150.0%. A number of jurisdictions in the Caribbean region have no internationally recognised capital adequacy requirements, and in accordance with its objectives for managing capital, Sagicor has adopted the Canadian MCCSR standard. Jamaica and the United States have recognised capital adequacy standards.

Sagicor's consolidated MCCSR as of December 31, 2020 has been estimated at 252%, compared to 253% at December 31, 2019. This is the principal standard of capital adequacy used to assess Sagicor's overall strength. 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 Sagicor Group as a whole and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

Sagicor Life Jamaica Limited

Sagicor Life Jamaica is governed by the Jamaican MCCSR regime (based on Canadian standards in effect in 2001), which requires an insurer to maintain a minimum ratio of 150%. For the year ended December 31, 2019, this ratio was 179%. At December 31, 2020, the ratio was 183%.

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 USA looks to maintain at least 300% of the risk-based capital amount and has maintained these ratios as of December 31, 2020 and December 31, 2019, respectively.

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The 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 Bank of Jamaica 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 following table summarises the capital adequacy ratios. During 2020 and the year 2019, all applicable externally imposed capital requirements were complied with.

	2020	2019
Sagicor Investments		
Actual capital base to risk weighted assets	**15%**	20%
Required capital base to risk weighted assets	**10%**	10%
Sagicor Bank		
Actual capital base to risk weighted assets	**14%**	14%
Required capital base to risk weighted assets	**10%**	10%

Notes and Loans Payable

As of December 31, 2020, Sagicor had US $471.6 million in notes and loans payable compared to US $517.7 million as of December 31, 2019.

Summary details of carrying values and fair values of notes and loans payable as of December 31, 2020 and December 31, 2019, respectively are set out in the following tables.

	December 31, 2020		December 31, 2019	
(in millions of US $)	Carrying value	Fair value	Carrying value	Fair value
Notes and loans payable				
8.875% senior notes due 2022[(a)]	**315.9**	**324.7**	318.2	330.2
5.50% unsecured bond due 2022 [(c)]	**32.0**	**32.8**	-	-
6.25% unsecured bond due 2022 [(c) &(d)]	**27.0**	**28.5**	-	-
5.10% unsecured bond due 2020 [(b)]	**-**	**-**	33.7	34.3
5.95% unsecured bond due 2020 [(c)]	**-**	**-**	42.9	44.8
5.00% notes due 2020 [(e)]	**-**	**-**	16.9	17.3
6.75% notes due 2024 [(e)]	**15.4**	**16.3**	16.6	15.8
Mortgage loans	**59.6**	**60.8**	75.0	77.0
Bank loans & other funding instruments [(f)]	**21.7**	**21.7**	14.4	14.4
Total	**471.6**	**484.8**	517.7	533.8

(a) Valuation of Call Option Embedded Derivative

As at December 31, 2020, the Group had US $318 million principal amount of senior unsecured notes (the "Notes"). The Notes are due August 11, 2022 and bear interest at an annual rate of 8.875%. Pursuant to the terms of the Notes, the Group may redeem the Notes under the scenario as summarised below and described in more detail herein:

Optional Redemption without an Applicable Premium - At any time on or after August 11, 2019, the Group may redeem the Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption.

The Group has estimated the fair value of this embedded derivative at US $5.9 million as at December 31 (2019 – US $2.8 million).

(b) On September 18 and 26, 2019, Sagicor Financial Corporation Limited issued US $30.6 million and US $3.4 million notes respectively, carrying an annual rate of 5.10%. The notes matured October 26, 2020.

(c) On September 26, 2019, Sagicor Financial Corporation Limited issued a Jamaican $ bond in the amount of J$5,731,140,000 carrying an annual interest rate of 5.95% per annum. The bond matured October 26, 2020.

On October 27, 2020, Sagicor Financial Corporation Limited refinanced the above facility with the issue of a bond in two Tranches, Tranche A up to J$5,737,140,000 and Tranche B up to US $31,807,000, carrying annual interest rates of 6.25% and 5.50% respectively. Interest is payable quarterly commencing January 27, 2021. The Tranches mature on April 26, 2022, with an option for further extension.

(d) At December 31, 2020, Sagicor Investments Jamaica Limited held an investment of US $13.5 million in Tranche A above.

(e) 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 Tranche B has a maturity date of August 16, 2024.

(f) 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.

Outstanding 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 number of issued and outstanding common shares at December 31, 2020 was 146,381,394. During the year, the Company purchased for cancelation 2,942,500 shares through its Normal Course Issuer Bid on the Toronto Stock Exchange for total consideration of US $13.1 million.

Common Shares

(In millions)	**2020**	**2019**	**2018**	**2017**	**2016**
Number of common shares	**146.4**	147.8	306.6	306.6	304.5

Securities convertible, exercisable or exchangeable into common shares

- The number of issued and outstanding options at December 31, 2020 was 2,021,000
- The number of issued and outstanding warrants at December 31, 2020 was 34,774,993.

Share Price and Market Capitalization

The Company's share price closed the December 31, 2020 period-end at US $5.04, with market capitalisation of US $737.8 million.

	2020	2019	2018	2017	2016
Share price	**$5.04**	$7.50	$.980	$1.020	$1.005
Market capitalisation	**$737.8 million**	$1,108.5 million	$467.5 million	$321.9 million	$306.0 million

Book Value per Common Shares

	2020	2019	2018	2017 Restated [i]	2016
Book value per common shares	**$7.58**	$ 7.81	$8.50	$8.83	$7.66

[i] For details of the restatement, refer to page 94.

Dividends

In total, the Group paid out US $33.3 million in dividends to common shareholders during the year 2020.

	2020	2019	2018	2017 Restated [b]	2016
Dividends declared and paid during the year, per common share	**$0.2250**	$0.0500	$0.0500	$0.0500	$0.0450
Dividends declared and paid during the year, per common share – Converted using exchange ratio	**N/A**	$0.2164	$0.2164	$0.2164	$0.1948
Dividend pay-out ratio before listing expense and other transaction costs [a]	**-**	18.9%	N/A	N/A	N/A
Dividend pay-out ratio [a]	**-**	37.6%	41.8%	24.4%	22.5%

[a] Profits were negative during the year.

[b] For details of the restatement, refer to page 94.

On February 3, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on February 10, 2020. The dividends were paid on February 28, 2020.

On April 24, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on May 5, 2020. The dividend was paid on May 29, 2020.

On August 14, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on August 28, 2020. The dividend was paid on September 18, 2020.

On November 14, 2020, the Board of Directors declared a dividend of US $0.05625 per share, on issued and outstanding common shares held by registered holders on record at the close of business on November 25, 2020. The dividend was paid on December 16, 2020.

Liquidity and Capital Resources

The following discussion is qualified by reference to the consolidated statement of cash flows and note 36 of the 2020 annual financial statements.

Liquidity sources immediately available to the Sagicor Group include: (i) existing cash and cash equivalents; (ii) the Group's portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include net premiums receipts, fee income and investment income; and (iv) borrowing facilities. These funds are used primarily to pay current benefits and operating expenses, service the Group's long-term debt, purchase investments to support future benefits and maturing obligations, and for distribution of dividends. Sagicor expects to have sufficient liquidity to fund its operations and to meet its current business plans. However, should the need arise, additional liquidity sources include further bank loans and new issuances of debt or shares in the private or public markets.

Cash flow

The following table summarise the Group's cash flows for the three-month and nine-month periods ended December 31, 2020 and December 31, 2019, respectively.

(in millions of US $)	Three months ended December 31,			Year ended December 31,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Net cash flows from continuing						
Operating activities	**10.2**	25.9	(61%)	**(99.1)**	41.5	(339%)
Investing activities	**(5.6)**	(5.5)	(2%)	**(24.4)**	(44.5)	45%
Financing activities	**(19.1)**	438.5	(104%)	**(98.8)**	443.8	(122%)
Effect of exchange rate	**(0.9)**	2.5	(136%)	**(5.8)**	(4.9)	(18%)
	(15.4)	461.4	(103%)	**(228.1)**	435.9	(152%)
Net cash flows from discontinued operation	**-**	-	-	**-**	17.8	(100%)
Cash and cash equivalents:						
Beginning of period	**562.6**	313.9	79%	**775.3**	321.6	141%
End of period	**547.2**	775.3	(29%)	**547.2**	775.3	(29%)

Fourth quarter (three-month period) - Cash flows analysis

For the three-month period ended December 31, 2020, Sagicor's net cash inflows associated with operating activities was US $10.2 million compared to US $25.9 million for the same period in 2019. Lower operating inflows were observed mainly in our USA segment as more funds were utilised during Q4 2020, to invest in securities.

Sagicor's net cash used in investing activities was US $5.6 million compared to US 5.5 million for the same period in 2019, an increase of US $0.1 million.

Sagicor's net cash used for financing activities totalled US $19.1 million during the December 2020 quarter, compared to inflows of US $438.5 million for the same period in 2019, an increase of US $457.6 million. The December 2020 quarter includes cash outflows of US $1.8 million associated with the repurchase of 354,500 shares under a share buyback program. During the year two unsecured bonds matured and were refinanced. Refer to the Notes and Loans Payable section for details.

In Q4 2019, Sagicor and Alignvest completed the business combination involving the transfer of all issued and outstanding shares in Sagicor to Alignvest. This transaction raised over US $450.0 million in new capital for the Group, which resulted in higher cash inflows from financing activities.

For the three-month period ended December 31, 2020, the effect of exchange rate changes was a loss of US $0.9 million compared to a gain of US $2.5 million for the corresponding period in 2019.

Year-to-date quarter (twelve-month period) - Cash flows analysis

For the year ended December 31, 2020, Sagicor's net cash outflows associated with operating activities was US $99.1 million compared to inflows of US $41.5 million for the same period in 2019, an increase in outflows of US $140.6 million. Funds obtained from the Alignvest transaction capital injection, which occurred during the last quarter of 2019, were invested in securities during the year 2020, the impact of this was however was reduced by increased inflows from operating activities across all business segments.

Sagicor's net cash used in investing activities was US $24.4 million compared to US $44.5 million for the same period in 2019, a decrease of US $20.1 million. During the year Sagicor increased its outflows associated with the acquisition of property, plant and equipment when compared to the prior year. In addition, on June 15, 2020, the Company acquired a further 1,500,000 shares of our Associated Company, Playa, for a total of US $6.0 million. In 2019, our Jamaica Segment acquired a subsidiary Group, Advantage General Insurance Company Limited, for US $31.2 million.

Sagicor's net cash used for financing activities totalled US $98.8 million during the year 2020, compared to inflows of US $443.8 million for the same period in 2019. The year 2020 includes cash outflows of US $13.1 million associated with the repurchase of 2,942,500 shares under a share buyback program. Dividends paid to common shareholders during 2020, increased by US $18.3 million to close at US $33.3 million for the year. During the year two unsecured bonds matured and were refinanced, while a loan totalling US $16.9 million was repaid. Mortgage repayments were also made during the year. Refer to the Notes and Loans Payable section for details. In 2019, the cash inflows mainly related to the Alignvest transaction which raised capital of over US $450.0 million.

For the year ended December 31, 2020, the effect of exchange rate changes was a loss of US $5.8 million compared to a loss of US $4.9 million for the corresponding period in 2019.

In February 2019, the Group received cash flows of US $17.8 million from the close out of discontinued operations.

Ratings

Sagicor Financial Corporation Limited, its principal operating subsidiaries, and its debt financing vehicle, have been rated by the rating agencies AM Best, Standard and Poor's, or Fitch. The ratings as of the date of issue of this Management Discussion and Analysis are as follows.

	AM Best Rating
Sagicor Life Inc[(a)]	
Financial Strength	A - Stable
Issuer Credit Rating	a- Stable
Sagicor Life Jamaica Limited[(a)]	
Financial Strength	B++ Stable
Issuer Credit Rating	bbb+ Stable
Sagicor Life Insurance Company (USA) [(a)]	
Financial Strength	A- Stable
Issuer Credit Rating	a- Stable
Sagicor Financial Corporation Limited[(a)]	
Issuer Credit Rating	bbb- Stable
Sagicor Finance (2015) Limited[(a)]	
Senior Unsecured	bbb Stable
Sagicor General Insurance Inc[(b)]	
Financial Strength	A- Stable
Issuer Credit Rating	a- Stable

[(a)] *Updated September 11, 2020.* [(b)] *Updated October 14, 2020*

	S&P Rating [(c)]
Sagicor Financial Corporation Limited	
Issuer Credit Rating	BB+ (Stable)
Sagicor Finance (2015) Limited	
Senior Unsecured	BB+ (Stable)

[(c)] *Updated November 25, 2020*

	Fitch Rating [(d)]
Sagicor Financial Corporation Limited	
Long-term Issuer Default Rating	BB (Stable)
Sagicor Finance (2015) Limited	
Senior Unsecured	BB- (Stable)

[(d)] *Updated June 8, 2020.*

Critical Accounting Estimates and Judgments

Certain accounting estimates and judgements are recognised as critical because they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and significantly different amounts could be reported under different conditions or using different assumptions.

These accounting estimates and judgements are discussed in the sections below. The notes to the annual financial statements outline the relevant accounting policies or give specific relevant disclosure to the matters identified in these sections. These notes are also referred to below.

1. *Impairment of financial assets – IFRS 9*
   (note 2.9 of the financial statements)

In determining ECL (Expected Credit Losses), 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.

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		SRR [a]	Classifi-cation	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,	CCC, CC	ccc,
		7	Special mention	C	C	C	c
Default		8	Substandard			DDD	
		9	Doubtful	D	C	DD	d
		10	Loss			D	

[a] *Sagicor Risk Rating*

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

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

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

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 and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

2. Fair value of securities not quoted in an active market
(note 41.8 of the financial statements)

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. *Recognition and measurement of intangible assets*
(note 2.7 of the financial statements)

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.

4. *Impairment of intangible assets*
(note 2.7 of the financial statements)

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.

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.

5. Valuation of actuarial liabilities
(note 2.15 of the financial statements)

a) Canadian Actuarial Standards

The objective of the valuation of policy liabilities is to determine the amount of the insurer's assets that, in the opinion of the Appointed Actuary (AA) and taking into account the other pertinent items in the financial statements, will be sufficient without being excessive to provide for the policy liabilities over their respective terms. The amounts set aside for future benefits are dependent on the timing of future asset and liability cash flows.

The actuarial liabilities are determined as the present value of liability cash flows discounted at effective interest rates resulting in a value equivalent to the market value of assets supporting these policy liabilities under an adverse economic scenario, to which margins for adverse deviations are added.

The Appointed Actuary (AA) identifies a conservative economic scenario forecast, and together with the existing investment portfolio as at the date of the actuarial valuation and assumed reinvestment of net asset and policy liability cash flows, calculates the actuarial liabilities required at the date of valuation to ensure that sufficient monies are available to meet the liabilities as they become due in future years.

The methodology produces the total reserve requirement for each policy group fund. In general, the methodology is used to determine the net overall actuarial liabilities required by the insurer. Actuarial liabilities are computed by major group of policies and are used to determine the amount of reinsurance balances in the reserve, the distribution of the total reserve by country, and the distribution of the reserve by policy, and other individual components in the actuarial liabilities.

b) Best estimate reserve assumptions & provisions for adverse deviations

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. The latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

For the respective reserve assumptions for mortality and morbidity, lapse, future investment yields, operating expenses and taxes, best estimate reserve assumptions are determined where appropriate. The assumption for operating expenses and taxes is in some instances split by universal life and unit linked business.

Provisions for adverse deviations are established in accordance with the risk profiles of the business, and are, as far as is practicable, standardised across geographical areas. Provisions are determined within a specific range established by Canadian standards of practice.

The principal assumptions and margins used in the determination of actuarial liabilities are summarised sub-sections *c)* to *i)* which follow. However, the liability resulting from the application of these assumptions can never be definitive as to the ultimate timing or the amount of benefits payable and is therefore subject to future re-assessment.

c) Process used to set actuarial assumptions and margins for adverse deviations

At each date for valuation of actuarial liabilities, the AA of each insurer reviews the assumptions made at the last valuation date. The AA reviews the validity of each assumption by referencing current data, and where appropriate, changes the assumptions for the current valuation. A similar process of review and assessment is conducted in the determination of margins for adverse deviations. Any changes in actuarial standards and practice are also incorporated in the current valuation.

d) Assumptions for mortality and morbidity

Mortality rates are related to the incidence of death in the insured population. Morbidity rates are related to the incidence of sickness and disability in the insured population. Annually, insurers update studies of recent mortality experience. The resulting experience is compared to external mortality studies including tables from the Canadian Institute of Actuaries (CIA). Appropriate modification factors are selected and applied to underwritten and non-underwritten business respectively. Annuitant mortality is determined by reference to CIA tables or to other established scales.

Assumptions for morbidity are determined after taking into account insurer and industry experience.

e) Assumptions for lapse

Policyholders may allow their policies to lapse prior to the maturity date either by choosing not to pay premiums or by surrendering their policy for its cash value. Lapse studies are updated annually by insurers to determine the persistency of the most recent period. Assumptions for lapse experience are generally based on moving averages.

f) Assumptions for investment yields

Returns on existing variable rate securities, shares, investment property and policy loans are linked to the current economic scenario. Yields on reinvested assets are also tied to the current economic scenario. Returns are, however, assumed to decrease and it is assumed that at the end of twenty years from the valuation date, all investments, except policy loans, are reinvested in long-term, default free government bonds.

g) Assumptions for operating expenses and taxes

Policy acquisition and policy maintenance expense costs for the long-term business of each insurer are measured and monitored using internal expense studies. Policy maintenance expense costs are reflected in the actuarial valuation after adjusting for expected inflation. Costs are updated annually and are applied on a per policy basis.

Taxes reflect assumptions for future premium taxes and income taxes levied directly on investment income. For income taxes levied on net income, actuarial liabilities are adjusted for policy related recognised deferred tax assets and liabilities.

h) Asset default

The AA of each insurer includes a provision for asset default in the modelling of the cash flows. The provision is based on industry and Sagicor's experience and includes specific margins, where appropriate, for assets backing the actuarial liabilities, e.g. for investment property, equity securities, debt securities, mortgage loans and deposits.

i) Margins for adverse deviations

Margins for adverse deviations are determined for the assumptions in the actuarial valuations. The application of these margins resulted in provisions for adverse deviations being included in the actuarial liabilities as set out in the following table:

(in US $millions)	December 31 2020	2019
Provisions for adverse deviations		
Mortality and morbidity	97.3	95.2
Lapse	90.7	76.4
Investment yield and asset default	69.9	66.0
Operating expenses and taxes	10.5	10.0
Other	14.9	13.9
Total	283.3	261.5

6. Investment in associate

As at October 1, 2018, Sagicor Group Jamaica (SGJ) had a shareholding in Playa of 15%, which increased to 16% on June 15, 2020 (see note 6.1 of the 2020 annual financial statements). From an accounting perspective, IAS 28 (Investments in Associate and Joint Ventures) paragraph 5, 6 and 8 guidance was considered as follows:

Where an entity holds 20% or more of the voting power (directly or through subsidiaries) in an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

In assessing whether potential voting rights contribute to significant influence, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intentions of management and the financial ability to exercise or convert those potential rights. Management has one representative out of eight on the Board of Playa.

Management has previously concluded, given its participation in the policy-making decisions, significant involvement in, and influence over strategic financial and operational decision-making of Playa, that it has significant influence over Playa and as such was of the view that SGJ's strategic investment in Playa should be treated as an investment in associate in accordance with IAS 28, even though Sagicor owns less than 20% of Playa's shares. Subsequent to the year end, SGJ has sold a portion of its investment as part of Playa's secondary public offering and transferred the remaining shares to Sagicor Financial Corporation Limited (see note 50 of the 2020 annual financial statements). Management concluded that the investment in Playa did not meet the definition of held for sale as at December 31, 2020.

5. FINANCIAL INVESTMENTS

Each principal operating entity within the Group has an investment policy that provides a framework of maximizing investment yield subject to the management of the Asset Liability Management (ALM) risks and the investment regulations of each country.

As of December 31, 2020, Sagicor had US $7.2 billion of diversified financial assets and experienced net investment income of US $330.9 million, a return on net investment of 4.9% for the year. Since becoming a public company in 2002, Sagicor has had positive and stable investment portfolio performance. This performance has been impacted by the stock market declines resulting from the COVID-19 pandemic.

Carrying Values

The table below shows the carrying value of Sagicor's investment portfolio as of December 31, 2020 and December 31, 2019.

(in millions of US $, except percentages)	As of December 31, 2020		As of December 31, 2019	
Analysis of Financial Investments	**Carrying value**	**% of Total**	**Carrying value**	**% of Total**
Investments at FVOCI:				
Debt securities and money market funds	**3,611.9**	**50%**	3,673.5	55%
Equity securities	**1.1**	**-**	1.3	-
	3,613.0	**50%**	3,674.8	55%
Investments at FVTPL:				
Debt securities	**348.9**	**5%**	243.1	4%
Equity securities	**659.5**	**9%**	370.2	6%
Derivative financial instruments	**37.2**	**1%**	36.9	1%
Mortgage loans	**26.1**	**-**	28.9	-
	1,071.7	**15%**	679.1	11%
Investments at amortised cost:				
Debt securities	**1,269.5**	**17%**	1,148.7	17%
Mortgage loans	**393.2**	**5%**	362.5	5%
Policy loans	**151.0**	**2%**	151.5	2%
Finance loans	**555.4**	**8%**	595.3	9%
Securities purchased for re-sale	**57.1**	**1%**	10.9	-
Deposits	**127.7**	**2%**	62.8	1%
	2,553.9	**35%**	2,331.7	34%
Total financial investments	**7,238.6**	**100%**	6,685.6	100%

Our debt security portfolios constitute the major asset class of the Group and are reflected in the statement of financial position as follows:

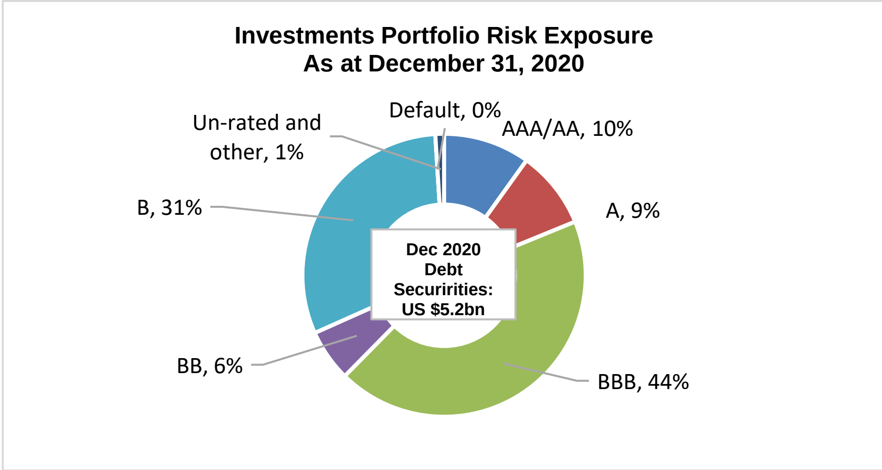
(in millions of US $)	As of December 31, 2020	December 31, 2019	Change
Debt securities and money market funds			
Measured at fair value through other comprehensive income	**3,611.9**	3,673.5	(2%)
Measured at amortised cost	**1,269.5**	1,148.7	11%
Measured at fair value through income (FVTPL)	**348.9**	243.1	44%
Total	**5,230.3**	5,065.3	3%

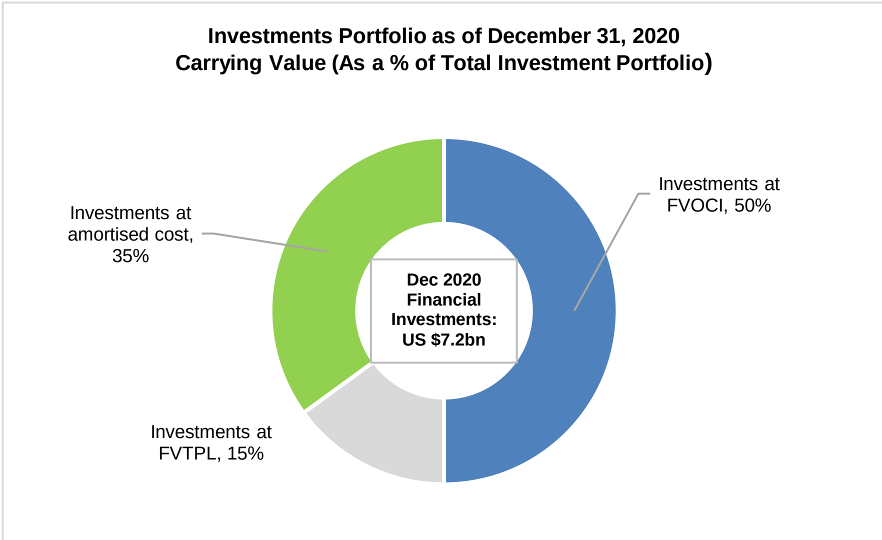
FVOCI debt securities are held to collect contractual cash flows and to sell periodically to collect gains. These securities primarily support our business in the USA and in Jamaica, where there is reasonable opportunity to realise investment gains.

Amortised cost debt securities are held to collect contractual cash flows and are sold infrequently. These securities primarily support our business in the southern and eastern Caribbean.

FVTPL debt securities are classified as such when the Group insurance or investment contract-holder is credited with the full return on the underlying asset. Debt securities held for trading are also classified as FVTPL.

The pie charts below represent a breakdown of the carrying value and risk exposure of Sagicor's consolidated investments portfolio as of December 31, 2020.





NET INVESTMENT INCOME

(in millions of US $)	Three months ended December 31 2020	2019	Change	Year ended December 31 2020	2019	Change
Income from financial						
Interest income:						
Debt securities	**21.5**	20.6	4%	**83.8**	81.7	3%
Mortgage loans	**5.6**	5.1	10%	**21.1**	20.5	3%
Policy loans	**2.7**	2.7	-	**10.9**	10.5	4%
Finance loans and finance leases	**15.2**	15.2	-	**61.2**	60.9	-
Securities purchased for resale	**0.3**	0.4	(25%)	**0.8**	0.5	60%
Deposits, cash and other items	**0.4**	0.3	33%	**1.0**	1.4	(29%)
	45.7	44.3	3%	**178.8**	175.5	2%
Interest Income (FVOCI):						
Debt securities and money market	**34.5**	35.7	(3%)	**136.0**	132.5	3%
Fair value changes and interest income (FVTPL Assets):						
Debt securities	**7.4**	6.5	14%	**16.5**	25.3	(35%)
Equity securities	**16.5**	6.8	143%	**(9.2)**	49.3	(119%)
Mortgage loans	**0.2**	0.5	(60%)	**0.6**	2.5	(76%)
Derivative financial instruments	**16.3**	14.5	12%	**10.8**	35.7	(70%)
	40.4	28.3	43%	**18.7**	112.8	(83%)
Investment income:						
Other income on financial investments	**0.1**	(0.2)	150%	**0.5**	0.3	67%
Investment property income and fair value (losses)/gains	**(0.3)**	1.2	(125%)	**1.8**	7.9	(77%)
Other investment income	**0.9**	(0.9)	200%	**1.7**	(0.3)	667%
	0.7	0.1	600%	**4.0**	7.9	(49%)
Gross Investment Income	**121.3**	108.4	12%	**337.5**	428.7	(21%)

NET INVESTMENT INCOME

(in millions of US $)	Three months ended December 31 2020	2019	Change	Year ended December 31 2020	2019	Change
Gross investment income	**121.3**	108.4	12%	**337.5**	428.7	(21%)
Investment expenses:						
Direct operating expenses of investment property	**0.5**	(0.5)	(200%)	**4.1**	6.3	35%
Other direct investment expenses	**0.5**	1.2	58%	**2.5**	2.6	4%
	1.0	0.7	43%	**6.6**	8.9	26%
Net investment income	**120.3**	**107.7**	**12%**	**330.9**	**419.8**	**(21%)**
Return on Investments (annualised)	**6.9%**	**6.8%**	**0.1 pt.**	**4.9%**	**7.2%**	**(2.3 pts)**

INSURANCE AND INVESTMENT CONTRACT LIABILITIES

The amount of liabilities held in respect of long-term or recurring insurance or investment contracts is a measure of the quantum of business held from such contracts. The liabilities of such contracts are summarised in the following table.

	As of December 31,		
(in US $ millions)	**2020**	**2019**	**Change**
Principal insurance and investment contract liabilities			
Actuarial liabilities of life, health, and annuity insurance contracts	**4,152.7**	3,604.7	15%
Deposit administration and other policy investment contracts	**437.6**	424.3	3%
Customer deposits of banking operations	**861.7**	808.1	7%
Securities sold for re-purchase contracts	**575.6**	512.9	12%
Other funding instruments	**388.5**	418.0	(7%)
Structured product contracts	**-**	6.8	(100%)
Total	**6,416.1**	5,774.8	11%

6. RISK MANAGEMENT

Sagicor is in the business of taking risks and must manage those risks effectively to generate profitable growth, safeguard its reputation and protect its solvency. In its management of risks, the Group seeks to optimize the relationship between risk and reward across the entire enterprise and to limit possible losses resulting from its risk exposure.

Enterprise Risk Management (ERM) at Sagicor has been ongoing for many years, having appointed its first Chief Risk Officer in 2005. For about a decade, a standardized risk taxonomy and dictionary has been utilized across the Group and group-wide exposures to key financial risks (credit, interest rate, liquidity and currency risks) have been aggregated and reported to the Board. Further, each of the Group's major operating segments has implemented ERM appropriate to the nature, scale and complexity of their operations. Sagicor continues to evolve its ERM especially as it relates to strategic and operational risks.

The Group defines risk is an event that causes a deviation from its strategic plan. Risk is also viewed holistically recognizing that one risk event may cause downside deviations in several business segments but also simultaneously causes upside deviations in one or more other business segments or may also be highly correlated with a second risk event. Lastly, the Group considers risks defined by source (e.g., data breach) as opposed to intermediate (e.g., reputation damage) or ultimate (e.g., lower earnings) outcomes. This not only provides the necessary specific context for risk assessment but also facilitates complete assessment of any and all downstream outcomes resulting from the risk.

ERM Process

Sagicor's ERM process is depicted graphically below:

Identified risks are categorized as illustrated in the table below and further classified as key risks or non-key risks.

FINANCIAL	*INSURANCE*	*OPERATIONAL*	*STRATEGIC*
MARKET	PRICING	HUMAN RESOURCES	STRATEGY
CREDIT	UNDERWRITING	TECHNOLOGY	EXECUTION
LIQUIDITY	RESERVING	LITIGATION	COMPETITOR
ECONOMIC		COMPLIANCE	LEGISLATIVE/ REGULATORY
		FRAUD	SUPPLIER
		DISASTERS	GOVERNANCE
		PROCESSES	EXTERNAL RELATIONS
			STRATEGIC RELATIONSHIPS
			INTERNATIONAL

Non-key risks are monitored for any changes in likelihood and/or severity and, if warranted, elevated to key risk status.

Risk are assessed both qualitatively and quantitatively. Credit risk exposures are tracked for each of the investment portfolio, the lending portfolio and the reinsurance portfolio. Credit concentration risk is also tracked by the ultimate parent of each counterparty. Liquidity risk exposures are tracked by both asset-liability maturity profile and 24-month cashflow projections. Interest rate risk exposures are tracked using asset and liability durations for each major yield curve exposure. Currency risk exposures are tracked by stress testing net currency positions for major currency exposure.

Risk information is regularly communicated to external stakeholders including regulators, rating agencies, and the public. The Group files an Own Risk Solvency Assessment (ORSA) Summary Report with the Texas Department of Insurance. It also meets regularly with rating agencies (S&P, Fitch and A.M. Best) providing them with a description of our ERM framework and key risk exposures. Sagicor also provides extensive risk disclosures in its Notes to the Financial Statements.

Roles and Responsibilities

Responsibility for ERM permeates the organization. Business and functional units are responsible for monitoring and managing risks within their respective areas. The Group's Corporate ERM teams' responsibilities include but are not limited to the key ERM tools and techniques, oversight over all key ERM activities, ensuring consistent ERM definitions, concepts, and terminology, acting as a central clearing house for coordinating ERM information, monitoring individual and enterprise risk exposures, and providing key ERM information to the Board Investment and Risk Committees (both Group and subsidiary level).The Board Investment and Risk Committees oversee key risks and exposures and approve key ERM decisions and policies. Internal audit provides independent verification of policies and procedures.

1. Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks are primarily associated with financial investments and reinsurance contracts held. Credit risk is the possibility that counterparties may not be able to meet payment obligations when they become due. As premiums, deposits and other receivables are received, these funds are invested to pay for future policyholder and other obligations.

The Group in most, but not all, instances bears the risk for investment performance, i.e. return of principal and interest. Any credit defaults or other reductions in the value of debt securities, loans, deposits and receivables could have a material adverse effect on Sagicor's business, results of operations and financial condition.

The investment committees of Group operating companies establish policies to manage credit risk. Specific limits are set for concentration by asset class and issuer, in addition to minimum standards for asset quality. Further, Sagicor deals only with highly rated reinsurers to contain counterparty risk. The Group minimises credit risk from financial investments through holding a diversified portfolio of investments, purchasing securities and advancing loans only after careful assessment of borrowers, and placing deposits with financial institutions that have a strong capital base. Sagicor's policy is to not invest more than 10% of the debt of a single borrower, unless security is held for the debt.

However, many jurisdictions mandate that the operating companies invest a portion of the assets supporting the policy liabilities in government instruments such as treasury bills and bonds.

The Group has significant concentrations of credit risk with respect to its holding of bonds and treasury bills issued by the governments of Jamaica, Barbados and Trinidad and Tobago. In the United States, Sagicor has significant exposure to United States Government issued and/or government-backed investments (including state and local governments), Guggenheim Partners reinsurance assets and Heritage Life Insurance reinsurance assets.

In Sagicor Jamaica's banking business, the Group is exposed to credit risk in both its securities and lending activities. In connection with securities activities, Sagicor Investments trades on a "delivery versus payment" policy where Government of Jamaica securities are accepted on a mark-to-market basis with its counterparties. Exposure limits are also established and monitored. In its lending activities, Sagicor Bank seeks to adequately collateralise its loans, particularly where they exceed certain thresholds. Loan applicants undergo a thorough screening and credit analysis process.

The following tables summarise credit exposure of the Group's financial investments as of December 31, 2020. It shows the gross carrying value, the accumulated loss allowance and the net carrying value, analysed by expected credit loss (ECL) staging (see critical accounting estimates and judgements – *1. impairment of financial assets*).

(in US $millions)	Credit exposure – December 31, 2020				
	ECL Staging				
	Stage 1	Stage 2	Stage 3	POCI [c]	Total
FVOCI [b] debt securities:					
Gross value	3,208.2	164.1	7.9	28.6	3,408.8
Loss allowance	(2.6)	(8.5)	(6.2)	-	(17.3)
Net value	3,205.6	155.6	1.7	28.6	3,391.5
Debt securities [a]					
Gross value	1,066.1	28.3	3.9	177.2	1,275.5
Loss allowance	(2.4)	(1.9)	(1.4)	(0.4)	(6.1)
Net value	1,063.7	26.4	2.5	176.8	1,269.4
Policy loans(a)					
Gross value	151.3	-	-	-	151.3
Loss allowance	(0.3)	-	-	-	(0.3)
Net value	151.0	-	-	-	151.0

(in US $millions)	Credit exposure – December 31, 2020				
	ECL Staging				
	Stage 1	Stage 2	Stage 3	POCI [c]	Total
Mortgage loans[a]					
Gross value	306.1	42.8	47.9	-	396.8
Loss allowance	(1.3)	(0.6)	(1.8)	-	(3.7)
Net value	304.8	42.2	46.1	-	393.1
Finance loans [a]					
Gross value	523.6	33.5	11.0	-	568.1
Loss allowance	(5.2)	(0.9)	(6.6)	-	(12.7)
Net value	518.4	32.6	4.4	-	555.4
Securities purchased for re-sale [a]					
Gross value	57.1	-	-	-	57.1
Loss allowance	-	-	-	-	-
Net value	57.1	-	-	-	57.1
Deposits [a]					
Gross value	117.8	11.5	-	-	129.3
Loss allowance	(0.3)	(1.3)	-	-	(1.6)
Net value	117.5	10.2	-	-	127.7

[a] *Financial investments carried at amortised cost.*

[b] *FVOCI – fair value through other comprehensive income classification.*

[c] *POCI - purchased or originated credit impaired.*

2. Foreign exchange risk

The Group is exposed to foreign exchange risk as a result of fluctuations in exchange rates since Sagicor's financial assets and liabilities are denominated in a number of different currencies. In order to manage the risk associated with movements in currency exchange rates, Sagicor seeks to maintain investments and cash in each operating currency sufficient to match liabilities denominated in the same currency. Sagicor also invests limited amounts in United States dollar assets, which are held to pay liabilities in operating currencies. Management believes that this strategy adequately meets Sagicor's asset and liability management goals with respect to currencies and in the long-term is likely to either maintain capital value or provide satisfactory returns.

The Sagicor Group operates and issues contracts in the currencies prevailing in the countries where it conducts business. Currencies which are pegged to the United States dollar are converted at 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:	**2020 closing rate**	**2019 closing rate**
Barbados dollar	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000
Jamaica dollar	142.4534	132.5324
Trinidad & Tobago dollar	6.7612	6.7624
Currency exchange rate of US $1.00:	**2020 average rate**	**2019 average rate**
Barbados dollar	2.0000	2.0000
Eastern Caribbean dollar	2.7000	2.7000
Jamaica dollar	141.7506	132.8772
Trinidad & Tobago dollar	6.7462	6.7510

The following tables shows the Group's significant foreign exchange exposure as of December 31, 2020 and 2019 by presenting assets and liabilities by the currency in which they are denominated for its continuing operations.

December 31, 2020	US $million equivalents of balances denominated in						
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Other Currencies**	**Total**
ASSETS							
Financial investments (1)	362.2	1,296.9	575.1	164.0	4,065.6	114.2	6,578.0
Reinsurance assets (1)	1.8	10.1	1.2	1.2	673.8	0.8	688.9
Receivables (1)	21.2	58.0	12.7	13.2	31.1	3.9	140.1
Cash resources	29.3	98.2	42.2	15.5	203.8	50.6	439.6
Total monetary assets	414.5	1,463.2	631.2	193.9	4,974.3	169.5	7,846.6
Other assets (2)	202.6	416.2	87.3	19.9	692.7	1.0	1,419.7
Total assets of continuing operations	617.1	1,879.4	718.5	213.8	5,667.0	170.5	9,266.3
LIABILITIES							
Actuarial liabilities	441.9	330.9	456.7	82.6	2,713.7	126.9	4,152.7
Other insurance liabilities (1)	81.8	54.7	32.1	11.9	40.1	14.0	234.6
Investment contracts	30.4	74.8	175.5	56.0	91.3	9.6	437.6
Notes and loans payable	21.7	51.9	-	-	398.0	-	471.6
Lease liabilities	0.4	19.5	0.4	-	18.5	0.8	39.6
Deposit and security liabilities	-	694.0	19.3	15.2	1,080.5	17.8	1,826.8
Provisions	16.0	26.0	13.1	(0.1)	0.6	10.9	66.5
Accounts payable and accruals	45.5	88.4	19.1	4.4	87.4	5.7	250.5
Total monetary liabilities	637.7	1,340.2	716.2	170.0	4,430.1	185.7	7,479.9
Other liabilities (2)	20.2	45.7	14.2	5.0	35.8	2.3	123.2
Total liabilities of continuing operations	657.9	1,385.9	730.4	175.0	4,465.9	188.0	7,603.1
Net position	(40.8)	493.5	(11.9)	38.8	1,201.1	(17.5)	1,663.2

(1) *Monetary balances only* (2) Non-monetary balances, income tax balances and retirement plan assets

December 31, 2019	US $million equivalents of balances denominated in						
(in US $millions)	**Barbados $**	**Jamaica $**	**Trinidad $**	**Eastern Caribbean $**	**US $**	**Other Currencies**	**Total**
ASSETS							
Financial investments [(1)]	341.2	1,344.1	474.2	150.1	3,879.2	125.4	6,314.2
Reinsurance assets [(1)]	6.7	3.8	4.8	2.1	681.6	0.4	699.4
Receivables [(1)]	22.8	69.4	10.3	15.7	14.8	5.0	138.0
Cash resources	21.2	91.6	26.5	9.7	165.4	47.2	361.6
Total monetary assets	391.9	1,508.9	515.8	177.6	4,741.0	178.0	7,513.2
Other assets [(2)]	199.2	477.8	90.8	20.8	425.8	1.3	1,215.7
Total assets of continuing operations	591.1	1,986.7	606.6	198.4	5,166.8	179.3	8,728.9
LIABILITIES							
Actuarial liabilities	438.5	411.4	366.1	79.4	2,194.7	114.6	3,604.7
Other insurance liabilities [(1)]	80.6	55.8	32.8	12.2	31.8	14.7	227.9
Investment contracts	31.6	81.8	182.9	53.4	65.3	9.3	424.3
Notes and loans payable	14.4	104.4	-	-	398.9	-	517.7
Lease liabilities	2.7	23.4	2.3	0.1	6.4	0.8	35.7
Deposit and security liabilities	1.3	684.2	1.1	15.3	1,033.1	17.6	1,752.6
Provisions	11.9	25.2	12.9	-	2.3	7.5	59.8
Accounts payable and accruals	40.7	116.9	18.1	1.9	57.4	5.4	240.4
Total monetary liabilities	621.7	1,503.1	616.2	162.3	3,789.9	169.9	6,863.1
Other liabilities [(2)]	18.8	32.5	15.2	5.1	42.2	2.2	116.0
Total liabilities of continuing operations	640.5	1,535.6	631.4	167.4	3,832.1	172.1	6,979.1
Net position	(49.4)	451.1	(24.8)	31.0	1,334.7	7.2	1,749.8

[(1)] *Monetary balances only* [(2)] Non-monetary balances, income tax balances and retirement plan assets

3. Interest rate risk

Sagicor is exposed to interest rate risk, which arises when the returns earned from invested assets decrease.

The return on investments may be variable, fixed for a term or fixed to maturity. Upon reinvestment of a matured investment, the returns available on new investments may be significantly different from the returns formerly achieved. Sagicor guarantees minimum returns on the cash values of certain types of policies, for example universal life and annuity contracts, and decreased investment returns may be insufficient to pay these guaranteed returns.

Sagicor is thereby exposed to the effects of fluctuations in the prevailing levels of market interest rates on Sagicor’s 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.

Movements in short-term and long-term interest rates affect the level and timing of recognition of gains and losses on securities Sagicor holds, and cause changes in realised and unrealised gains and losses. Generally, Sagicor’s investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, the market value of Sagicor’s existing fixed income securities will generally decrease and Sagicor’s realised gains on fixed income securities will likely be reduced. Realised losses will be incurred following significant increases in interest rates only if the securities are sold; otherwise the losses will be unrealised as assets are fairly matched to similar duration liabilities and may be held to maturity. Conversely, declining interest rates result in unrealised gains in the value of fixed income securities Sagicor continues to hold, as well as realised gains to the extent the relevant securities are sold.

Sagicor’s primary interest rate exposures relate to Sagicor’s long term insurance and annuities liabilities as well as funds on deposit. Sagicor may incur a loss on certain contracts where the investment return does not exceed the interest credited to the policyholder.

The tables following summarise the exposures to interest rates on the Group’s monetary insurance and financial liabilities (excluding actuarial liabilities), for the years ended December 31, 2020 and 2019. They set out liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Insurance liabilities are categorised by their expected maturities.

	Interest exposure – December 31, 2020				
(in US $millions)	**Less than 1 year**	**1 to 5 years**	**After 5 years**	**Not exposed to interest**	**Total**
Other insurance liabilities	13.7	4.1	66.5	150.4	234.7
Investment contract liabilities	366.9	46.7	23.9	0.1	437.6
Notes and loans payable	15.3	445.7	9.9	0.7	471.6
Lease liabilities	7.7	20.5	10.3	1.1	39.6
Other funding instruments	352.3	20.3	15.7	0.2	388.5
Customer deposits	845.3	14.9	-	1.4	861.6
Securities sold for re-purchase	573.5	-	-	2.1	575.6
Bank overdrafts	1.0	-	-	-	1.0
Accounts payable	0.8	1.1	-	248.5	250.4
Total	2,176.5	553.3	126.3	404.5	3,260.6

(in US $millions)	Interest exposure – December 31, 2019 Less than 1 year	1 to 5 years	After 5 years	Not exposed to interest	Total
Other insurance liabilities	8.1	3.9	49.3	166.6	227.9
Investment contract liabilities	346.2	60.4	17.7	0.1	424.4
Notes and loans payable	419.6	27.1	71.5	(0.4)	517.8
Lease liabilities	6.5	19.0	4.2	5.9	35.6
Other funding instruments	395.4	9.8	12.6	0.2	418.0
Customer deposits	804.9	0.2	-	3.0	808.1
Structured products	6.8	-	-	-	6.8
Securities sold for re-purchase	511.3	-	-	1.5	512.8
Derivative liabilities	-	-	-	0.3	0.3
Bank overdrafts	6.6	-	-	-	6.6
Accounts payable	1.1	1.1	-	238.2	240.4
Total	2,506.5	121.5	155.3	415.4	3,198.7

The tables following summarise the exposures to interest rate and reinvestment risks of the Group’s monetary insurance and financial assets, for the years ended December 31, 2020 and 2019. Assets are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Reinsurance assets and policy loans are categorised by their expected maturities.

(in US $millions)	Interest exposure – December 31, 2020 Less than 1 year	1 to 5 years	After 5 years	Not exposed To interest	Total
Debt securities	787.8	889.1	3,472.8	80.6	5,230.3
Equity securities	-	-	-	660.6	660.6
Mortgage loans	93.7	65.8	256.4	3.4	419.3
Policy loans	3.9	13.4	127.8	5.9	151.0
Finance loans	528.9	15.3	6.2	5.0	555.4
Securities purchased for re-sale	57.0	-	-	0.1	57.1
Deposits	125.4	2.1	-	0.2	127.7
Derivative assets	-	-	-	37.2	37.2
Reinsurance assets: other	-	-	0.2	48.9	49.1
Premiums receivable	-	-	-	59.8	59.8
Other assets and receivables	0.9	1.1	-	77.4	79.4
Cash resources	84.2	-	-	355.4	439.6
Total	1,681.8	986.8	3,863.4	1,334.5	7,866.5

Interest exposure – December 31, 2019

(in US $millions)	Less than 1 year	1 to 5 years	After 5 years	Not exposed To interest	Total
Debt securities	1,308.2	727.1	2,969.8	60.2	5,065.3
Equity securities	-	-	-	371.5	371.5
Mortgage loans	77.7	30.3	281.2	2.3	391.5
Policy loans	4.4	14.1	131.8	1.2	151.5
Finance loans	572.4	15.6	5.7	1.6	595.3
Securities purchased for re-sale	10.9	-	-	-	10.9
Deposits	57.9	2.7	1.8	0.3	62.7
Derivative assets	0.3	-	-	36.6	36.9
Reinsurance assets: other	0.2	-	0.2	37.3	37.7
Premiums receivable	0.1	-	-	57.5	57.6
Other assets and receivables	2.8	1.2	-	74.5	78.5
Cash resources	220.5	-	-	141.0	361.5
Total	2,255.4	791.0	3,390.5	784.0	7,220.9

4. Liquidity risk

Liquidity risk is inherent in much of the Group's business. Liquidity risk is risk stemming from a lack of marketability in Sagicor's assets. Some liabilities may be surrendered at the call of the contract-holder, while some assets have low liquidity such as mortgage loans and real estate. In order to manage liquidity risks, the Group seeks to maintain levels of cash and short-term deposits in each of its operating currencies that can meet expected short-term obligations.

The Group is exposed to daily demands on its available cash resources for payment of policy benefits and withdrawals, operating expenses and taxes, loan drawdowns, repayment of borrowings, maturing deposit liabilities and other security obligations. The Group maintains cash resources to meet what it predicts it will have to pay as policy benefits. Demands on its cash resources may exceed the Group's projections.

The Group diversifies its liability portfolio by limiting concentrations of liabilities in each market segment. Where practical, given the Group's operating environment, Sagicor seeks to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. The Group monitors its daily, weekly and monthly liquidity risk and manages its maturing asset and liability portfolios.

The Group purchases custom options (hedges) that are selected to materially replicate the policy benefits that are associated with the equity indexed components of certain of its products. These options are appropriate to reduce or minimise the risk of movements in the equity market (market risk). The hedging transactions are accounted for as call options and are originally valued at the premium paid, with the statement carrying value being adjusted to fair value. To minimise potential counterparty risk from the purchase of these customised contracts from broker dealers, the Group only transacts with banks and brokers carrying an unsecured debt rating of at least A or P-1 by either Standard and Poor's or Moody's.

The Group's monetary insurance liabilities mature in periods which are summarised in the following tables for the years ended December 31, 2020 and 2019. Amounts are stated at their carrying values recognised in the financial statements and are analysed by their expected due periods, which have been estimated by actuarial or other statistical methods.

December 31, 2020	Expected discounted cash flows			
(in US $millions)	**Maturing within 1 year**	**Maturing 1 to 5 Years**	**Maturing after 5 years**	**Total**
Actuarial liabilities	323.1	1,251.5	2,578.1	4,152.7
Other insurance liabilities	149.4	18.1	67.2	234.7
Total	472.5	1,269.6	2,645.3	4,387.4

December 31, 2019	Expected discounted cash flows			
(in US $millions)	**Maturing within 1 year**	**Maturing 1 to 5 Years**	**Maturing after 5 years**	**Total**
Actuarial liabilities	260.0	1,004.3	2,340.3	3,604.6
Other insurance liabilities	127.1	30.5	70.3	227.9
Total	387.1	1,034.8	2,410.6	3,832.5

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.

December 31, 2020	Contractual un-discounted cash flows			
(in US $millions)	**On demand or within 1 year**	**1 to 5 years**	**After 5 years**	**Total**
Financial liabilities:				
Investment contracts	372.3	56.5	21.1	449.9
Notes and loans payable	23.5	480.3	11.1	514.9
Lease liabilities	9.5	24.8	22.3	56.6
Other funding instruments	355.1	38.8	24.3	418.2
Customer deposits	852.8	17.1	-	869.9
Structured products	-	-	-	-
Securities sold for re-purchase	578.0	-	-	578.0
Derivative liabilities	-	-	-	-
Bank overdrafts	1.0	-	-	1.0
Accounts payable & accrued liabilities	248.2	1.9	0.4	250.5
Total liabilities	2,440.4	619.4	79.2	3,139.0
Off balance sheet				
Loan commitments	63.8	0.3	0.6	64.7
Non-cancellable lease and rental payments	0.4	-	-	0.4
Customer guarantees and letters of credit	20.1	5.4	9.6	35.1
Investments and Investment management fees	32.5	2.3	-	34.8
Capital commitments	15.3	-	-	15.3
Total commitments	132.1	8.0	10.2	150.3
Total	2,572.5	627.4	89.4	3,289.3

December 31, 2019	Contractual un-discounted cash flows			
(in US $millions)	On demand or within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities:				
Investment contracts	347.9	66.5	22.2	436.6
Notes and loans payable	445.9	45.3	68.3	559.5
Lease liabilities	8.3	25.6	13.2	47.1
Other funding instruments	397.1	14.1	19.9	431.1
Customer deposits	815.4	0.3	-	815.7
Structured products	6.8	-	-	6.8
Securities sold for re-purchase	514.6	-	-	514.6
Derivative liabilities	0.3	-	-	0.3
Bank overdrafts	6.6	-	-	6.6
Accounts payable & accrued liabilities	238.6	1.3	0.4	240.3
Total liabilities	2,781.5	153.1	124.0	3,058.6
Off balance sheet				
Loan commitments	66.6	11.0	1.1	78.7
Non-cancellable lease and rental payments	0.5	-	-	0.5
Customer guarantees and letters of credit	14.4	9.0	11.4	34.8
Investments and Investment management fees	14.3	4.8	-	19.1
Capital commitments	17.9	-	-	17.9
Total commitments	113.7	24.8	12.5	151.0
Total	2,895.2	177.9	136.5	3,209.6

The contractual maturity periods of monetary financial assets and the expected maturity periods of monetary insurance assets are summarised in the following tables for the years ended December 31, 2020 and 2019. Amounts are stated at their carrying values recognised in the financial statements. For this table, monetary insurance assets comprise policy loans and reinsurance assets.

December 31, 2020	Contractual discounted or expected cash flows			
(in US $millions)	Maturing within 1 year	Maturing 1 to 5 Years	Maturing after 5 years	Total
Financial assets:				
Debt securities	699.7	944.7	3,585.9	5,230.3
Mortgage loans	24.1	72.3	322.9	419.3
Policy loans	4.6	13.8	132.7	151.1
Finance loans and finance leases	161.0	207.2	187.2	555.4
Securities purchased for re-sale	57.1	-	-	57.1
Deposits	127.6	0.2	-	127.8
Derivative assets	37.2	-	-	37.2
Reinsurance assets: share of actuarial liabilities	67.2	291.1	281.4	639.7
Reinsurance assets: other	48.9	-	0.2	49.1
Premiums receivable	59.8	-	-	59.8
Other assets and receivables	76.9	2.0	0.5	79.4
Cash resources	439.6	-	-	439.6
Total	1,803.7	1,531.3	4,510.8	7,845.8

December 31, 2019	Contractual discounted or expected cash flows			
(in US $millions)	Maturing within 1 year	Maturing 1 to 5 Years	Maturing after 5 years	Total
Financial assets:				
Debt securities	1,166.9	774.1	3,124.2	5,065.2
Mortgage loans	21.2	39.0	331.4	391.6
Policy loans	5.3	14.3	131.9	151.5
Finance loans and finance leases	184.4	286.6	124.3	595.3
Securities purchased for re-sale	10.9	-	-	10.9
Deposits	58.3	2.7	1.8	62.8
Derivative assets	36.9	-	-	36.9
Reinsurance assets: share of actuarial liabilities	70.6	279.5	311.7	661.8
Reinsurance assets: other	37.4	-	0.2	37.6
Premiums receivable	57.6	-	-	57.6
Other assets and receivables	75.9	2.1	0.5	78.5
Cash resources	361.5	-	-	361.5
Total	2,086.9	1,398.3	4,026.0	7,511.2

5. *Insurance product design and pricing risk*

Product design and pricing risk arises from poorly designed or inadequately priced contracts and can lead to both financial loss and reputational damage to the Group. In the discussion below, the term insurer refers to the Group subsidiary issuing insurance contracts.

Risks are priced to achieve an adequate return on capital on the insurer's business. In determining the pricing of an insurance contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors, from insurance market softening conditions, or from future changes in the economic environment.

The underwriting process has established pricing guidelines; and may include specific enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles and coverage limits for property, casualty and health risks which will limit the potential claims incurred. The pricing of a contract therefore consists of establishing appropriate premium rates, deductibles and coverage limits. For long-term insurance contracts, Sagicor assesses the future cash flows attributable to the contract.

Sagicor carries significant underwriting risks concentrated in certain countries within the Caribbean, namely Antigua, Barbados, Cayman Islands, Curacao, Jamaica, St. Lucia and Trinidad and Tobago. In these countries, Sagicor insures a substantial proportion of the insured population (life, annuity, health).

6. *Insurance claims risk*

a) *Life, annuity and health contracts*

The principal claims risks for these contracts are mortality, longevity and morbidity risk. For long-term contracts, principal risks affecting claims and benefits also include lapse, expense and investment risk.

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

Policy benefits payable under long-term contracts may be triggered by an insurable event (such as a death, disability or critical illness claim) a specified time (such as for an annuity settlement or a policy maturity) or on the exercise of a surrender or withdrawal request by the policyholder. While settlement of these benefits is therefore expected over the remaining lives of the insureds and annuitants, Sagicor remains subject to uncertainty related to the timing of future benefit cash outflows.

For long-term insurance contracts, significant risks arise from mortality and morbidity experience. Worsening mortality and morbidity will increase the incidence of death and disability claims. Improving mortality (i.e. longevity) will lengthen the pay-out period of annuities.

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e., a medical expense or a death claim. Settlement of these benefits is expected generally within a short period.

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

b) Property and casualty contracts

Claims payable under property and casualty contracts are triggered by an insurable event and may be categorised as:

- attritional losses, which are expected to be of reasonable frequency and are less than established threshold amounts;
- large losses, which are expected to be relatively infrequent and are greater than established threshold amounts;
- catastrophic losses, which are an aggregation of losses arising from one incident or proximate cause, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

The insurer records claims based on submissions made by claimants. The insurer may also obtain additional information from loss adjustors, medical reports and other specialist sources. The initial claim recorded may only be an estimate, which is refined over time until final settlement occurs. In addition, from the pricing methodology used for risks, it is assumed that at any date, there are claims incurred but not reported (IBNR).

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

- invalid or fraudulent claim submissions;
- the frequency of incurred claims;
- the severity of incurred claims;
- the development of incurred claims.

Claims risk may be concentrated in geographic locations, altering the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event could result in very many claims. Concentration of risk is mitigated through risk selection, line sizes, event limits, quota share reinsurance and excess of loss reinsurance. The Group takes reinsurance cover to mitigate the geographic concentrations of its property risks.

7. Reinsurance risk

To limit Sagicor's loss exposure on insurance policies, Sagicor may cede some risk to reinsurers that have well-established capability to meet their contractual obligations and that generally have high credit ratings, which ratings Sagicor monitors, or Sagicor requires that a trust account be maintained as collateral for the obligations.

Under reinsurance contracts, the Group retains some part of the risk (amounts below the "retention limit") and coverage in excess of these limits is ceded to reinsurers. The retention programs used are summarised in notes 42.3 and 43.3 of the annual financial statements. Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified time period.

8. Fiduciary risk

Sagicor provides investment management, insurance and pension administration, and corporate trust services to corporate customers. Investment management services requires the Group to make allocation, purchase and sale decisions in relation to a wide range of investments on behalf of these corporate customers. These services may expose Sagicor to claims for maladministration or underperformance of these investments. As of December 31, 2020, the Group administered US $3,520.7 million in assets on behalf of these corporate customers.

7. Additional Financial Information

1. Derivative Financial Instruments

The Group’s derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to seek to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this where necessary. When entering into derivative transactions, the Group employs its credit risk management procedures to assess and approve potential credit exposures.

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. 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. The contract or notional amounts of derivatives and their fair values are set out in the following table.

(in US $millions)	**Contract / notional**	**Fair Value**	
		Asset	**Liability**
December 31, 2020:			
Equity indexed options	756.6	37.2	-
December 31, 2019:			
Equity indexed options	807.0	36.9	0.3

The Group has purchased equity indexed options in respect of structured products and in respect of life and annuity insurance contracts.

For certain structured product contracts with customers (note 17 of the 2020 annual financial statements), 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, an insurer 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.

2. Related Party Transactions

Note 47 of the annual financial statements provide additional information on related party transactions.

Developments during the reporting period

COVID-19 Pandemic

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

The pandemic has also caused a contraction in the economies in which the Group operates. The spread of the virus, which resulted in widespread travel restrictions and cancellations, has had a significant, negative effect on global travel and the demand for entertainment and related products offered in key markets in which the Group holds investments. Declines in global demand for oil and gas impacted prices and also constrained the Group’s customers.

Investment portfolios have been impacted by the widening of credit spreads which resulted in significant fall-off in asset prices, causing significant reduction in investment income and portfolio management fee income. While international markets have largely recovered, those in the Caribbean remain depressed. Income has also been negatively affected by waivers and reduction of fees associated with loans, in addition to the decline in loan volumes due to contraction in economic activity.

The Group, on recognising that certain of its customers were experiencing financial difficulties, offered extensions of moratoriums, payment deferrals and other accommodative measures to several clients on a case by case basis. By offering some reprieve in these areas, the Group noted positive effects on the delinquency levels of its borrowing and insurance portfolios. Despite these measures, the Group has made significant adjustments to ECLs to recognise the increased credit risk associated with the fall-out in relation to its borrowing and investment portfolios, driven by the downturn in the economy.

In response to the changing, and increasingly uncertain, economic environment, the Sagicor Group has performed reviews and updated its assumptions, including those related to asset impairment, where necessary. Changes in the economic outlook data have been reported in note 41.3 on credit risk and impairment. As part of this process, goodwill was reviewed, and stress testing was performed on assessment assumptions. As a result of this exercise, goodwill has been impaired relating to the subsidiary, Sagicor General Insurance Inc (note 8.2 of the 2020 annual financial statements). Impairment related to the investment in Playa is detailed in note 6.2 of the 2020 annual financial statements and the Group has revalued downwards certain of its hotel properties. Management considered the potential impact of the pandemic on actuarial reserves but concluded that it had not had a significant impact on actuarial assumptions and the valuation of actuarial liabilities of the Group.

The Group continues to monitor the health crisis and the economic impact on its investments, actuarial reserves, customer and trading partners, and the effect on the industries in which it operates. While global vaccination programmes should allow the world, and more particularly the markets in which the Group operates, to gradually return to normal, this will take time. As a result, the pandemic may continue to negatively impact levels of new business and the level of policyholder lapses and surrenders, as well as loan and credit card delinquencies.

Share buyback programme

During the year, the Company repurchased 2,942,500 shares, at a total cost of US $13.1 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 paid on the repurchase of shares has been recorded in retained earnings.

The cost of shares totaling US $0.006 million, which were repurchased at the year-end date but not cancelled, has been reflected in treasury shares.

Investment in Associate - Playa Hotels and Resorts

Changes in Subsidiary and Associate Holdings

On June 12, 2020, in addition to entering into certain financing transactions to support its ongoing operations, Playa sold 4,878,049 ordinary shares at a price of $20 million which resulted in a 0.6% dilution of Sagicor Group Jamaica Limited's 15.4% shareholding, and ultimately the Sagicor Group's ownership interest of 15.4%, in Playa.

On June 15, 2020, Sagicor Financial Corporation Limited, the intermediate parent company of SGJ, acquired a further 1,500,000 shares of Playa by a series of purchases, at a weighted average price of $3.9676 per share, for a total of $5,966.4 including commissions paid. This represented an increase of 1.1% in the Group's shareholding, bringing the Group's total shareholding in Playa to 16%.

The transactions gave rise to a net loss of $2.7 million on dilution of the shareholding (deemed disposal), and negative goodwill of $1.5 million on the acquisition of additional shares, as follows:

(i) Deemed disposal of 0.6% holding in associate:

The Group's share of the carrying value of the investment in Playa on its balance sheet as at June 30, 2020 was compared to its share of the proceeds of $20 million received by Playa and adjusted for recycling of net unrealised foreign exchange gains and unrealised interest rate swap losses in OCI to income.

(in US $millions)	**2020**
Group’s share of proceeds received by Playa on issuance of shares	3.0
Share of carrying value of investment in Playa as an associate on the balance sheet of SGJ as at June 30, 2020	(6.1)
	(3.1)
Net unrealised gains recycled to income	0.4
Loss on deemed disposal of 0.6% holding in associate	(2.7)

(ii) Acquisition of 1.1% holding in associate:

The Group compared its share of the net identifiable assets and liabilities of Playa, at fair value, to the purchase price paid. The resulting negative goodwill has been recorded in these financial statements.

(in US $millions)	**2020**
Share of net assets acquired	7.5
Purchase consideration	(6.0)
Negative goodwill arising on acquisition	1.5

Negative goodwill arose as Playa’s shares have been trading below the company’s book value per share in response to depressed share prices which occurred as the hotel industry has been severely impacted by the effects of COVID-19 coronavirus on tour and hotel bookings, given widespread travel restrictions and cancellations.

Impairment

Following the emergence of COVID-19 coronavirus, which was declared a global pandemic by the World Health organisation on March 11, 2020, the Group considered that travel restrictions, the impact on tour and holiday bookings and cancellations have resulted in a downturn in revenues and profits, thereby negatively impacting the carrying value of this asset.

Assessments of the carrying value of this investment have been performed at each quarter end. A recoverable value was determined using the value-in-use method which is a discounted cash flow technique that utilises a significant amount of judgement in estimating key variables such as earnings before interest, taxes, depreciation and amortisation (EBITDA), terminal growth rates and a discount factor. Value-in-use calculations are very sensitive to changes in these estimates. In arriving at its estimates for EBITDA, management also considered the impact of the uncertainty surrounding the COVID-19 coronavirus and its impact on the tourism sector going forward. As a result of this exercise, the investment was written down by US $31.8 million as at the year-end date.

Reinsurance Agreement

During the year, Sagicor Reinsurance Bermuda Limited (“SRBL”), the Bermuda reinsurance subsidiary of Sagicor Financial Corporation Limited, executed a reinsurance arrangement with Sagicor Life Insurance Company (“SLIC”) through a segregated account of SRBL (see note 39 to the 2020 Annual Financial Statements). Through this arrangement, SLIC transferred the insurance risks associated with certain life products, and financial instruments supporting those liabilities, to SRBL for a ceding commission. This ceding commission will be used to continue the growth of business in the USA.

Commitments

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 (note 4(d)) to the 2020 Annual Financial Statements. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL. It is due to expire on June 26, 2021 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 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 Group must maintain an aggregate MCCSR of at least 175% at the end of any fiscal quarter. The Group must maintain a Fixed Charge Coverage Ratio, at the end of any fiscal quarter, of an excess of 2.00 to 1.00. The ratio of Consolidated Total Indebtedness to Consolidated Total Capitalisation, at the end of any fiscal quarter, must not exceed 0.35 to 1.00. The credit rating of the Group must not fall below a specific predetermined level. The aggregate amount of unrestricted cash and cash equivalents held with the Bank, at any time, should not be less than US $25 million.
Event of Default	Upon an Event of Default, the Bank may declare the obligations due and payable.

Subsequent Events

I. On January 15, 2021, Sagicor Group Jamaica (SGJ) completed the disposal of its 14.9% equity interest (20,000,000 ordinary shares) in Playa Hotels and Resorts for a net cash consideration of US $96 million. The sale of shares took place in a public offering of 11,499,000 ordinary shares held by the Group, concurrent to an underwritten public offering of 25,000,000 new shares by Playa Hotels and Resorts at a public offering price of US $5.00 per share. These transactions were simultaneous with an assignment of an additional 8,501,000 ordinary shares in Playa Hotels and Resorts held by SGJ to Sagicor Financial Corporation Limited, for cash consideration, at a price equal to the price offered through the public offering, less commission expenses associated with the public offering.

Following this transaction, Sagicor Financial Corporation Limited holds 10,001,000 shares directly in Playa Hotels and Resorts and the Group's reduced interest in Playa will result in the investment being designated as a FVTPL investment.

II. Subsequent to the year end, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of US $0.05625 per common share payable on April 21, 2021 to the shareholders of record at the close of business on March 31, 2021.

8. Historical Financial Disclosures

The following table provides a summary of Sagicor's results from continuing operations for the five most recently completed years.

In US $millions, unless otherwise noted	2020	2019	2018	2017 Restated	2016
Net premium revenue	**1,403.4**	1,241.5	1,054.1	745.6	664.0
Net investment and other income	**475.0**	625.8	332.5	463.2	464.7
Total revenue	**1,878.4**	1,867.3	1,386.6	1,208.8	1,128.7
Benefits and expenses	**(1,782.8)**	(1,663.6)	(1,260.4)	(1,095.8)	(984.5)
Other	**(68.0)**	3.0	20.3	12.1	5.4
Income before tax	**27.6**	206.7	146.5	125.1	149.6
Income tax	**(42.7)**	(59.7)	(50.7)	(19.3)	(41.7)
Net (loss)/income before listing expense and other transaction costs	**(15.1)**	147.0	95.8	105.8	107.9
Listing expense and other transaction costs	**-**	(43.4)	-	-	-
Net (loss)/income	**(15.1)**	103.6	95.8	105.8	107.9
Net (loss)/income attributable to common shareholders	**(3.6)**	44.0	36.5	62.3	60.3
Basic EPS before listing expense and other transaction costs	**N/A ¢**	114.3¢	N/A	N/A	N/A
Basic EPS [a]	**(2.4) ¢**	57.5¢	51.7¢	88.7 ¢	84.4¢
Diluted EPS before listing expense and other transaction costs	**N/A ¢**	107.5¢	N/A	N/A	N/A
Diluted EPS[a]	**(2.4) ¢**	54.1¢	50.8¢	86.6 ¢	80.9¢
Annualised return on common shareholders' equity before listing expense and other transaction costs	**N/A**	14.0%	N/A	N/A	N/A
Annualised return on common shareholders' equity	**(0.3%)**	6.8%	6.2%	11.3%	12.3%
Dividends paid per common share	**22.5¢**	5.0 ¢	5.0 ¢	5.0 ¢	4.5 ¢
Total assets	**9,266.3**	8,728.9	7,308.2	6,804.5	6,531.9
Total equity attributable to common shareholders	**1,109.8**	1,154.1	600.9	624.6	536.1

8. Historical Financial Disclosures, continued

In US $millions, unless otherwise noted	**2020**	**2019**	**2018**	**2017 Restated**	**2016**
Net income attributable to common shareholders by operating segment:					
Sagicor Life	**47.7**	60.9	39.6	64.7	64.8
Sagicor Jamaica	**50.5**	61.4	55.7	46.6	44.3
Sagicor Life USA	**(27.1)**	35.4	18.3	13.3	10.5
Head office, other & inter-segment eliminations	**(74.7)**	(113.7)	(77.1)	(62.3)	(59.3)
Net income attributable to common shareholders	**(3.6)**	44.0	36.5	62.3	60.3
Net income attributable to common shareholders before listing expense and other transaction costs	**(3.6)**	87.4	36.5	62.3	60.3

Restatements of the Financial Statements (2017)

Effective January 1, 2018 the Group implemented a policy to harmonise its actuarial reserving practices across operational segments. This voluntary change in policy was reflected as a prior period adjustment in accordance with IAS 8. In addition, a detailed review of Sagicor USA's actuarial model was completed and concluded that the model inputs were generally appropriate; however, certain items which were identified were treated as errors and prior periods were adjusted accordingly. These adjustments required a restatement for the 2017 financial year and impacted the Statement of Financial Position, Statement of Income and Statement of Comprehensive Income.

The information above in respect of the year 2016, has not been restated to include the prior year adjustments applied retrospectively to January 1, 2017. Management does not believe these adjustments are material to impact the ability of the users of the financial information, to assess the performance and/or the financial position of the Group. Effective January 1, 2018, the Group adopted IFRS 9 - Financial Instruments (IFRS 9). As a result of the application of the standard, the Group adopted new accounting policies for financial assets. As permitted by the transition provisions in IFRS 9, the Group elected not to restate comparative period results. Accordingly, the 2017 comparative information on financial assets is presented in accordance with IAS 39 – Financial Instruments – Recognition and Measurement. Adjustments to the carrying amounts of financial instruments as of January 1, 2018 were recognised in the statement of changes in equity.

Further, as allowed, on adoption of IFRS 15 – Revenue from Contracts with Customers, on January 1, 2018, comparative figures in prior years, have not been adjusted. On January 1, 2019, the Group adopted IFRS 16 – Leases using the modified retrospective method with no restatement of comparative information as allowed by the standard.