CONSOLIDATED FINANCIAL STATEMENTS

Coralisle Group Ltd.
Year Ended December 31, 2023

Coralisle Group Ltd.
Financial Statements
Year ended December 31, 2023

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Independent Auditor's Report

The Shareholder
Coralisle Group Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Coralisle Group Ltd. (the Group), which comprise the consolidated statement of financial position as at December 31, 2023 and 2022, and the consolidated statement of comprehensive income (loss), consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying the above conclusion, we draw your attention to the change in accounting principles relating to the Insurance contracts, described in Note 2 to the consolidated financial statements presenting the impacts of IFRS 17 "Insurance Contracts" first time application from January 1, 2023.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young Ltd.

Hamilton, Bermuda
May 31, 2024

Coralisle Group Ltd.
Consolidated Statement of Financial Position
(In Thousands of Bermuda Dollars)

	December 31	
	2023	**Restated 2022**
	$	**$**
Assets		
Cash and cash equivalents (Note 3,13)	**138,591**	123,707
Restricted cash (Note 3,13)	**3,981**	4,591
Financial assets (Note 4,13)	**395,685**	380,388
Accounts receivable and accrued interest (Note 13)	**10,208**	16,956
Other assets (Note 5)	**17,705**	19,537
Amounts due from related companies (Note 13,16)	**16,838**	16,606
Reinsurance contract assets (Note 10,13)	**80,733**	76,312
Deferred tax assets (Note 23)	**382**	471
Tax recoverable (Note 23)	**941**	1,229
Property, plant and equipment (Note 12)	**44,956**	44,911
Intangible assets (Note 11)	**22,506**	24,096
Total general assets	**732,526**	708,804
Segregated fund assets (Note 4,19)	**859,878**	752,796
Total assets	**1,592,404**	1,461,600
Liabilities		
Bank overdraft (Note 3,13)	**1,224**	478
Lease liabilities (Note 17)	**22,598**	24,527
Amounts due to related companies (Note 13,16)	**28**	—
Insurance contract liabilities (Note 9,13)	**247,071**	233,755
Reinsurance contract liabilities (Note 10)	**7,478**	5,989
Other liabilities (Note 14)	**26,392**	20,567
Income tax liabilities (Note 23)	**1,147**	1,517
Interest-bearing loan (Note 18)	—	36,156
Total general liabilities	**305,938**	322,989
Segregated fund liabilities (Note 4,19)	**859,878**	752,796
Total liabilities	**1,165,816**	1,075,785

Coralisle Group Ltd.
Consolidated Statement of Financial Position
(In Thousands of Bermuda Dollars)

	December 31	
	2023	**Restated 2022**
	$	**$**
Shareholder's equity		
Share capital (Note 15)	**1,512**	1,512
Share premium (Note 15)	**2,500**	2,500
Contributed surplus (Note 15)	**9,804**	9,804
Retained earnings	**395,854**	354,748
Fair value through other comprehensive income (loss)	**693**	(246)
Currency translation through other comprehensive income	**176**	—
Total equity attributable to the equity holder of the group	**410,539**	368,318
Non-controlling interest (Note 15)	**16,049**	17,497
Total equity	**426,588**	385,815
Total liabilities and equity	**1,592,404**	1,461,600

See accompanying notes to financial statements.

On behalf of the Board:

Director Date: 31/5/2024

Jane O'Shaughnessy
Director Date: 31/5/2024

Coralisle Group Ltd.
Consolidated Statement of Comprehensive Income (Loss)
(In Thousands of Bermuda Dollars)

	Year Ended December 31	
	2023	Restated 2022
	$	$
Insurance contract revenue (Note 6,9,16)	**874,744**	696,317
Insurance service expense (Note 6,9,16)	**(509,518)**	(424,867)
Net expenses from reinsurance contract held (Note 6,10,16)	**(282,339)**	(197,023)
Insurance service result	**82,887**	74,427
Investment income (loss) (Note 4,7,16)	**26,741**	(24,332)
Investment expense (Note 4,7)	**(294)**	(318)
Insurance finance (expense) income (Note 6,7)	**(5,576)**	254
Reinsurance finance income (expense) (Note 6,7)	**2,188**	(1,918)
Net financial result	**105,946**	48,113
Other operating income	**21,423**	17,819
Other operating expenses (Note 16,21)	**(77,115)**	(69,816)
Income (Loss) before tax	**50,254**	(3,884)
Income tax (Note 23)	**(1,690)**	(2,580)
Net Profit (Loss)	**48,564**	(6,464)
Other comprehensive income		
Unrealized income on financial assets held at fair value through Other comprehensive income (FVOCI)	**939**	171
Currency translation	**176**	—
Other comprehensive income	**1,115**	171
Total comprehensive income (loss) for the year	**49,679**	(6,293)
Attributable to:		
Owners of the Group	**45,221**	(7,969)
Non-controlling interests	**4,458**	1,676
	49,679	(6,293)

See accompanying notes to financial statements.

Coralisle Group Ltd.

Consolidated Statement of Changes in Shareholder's Equity
(In Thousands of Bermuda Dollars)

	Share Capital	Share Premium	Contributed Surplus	Retained Earnings	Currency Translation Through Other Comprehensive Income	Fair Value Through Other Comprehensive Income (Loss)	Total	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance as at December 31, 2021	1,512	2,500	9,804	369,490	—	(417)	**382,889**	15,820	**398,709**
Impact of transition to IFRS 17				(602)	—	—	**(602)**	1	**(601)**
Dividends	—	—	—	(6,000)	—	—	**(6,000)**	—	**(6,000)**
Total comprehensive (loss) income	—	—	—	(8,140)	—	171	**(7,969)**	1,676	**(6,293)**
Restated balance as at December 31, 2022	**1,512**	**2,500**	**9,804**	**354,748**	**—**	**(246)**	**368,318**	**17,497**	**385,815**
Dividends	—	—	—	(3,000)	—	—	**(3,000)**	(5,906)	**(8,906)**
Total comprehensive income	—	—	—	44,106	176	939	**45,221**	4,458	**49,679**
Balance as at December 31, 2023	**1,512**	**2,500**	**9,804**	**395,854**	**176**	**693**	**410,539**	**16,049**	**426,588**

See accompanying notes to financial statements.

(In Thousands of Bermuda Dollars)

	Year Ended December 31	
	2023	**Restated 2022**
	$	**$**
Operating activities		
Total comprehensive income (loss)	**48,564**	(6,464)
Adjustments for:		
Depreciation and amortisation (Note 11,12)	**7,604**	8,708
Deferred tax asset	**89**	—
Net interest (loss) income (Note 16)	**(8,138)**	5,151
Finance Costs (Note 17)	**1,189**	1,267
Net change in unrealised (gains) losses on investments (Note 4)	**(20,950)**	20,566
Share of gains in associated company	**—**	(1,059)
Realised losses on sale of financial assets (Note 4)	**4,559**	7,500
Bond amortisation (Note 4)	**(394)**	(35)
Allowance for expected credit losses (Note 4)	**(1,144)**	1,032
Operating cash flow before changes in operating working capital	**31,379**	36,666
Change in operating working capital (Note 22)	**24,707**	(22,921)
Cash flows provided by operating activities	**56,086**	13,745
Investing activities		
Proceeds from sale of financial assets	**83,737**	44,622
Purchase of financial assets	**(79,990)**	(37,581)
Net interest (loss) income (Note 16)	**8,138**	(5,151)
Purchase of intangible assets (Note 11)	**(550)**	(1,662)
Purchase of property, plant and equipment (Note 12)	**(6,076)**	(5,609)
Proceeds from sale of property, plant and equipment (Note 12)	**567**	24
Repayments (to) related companies (Note 16)	**(204)**	(74)
Investment Deposit	**—**	9,050
Acquisition of a subsidiary, net of cash	**—**	(33,017)
Cash flows provided by (used in) investing activities	**5,622**	(29,398)

(In Thousands of Bermuda Dollars)

	Year Ended December 31	
	2023	Restated 2022
	$	$
Financing activities		
Payments on principal portion of lease liabilities (Note 17)	**(3,910)**	(2,903)
(Repayments of) proceeds from borrowings	**(36,156)**	35,500
Dividends paid to owners	**(3,000)**	(6,000)
Dividends paid to non-controlling interest	**(5,906)**	—
Increase in lease liabilities (Note 17)	**792**	—
Cash flows (used in) provided by financing activities	**(48,180)**	26,597
Net change in cash and cash equivalents	**13,528**	10,944
Cash and cash equivalents at beginning of year	**127,820**	116,876
Cash and cash equivalents at end of year	**141,348**	127,820

Included in cash and cash equivalents above is restricted cash of $3,981 (2022 - $4,591).

See accompanying notes to financial statements.

(In Thousands of Bermuda Dollars)

Notes to Financial Statements

1. General

Coralisle Group Ltd., (the "Holding Company") was incorporated in Bermuda as a holding company and has its head office at the Jardine House, 33-35 Reid Street, Hamilton HM 12, Bermuda. The Holding Company is a wholly-owned subsidiary of Edmund Gibbons Limited (the "Parent Company").

The Holding Company and its subsidiaries (together forming the "Company") conduct business in Bermuda, Guyana, Belize and several jurisdictions across the Caribbean islands, underwriting primarily health and property and casualty insurance. The Company also underwrites certain life products, operates a pharmacy and issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement assets.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
The financial statements, including all notes, were authorized for issue by the Board of Directors on May 13, 2024.

The consolidated financial statements of the Group include:

Company	Domicile	Principal Activities	Ownership Percentage
Coralisle Insurance Company Ltd. (CIC)	Bermuda	Property and casualty insurance: motor, home and commercial property, marine, general liability.	100%
Coralisle Medical Insurance Company Ltd. (CMI)	Bermuda	Group and individual medical and group life insurance.	100%
Coralisle Life Assurance Company Ltd. (CLAC)	Bermuda	Individual life and annuities, accidental death. CLAC also writes unit linked investment policies and personal pension plans	100%
Coralisle Pension Services Ltd. (CPS)	Bermuda	Pension plans administration and investment business	100%
Coralisle Re Ltd. (CRe)	Bermuda	Property catastrophe reinsurance	100%
CG Health Ltd. (CGH) [2]	Bermuda	Operates a pharmacy	100%
CGI Property Holding (Bermuda) Limited	Bermuda	Property holding company	100%
Coralisle Insurance Brokers (TCI) Ltd.(CIB)	Turks & Caicos Islands	Insurance agent for CGAG and CMI	100%
CG Atlantic General Insurance Ltd. (CGAG)	Bahamas	Property and casualty insurance: motor, home and commercial property, marine, general liability	70%

(In Thousands of Bermuda Dollars)

Company	Domicile	Principal Activities	Ownership Percentage
CG Atlantic Medical & Life Insurance Ltd. (CGAML)	Bahamas	Group and individual medical and life insurance	100%
CG Atlantic Insurance Agents & Brokers Ltd. (CGAA)	Bahamas	Insurance broker of CGAG	40%[1]
Coralisle Pension Services (Bahamas) Ltd. (CPSB)	Bahamas	Pension plans administration and investment business	99.98%
CGI Property Holding (Bahamas) Limited	Bahamas	Land development	100%
CG United Insurance Ltd. (United) [3]	Barbados	Property and casualty insurance: motor, home and commercial property, marine, general liability.	100%
British Caymanian Holdings Limited (BCH) [4]	Cayman Islands	Property and casualty insurance: motor, home and commercial property, marine, general liability.	75%
Coralisle Insurance (BVI) Ltd. (CIBVI)	British Virgin Islands	Property and casualty insurance: motor, home and commercial property, marine, general liability. Group and individual medical	*50%[1]

[1] The Holding Company considers CIBVI and CGAA being under its control even if the Holding Company does not own more than 50% of the voting rights. This is due to the management of CIBVI's and CGAA's operations and decision-making power being held by the Holding Company.

[2] CG Health Ltd. (CGH), a pharmacy operating in Bermuda, was founded during the year ended December 31, 2022. The primary goal of the company is to provide the community with better-priced pharmaceutical products, while creating synergies with the health insurance products offered by the Company.

[3] On May 4, 2022, the Holding Company acquired Massy United Insurance Ltd. which was re-branded to CG United Insurance Ltd. (United) (Note 20)

[4] BCH acts as a holding company for shareholders' ownerships in British Caymanian Insurance Company Limited and British Caymanian Insurance Agencies Limited. Both are Cayman Islands registered companies and are direct wholly owned subsidiaries.

During the financial year ended December 31, 2022, Coralisle Private Trustee Ltd. (CPT) proceeded to a voluntary liquidation. CPT , which was 100% owned by the Holding Company, was one of the trustees for the assets of the pension plans administered by CPS. The Coralisle Global Master Retirement Trust (CGT), an entity not owned or controlled by the Holding Company, is now holding the assets previously held by CPT.

2. Summary of Significant Accounting Policies

Basis of Preparation

The preparation of Consolidated Financial Statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results may differ from these estimates. The most significant estimation processes relate to assumptions used in measuring insurance and investment contract liabilities, assessing assets for impairment and fair valuation of certain invested assets. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. The significant accounting policies used and the most significant judgments made by management in applying these accounting policies in the preparation of these financial statements are summarized below.

The Company presents its Consolidated Statement of Financial Position broadly in order of liquidity. The following balances are generally classified as current:

- cash and cash equivalents, restricted cash, financial assets, accounts receivable and accrued interest, amounts due from related companies, reinsurance contract assets, and other assets.
- bank overdrafts, amounts due to related companies, insurance contract liabilities, other liabilities and funds held on behalf of clients.

The following balances are generally classified as non-current:

- deferred tax assets, property, plant and equipment (including right-of-use assets) and intangible assets.
- lease liabilities, income tax liabilities and interest bearing loan.

Prior year changes in the presentation of financial statements

Certain comparative information has been reclassified and/or updated to conform to the current year presentation and to enhance comparability.

The Company adopted the IFRS 17 standard as at January 1, 2023 under the full retrospective approach, and accordingly has restated comparative information for 2022 applying the transitional provisions of IFRS 17. The related changes to significant accounting policies and quantitative impact on equity are stated in the New Standards, Interpretations and Amendments to Published Standards section of this note.

Basis of Measurement

The financial statements have been compiled on the going-concern basis and prepared on the historical cost basis, except for:

- financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at fair value.

- financial assets carried at amortised cost.
- Insurance contract liabilities and reinsurance contract assets are measured on a discounted risk adjusted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy for fair value).

Basis of Consolidation

The Holding Company consolidates the financial statements of all entities it controls. Subsidiaries are entities controlled by the Holding Company. The Holding Company has control over an entity when the Holding Company has the power to govern the financial and operating policies of the entity, is exposed to variable returns from its activities which are significant in relation to the total variable returns of the entity and the Holding Company is able to use its power over the entity to affect its share of variable returns. In assessing control, significant judgment is applied while considering all relevant facts and circumstances. When assessing decision-making power, the Holding Company considers the extent of its rights relative to the management of an entity, the level of voting rights held in an entity which are potentially or presently exercisable, the existence of any contractual management agreements which may provide the Holding Company with power over an entity's financial and operating policies and to the extent of other parties' ownership in an entity, if any, the possibility for de facto control being present. When assessing returns, the Holding Company considers the significance of direct and indirect financial and non-financial variable returns to the Holding Company from an entity's activities in addition to the proportionate significance of such returns. The Holding Company also considers the degree to which its interests are aligned with those of other parties investing in an entity and the degree to which it may act in its own interest.

The financial statements of subsidiaries are included in the Holding Company's consolidated results from the date control is established and are excluded from consolidation from the date control ceases. The initial control assessment is performed at inception of the Holding Company's involvement with the entity and is reconsidered at a later date if the Holding Company acquires or loses power over key operating and financial policies of the entity; acquires additional interests or disposes of interests in the entity; the contractual arrangements of the entity are amended such that the Holding Company's proportionate exposure to variable returns changes; or if the Holding Company's ability to use its power to affect its variable returns from the entity changes.

The Company's consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances. Intercompany balances, and income and expenses arising from intercompany transactions, have been eliminated in preparing the consolidated financial statements.

Non-controlling interests are interests of other parties in the equity of the Holding Company's subsidiaries and are presented within total equity, separate from the equity of the Holding Company's shareholders. Non-controlling interests in the net income and other comprehensive income ("OCI") of the Holding Company's subsidiaries is included in total net income and total OCI. An exception to this occurs where the subsidiary's shares are required to be redeemed for cash on a fixed or determinable date, in which case other parties' interests in the subsidiary's capital are presented as liabilities and other parties in the subsidiary's income and OCI are recorded as expenses of the Holding Company.

The equity method of accounting is used to account for entities over which the Holding Company has significant influence ("associates"), whereby the Holding Company records its share of the associate's net assets and financial results using uniform accounting policies for similar transactions and events. Significant judgment is used to determine whether voting rights, contractual management and other relationships with the entity, if any, provide the Holding Company with significant influence over the entity. Gains and losses on the sale of associates are included in income when realized, while impairment losses are recognised immediately when there is objective evidence of impairment. Gains and losses on commercial transactions with associates are eliminated to the extent of the Holding Company's interest in the associate. Investments in associates are included in other assets on the Holding Company's consolidated statements of financial position.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Holding Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Holding Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Holding Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Fair Value Measurement

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. The Company determines fair value by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximise the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical instruments.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data. Most debt securities are classified within Level 2.

Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In making the assessment, the Company considers factors specific to the asset or liability and such an assessment will involve significant management judgment. Because of the inherent uncertainty in the valuation of these Level 3 investments, fair values of such investments may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Cash and Cash Equivalents

For the purposes of the Consolidated Statement of Cash Flows, the Company considers all cash on hand, time deposits with an original maturity of three months or less and money market funds which can be redeemed without penalty, net of overdrafts as equivalent to cash.

Restricted Cash and Cash Equivalents

The Company classifies cash and cash equivalents balances that are not available for immediate or general business use due to regulatory, licensing or legal restrictions as restricted cash and cash equivalents.

Financial Assets

The Company has the following classifications for measurement of financial assets: (i) financial assets at fair value through profit or loss, (ii) financial assets held at amortised cost, and (iii) financial assets at fair value through other comprehensive income.

Initial Recognition and Measurement

Management determines the classification at initial recognition and it is dependent on the nature of the assets and the purpose for which the assets were acquired. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15").

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Financial Assets Carried at Amortised Cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the Consolidated Statement of Comprehensive Income (Loss) when the asset is de-recognised, modified or impaired. Financial assets classified as investments at amortised cost include term deposits and government treasury notes, notes and bonds, loans and other receivables and term deposits.

Financial Assets at Fair Value Through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to the Statement of Comprehensive Income or Loss.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the Consolidated Statement of Financial Position at fair value with net changes in fair value recognised in the Consolidated Statement of Comprehensive Income (Loss) as a component of net investment income.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as investment income in the Consolidated Statement of Comprehensive Income (Loss) when the right of payment has been established.

Impairment of Financial Assets

The Company assesses all debt instruments not held at fair value through profit or loss to determine if an allowance for expected credit losses (ECLs) is required. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk, and so allowances for financial assets should be measured on a Lifetime ECL ("LTECL") basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default ("EAD") and Loss Given Defaults ("LGD").
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Under the general approach, ECL is categorized into one of three stages. Under stage 1 of the general approach, each financial asset or financial asset grouping will be measured for ECL that results from default events that are possible within the 12 months subsequent to the current fiscal period (12-month ECL) ("12mECL"). Under stages 2 and 3 of the general approach, the financial asset or financial asset group must recognise an ECL allowance for possible default events that may take place over the remaining life of the instrument (LTECL). The categorization of an individual asset or asset group into stage 1, stage 2 or stage 3 is determined by whether there was a significant increase in credit risk since the initial recognition to the reporting date, with the exception of an asset that is categorized as low credit risk.

The stage 1 ECL classification is used for low credit risk assets or assets that have shown significant improvement in credit quality and is reclassified from stage 2 or has had no significant change in credit risk since initial recognition.

The stage 2 ECL classification is used for assets for which there has been a significant decrease in credit quality since initial recognition, or stage 3 assets that have shown significant improvement in credit quality. The stage 3 ECL is reserved for assets considered to be credit impaired.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Further, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

All financial liabilities are recorded in the Consolidated Statement of Financial Position at amortised cost using the effective interest method. Financial liabilities include accounts payable and accrued liabilities, included in other liabilities, which are all current liabilities. The carrying value of the Company's financial liabilities approximates their fair value.

Derecognition and modification of financial liabilities

The Company derecognises a financial liability when:

- its contractual obligations are discharged or cancelled, or expire; or

- its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Consolidated Statement of Comprehensive Income or Loss.

Insurance and Investment Contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Contracts held by the Company under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. Contracts under which the Company does not accept significant insurance risk are classified as either investment contracts or considered service contracts and are accounted for in accordance with IFRS 9 *Financial Instruments* or IFRS 15 *Revenue from Contracts with Customers*, respectively. The Company does not have such contracts at the moment.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can be reclassified as insurance contracts if insurance risk subsequently becomes significant. All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, and reinsurance contracts held, unless specifically stated otherwise.

Level of Aggregation

The Company identifies portfolios of insurance contracts. The Company aggregates all insurance contracts issued into one portfolio and all reinsurance contracts held into one portfolio based on similar risk and are managed together. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

At this time, facts and circumstances do not indicate the possibility of any onerous contracts. Therefore, all contracts are classified in the remaining contracts group.

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

Contract Boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

- A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

Summary of Measurement Models

Direct Contracts

Property and Casualty Contracts: The Company issues Property, Motor , Marine, Aviation and Transport, Pecuniary Loss, Personal Accident Short-Term, Liability, Workers' Compensation. These contracts are accounted for under the Premium Allocation Approach.

Medical insurance: The Company issues comprehensive medical insurance on a single policyholder and group basis. These contracts are accounted for under the Premium Allocation Approach.

Life Contracts: The Company issues Whole life, Term, Unit linked and annuity products. The measurement method is the also the Premium Allocation Approach Model.

Company Life and Disability: The Company issues Life and Disability insurance on a group basis. These contracts are accounted for under the Premium Allocation Approach.

Reinsurance Contracts: Reinsurance contracts are accounted for under the Premium Allocation Approach.

Contract Separation

Embedded derivatives:

When an embedded derivative is not closely related to the host insurance contract, it should be accounted for applying IFRS 9 as if it was a standalone derivative and measured under FVTPL. Where IFRS 9 considers the embedded derivative as closely related to the host insurance contract then the embedded derivative is not separated and is accounted for applying IFRS 17 together with the host insurance contract. No clauses were identified by the Company in any contract which would indicate the presence of an embedded derivative requiring separation.

Investment components:

Distinct investment components are accounted for applying IFRS 9. In assessing whether an investment component is distinct, the Company considers whether the investment and insurance components are not highly interrelated and a contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities (including entities issuing insurance contracts). No clauses were identified in the contracts which would indicate an obligation for the Company to repay a policyholder in all circumstances. Therefore, no investment components requiring separation were identified.

Distinct goods or Non-Insurance Services:

IFRS 17 paragraph 12 requires that any promise to transfer goods or non-insurance services to a policyholder must be unbundled from the host insurance contract by applying IFRS 15 Paragraph 7.

As with investment components and embedded derivatives, an assessment for the presence of goods and services will be required as each new treaty is issued under IFRS 17. Where goods and services are non-distinct (i.e. highly interrelated to the insurance component in the contract), they are not unbundled, and the entire contract is accounted for under IFRS 17.

Each of the insurance contracts underwritten and issued by the Company were reviewed for the inclusion of any distinct goods or services, which would require separation under paragraph 12 of IFRS 17. No clauses were identified in any contract which would indicate the presence of an embedded derivative requiring separation.

Initial Recognition & Measurement

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

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

For insurance contracts issued, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition, less deferred acquisition costs.

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date an onerous group of underlying insurance contracts is recognised, if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date. For reinsurance contracts held, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the amount of ceded premium paid.

For reinsurance contracts held, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the amount of ceded premium paid.

Subsequent Measurement

For insurance contracts issued, subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received, and decreased by deferred acquisition costs and the amount recognised as insurance revenue for the coverage period.

For reinsurance contracts held, subsequently, the carrying amount of the liability for remaining coverage is increased by ceding premiums paid in the period and decreased by the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the liability for remaining coverage for insurance contracts issued and the remaining coverage for reinsurance contract held for the effect of the time value of money and the effect of financial risk as the Company expects that the time between providing each part of the coverage and the related premium due date is not more than a year.

Insurance Acquisition Costs

Commission and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised. All other costs such as allocated acquisition expenses and premium tax are recognised as expenses when incurred.

Onerous Contracts Initial Recognition Parameter

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfillment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfillment cash flows are adjusted for the time value of money and the effect of financial risk if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Liabilities for Incurred Claims

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfillment cash flows relating to incurred claims. The fulfillment cash flows are estimated using the input of assessment for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and include an explicit adjustment for non-financial risk (the risk adjustment). In addition, the fulfillment cash flows include internal loss adjustment expenses, which include estimated internal costs and other expenses that are expected to be incurred to finalize the settlement of the losses. The fulfillment cash flows are discounted unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

The discount rate is based on the risk free rate, plus an illiquidity premium. The Company has estimated the risk adjustment using a Cost of Capital approach. The risk adjustment is only applied to fulfilment cash flows related to past service.

Derecognition and Contract Modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows.

On the derecognition of a contract from within a group of contracts:

- the fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claims costs. Expected future subrogation recoveries are included in the liabilities for incurred claims.

Presentation

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. All insurance finance income or expenses are included in profit or loss.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued, comprising of an allocation of reinsurance premiums paid and amounts recoverable from reinsurers.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to general and administrative expenses and insurance service expenses in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

Computer hardware	5 years
Furniture and office equipment	5 – 15 years
Leasehold improvements	5-10 years
Property	50 years
Motor vehicles	5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Goodwill and Intangible Assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the acquisition cost over the fair value of the Company's proportionate share of net identifiable assets and liabilities of an acquired business at the acquisition date. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment on an annual basis. Any impairment is recognised immediately as an expense.

Finite-life intangible assets are amortised on a straight-line basis over their useful life. The Company has classified software costs as intangible assets if they are not an integral part of the computer equipment. Finite-life intangible assets are recorded at cost less accumulated amortisation. Amortisation is provided for on a straight line basis over the following estimated useful lives.

Computer Software	5-7 years
Portfolio acquisition cost	10 years

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. Impairment losses on other assets are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

The Company assesses, at contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a lease is present. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

If ownership of the leased asset transfers to the Company at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to periodic review for impairment. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset is as follows:

Right-of-use asset	1-14 years

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-Term Leases

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expenses on a straight-line basis over the lease term.

Segregated Funds

Segregated funds arise as a result of the Company entering into contractual arrangements to administer pension schemes and issuing investment contracts. Segregated funds are products for which the Company issues a contract where the benefit amount is directly linked to the fair value of the investments held in the particular segregated fund. Although the underlying assets are registered in the Company and its subsidiaries' name and the segregated fund contract holder has no direct access to the specific assets, the contractual arrangements are such that the segregated fund policyholder bears the risks and rewards of the fund's investment performance.

Segregated funds' net assets are recorded at fair value and primarily include investments in mutual funds, debt securities, equities, short-term investments and cash and cash equivalents and are presented net of management fees not yet collected. The segregated assets are not available to creditors of the Company. The holders of the pension contracts and unit-linked life and investment contracts have no recourse to the Company's assets. Segregated funds' net liabilities are measured based on the value of the segregated funds net assets.

The methodology applied to determine the fair value of investments held in segregated funds is consistent with that applied to direct investments held by the Company, as described above in the Note 19. The segregated fund assets and liabilities are presented in separate lines in the statement of financial position.

Investment returns on segregated fund assets belong to policyholders and pension plan holders and the Company does not bear the risk associated with these assets. Accordingly, investment income earned by segregated funds and expenses incurred by segregated funds are offset and are not separately presented in the statement of comprehensive income.

Fees and Commission Income

Fees and commission income primarily represent fees earned from the management of the Company's segregated funds, administrative services income and reinsurance commission income. Fees and commission income are recorded on an accrual basis when services are rendered.

Investment Income

Interest on cash and cash equivalents and debt securities are recorded on an accrual basis using the effective annual interest rate. Dividend income is recognised when the right to receive the dividend is established.

For loans and receivables reported at amortised cost, interest income is calculated using the effective interest rate method and is reported in the Consolidated Statement of Comprehensive Income (Loss) .

Rental income from investment properties is reported in the Consolidated Statement of Comprehensive Income (Loss) linearly according to the term of the lease.

Defined Contribution Plan

Contributions to the defined contribution plan are recognised as an expense in net income or loss in the Consolidated Statement of Comprehensive Income (Loss) as incurred. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient funds to pay all employees the benefits relating to employee service in current and prior periods.

Retiree Health Benefits

Company employees are part of the Coralisle Retirees Pension and Health Insurance benefits (Coralisle Plan) whereby, the retirees will be reimbursed by the Company for a portion or the entirety of their Medical Plan premiums if they meet certain criteria. This plan is sponsored by the Parent Company. There is no contractual agreement or stated policy with the Parent Company for charging the Company its share of net defined benefit cost and therefore, the portion of premium paid for the eligible retiree is included in expenses.

Provisions and Contingent Liabilities

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company, in conjunction with internal counsel, makes its best estimate of the likelihood or outcome of these actions and considers this in the Company’s accrued liabilities based on information as of the date the financial statements are available to be issued. The Company does not disclose information usually required by IAS 37 on the grounds to not prejudice seriously the outcome of any litigation but does not believe that adverse decisions in any pending or threatened proceedings will have a material impact on the financial condition or future results of operations.

Foreign Currency Transactions and Translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in Bermuda dollars, which is the Company’s presentation currency. Monetary assets and liabilities denominated in currencies other than the functional currency of the Company or its subsidiaries are translated into the functional currency using the rate of exchange prevailing at the balance sheet date. Income and expenses are translated at rates of exchange in effect on the transaction dates. Foreign exchange gains and losses are expensed in the consolidated Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain and loss. Translation differences on non-monetary financial assets classified as fair value through other comprehensive income are included in other comprehensive income.

The financial statements of foreign operations are translated from their respective functional currency to Bermuda dollars, the Company's presentation currency. Assets and liabilities are translated at rates of exchange at the balance sheet date, and income and expenses are translated using the average rates of exchange. The accumulated gains and losses arising from translation of functional currencies to the presentation currency are included in OCI in the consolidated statement of comprehensive income.

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

New Standards, Interpretations and Amendments to Published Standards

Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) that are mandatory for annual reporting periods beginning on or after January 1, 2023.

Effective January 1, 2023, the Company adopted the following new accounting standards:

IFRS 17 - Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has adopted this standard as of January 1, 2023 under the full retrospective approach, and accordingly has restated comparative information for 2022 applying the transitional provisions of IFRS 17.

The key changes to the Company's accounting policies resulting from its adoption of IFRS 17 are summarized below.

Changes to Classification and Measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group:

- the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the requirements in paragraphs 32–52; or
- the coverage period of each contract in the group (including coverage arising from all premiums within the contract boundary determined at that date applying paragraph 34) is one year or less.

The Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA") as a result of the coverage period being one year or less for P&C contracts.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.
- Management opted to include insurance acquisition costs in the measurement of the liability for remaining coverage.

The Company has elected to expense its insurance acquisition cash flows.

Changes to Presentation and Disclosure

For presentation in the Statement of Financial Position, the Company has a set of insurance contracts in a liability position and a set of reinsurance contracts held in an asset position. The portfolios are established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions that were previously in the Statement of Comprehensive Income were:

- Gross premiums written.
- Net premiums written.
- Direct claims incurred-gross.
- Net claims incurred.

These have been replaced by:

- Insurance contract revenue.
- Insurance service expenses.
- Net expenses from reinsurance contracts held.
- Insurance finance income or expenses.
- Reinsurance finance income or expenses.

Transition

Under the full retrospective approach, at January 1, 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before January 1, 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied, which are included in the measurement of the insurance contracts;
- measured owner-occupied properties and the Company's own shares held that were underlying items of direct participating contracts at fair value; and
- recognised any resulting net difference in equity.

The resulting adjustments impact on retained earnings as of the transition date, January 1, 2022, is a decrease of $602 (December 31, 2022 $2,056).

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

The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:

- expectations at contract inception about policyholders' shares of the returns on underlying items at contract inception required for identifying direct participating contracts;
- assumptions about discount rates, because the Company had not been subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before 2007; and
- assumptions about the risk adjustment for non-financial risk, because the Company had not been subject to any accounting or regulatory framework that required an explicit margin for non-financial risk before 2022.

(In Thousands of Bermuda Dollars)

3. Restricted cash and cash equivalents

As at December 31, 2023 and 2022, restricted cash consists of cash held on behalf of clients which cannot be reduced or removed without prior consent of the respective client, and cash deposited with and/or required by a regulator for licensing. Restricted cash is not available for general use.

4. Financial assets

At the Statement of Financial Position date, financial assets are classified as follows:

	2023		**2022**	
	Carrying Value	**Cost**	**Carrying Value**	**Cost**
	$	**$**	$	$
At fair value through profit or loss	**247,809**	**238,940**	254,330	272,252
At fair value through OCI	**49,992**	**49,779**	48,969	50,016
Amortised cost	**97,884**	**99,210**	77,089	79,183
	395,685	**387,929**	380,388	401,451

For all securities, regardless of classification, the Company's largest concentration in any one investee, or group of investees, is 52.57% (2022 - 54.54%).

The investee, PIMCO, is a large asset management firm through which the Company holds a number of managed funds which encompass a diversified asset mix of equities, fixed income and alternative investments.

At Fair Value Through Profit or Loss (FVTPL)

	2023		**2022**	
	Fair Value	**Cost**	**Fair Value**	**Cost**
	$	**$**	**$**	**$**
Managed funds	**214,701**	**205,372**	228,284	244,981
US Government Bonds	**24,104**	**24,811**	19,454	20,530
Corporate Bonds	**4,656**	**4,657**	2,936	2,927
Non-US Govt Bonds	**2,929**	**3,030**	2,197	2,348
Common equity securities	**1,419**	**1,070**	1,459	1,466
	247,809	**238,940**	254,330	272,252

The managed funds owned by the Company invest in a number of different types of investments which include: large cap, small cap and emerging market equity, sovereign bonds, investment grade corporate bonds, high yield bonds, asset backed securities, and alternative investments which can include private equity and real estate.

(In Thousands of Bermuda Dollars)

These investments are subject to the conditions and restrictions as further defined in the terms of the offering of each fund, which are usually contained in a formal offering memoranda. Such offering memoranda generally define the nature and types of investments in which a managed fund can invest and provide for specified procedures regarding further investment in and redemption from the particular fund.

The investment portfolio is monitored by the Investment Committee and is subject to investment guidelines approved by the Board of Directors.

The maturity profile of fixed maturity securities, comprising Corporate, Bahamas Government Registered Securities Non-US Government and US Government debt categorized at fair value through profit or loss, at their carrying value as at the balance sheet date is as follows:

	2023	2022
	$	$
Due less than one year	**6,171**	3,928
From one year to five years	**20,436**	16,441
Over five years	**5,082**	4,218
	31,689	24,587

At Fair Value Through Other Comprehensive Income (FVTOCI)

	2023	2022
	$	$
Bahamas Government Registered Stock	**49,992**	48,969

The Bahamas Government Registered Stock bear interest at rates varying between prime rate plus 0.0273% and 5.5% (2022 - prime rate plus 0.0273% and 5.5%) per annum and mature between May 2024 and January 2049 (2022 - April 2023 and January 2049).

As at December 31, 2023, the Company had $3,000 (2022 – $3,000) of Bahamas Government Registered Stock with maturity dates ranging from 2026 and 2027 (2022 – 2026 and 2027) in a trust by Butterfield Bank to meet requirements of the Insurance Act 2005 (Bahamas), and as such this amount is not available for general corporate use.

Included in accounts receivable and accrued interest in the balance sheet is accrued interest totaling $900 (2022 -$696) on financial assets at FVTOCI.

Included in net investment income in the Statement of Comprehensive Income is an impairment credit/ (charge) of $(117) (2022 - $74) related to the movement in allowance for expected credit losses on Bahamas Government Registered Stock.

(In Thousands of Bermuda Dollars)

Amortised Cost Investments

	2023		2022	
	Carrying Value	**Cost**	**Carrying Value**	**Cost**
	$	**$**	**$**	**$**
Corporate bonds	**21,052**	**21,304**	24,354	24,915
Non-US Government bonds	**26,192**	**27,266**	22,517	24,039
Short term deposits	**45,901**	**45,901**	30,028	30,039
Mortgage loans	**235**	**235**	190	190
US Government bonds	**4,504**	**4,504**	—	—
	97,884	**99,210**	77,089	79,183

Investments held at amortised cost include fixed maturity short-term deposits which are held for more than three months from the date of acquisition and have the following maturities and interest rates:

	Interest Rates		Interest Rates	
	2023	**2023**	**2022**	**2022**
Three months - one year	**0.5 %**	**8.3 %**	0.1 %	8.0 %

Investments held at amortised cost also include corporate, US Government and non-US Government fixed maturity debt instruments which mature as follows:

	2023	2022
	$	**$**
Due less than one year	**58,617**	33,100
From one year to five years	**18,183**	9,470
Over five years	**21,084**	34,519
	97,884	77,089

Included in net investment income in the Statement of Comprehensive Income is an impairment credit/(charge) of $788 (2022 - 1,061) related to expected credit losses on Non-US Government and certain Corporate bonds held at amortised Cost.

Included in the accounts receivable and accrued interest amounts in the statement of financial position is accrued interest totaling $Nil (2022-$18)

(In Thousands of Bermuda Dollars)

Fair Value Hierarchy

The following table presents the fair value hierarchy for the Company's financial assets as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**$**	**$**	**$**	**$**
Managed funds	**167,083**	**20,536**	**27,082**	**214,701**
US Government bonds	**24,104**	—	—	**24,104**
Corporate bonds	—	**4,656**	—	**4,656**
Non-US Govt bonds	—	**2,929**	—	**2,929**
Common equity securities	**1,418**	—	**1**	**1,419**
Total	**192,605**	**28,121**	**27,083**	**247,809**
Segregated fund assets	**36,397**	**823,481**	**1**	**859,879**
Fair value for assets at amortised cost				
Financial assets at FVTOCI	—	**49,992**	—	**49,992**
Financial assets at Amortised cost	**4,504**	**61,310**	**31,902**	**97,716**

The following table presents the fair value hierarchy for the Company's financial assets as of December 31 2022:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**$**	**$**	**$**	**$**
Managed funds	187,100	18,755	22,429	228,284
US Government bonds	19,454	—	—	19,454
Corporate bonds	—	2,936	—	2,936
Non-US Govt bonds	—	2,197	—	2,197
Common equity securities	1,458	—	1	1,459
Total	208,012	23,888	22,430	254,330
Segregated fund assets	22,646	730,149	1	752,796
Assets for which fair values are disclosed				
Financial assets at FVTOCI	—	48,969	—	48,969
Financial assets at Amortised cost	—	43,681	32,701	76,382

(a) Financial Assets in Level 1

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These investments are included in Level 1. Investments included in Level 1 comprise primarily domestic and foreign quoted equity shares and managed funds.

(b) Financial Assets in Level 2 and 3

The fair value of investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques include market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices and reference data including market research publications. In limited circumstances, non-binding broker quotes are used. If all significant inputs required to determine the fair value of an investment are observable, the investment is included in Level 2.

Fair values of the Company's interests in unquoted managed fund investments are based upon the Net Asset Values of the underlying investment funds as reported by the investment managers or their independent administrators. The Company's ability to redeem its managed fund investments at the reported net asset value per share (or its equivalent) determines whether the managed fund investment is categorized within Level 2 or Level 3 of the fair value hierarchy. If the managed fund can be redeemed within a time period of 3 months with no gates or other redemption restrictions it is classified within Level 2. Otherwise, the managed fund is classified within Level 3.

There were no reclassifications of investments between Level 1, Level 2, or Level 3 during the year ended December 31, 2023 and 2022.

(c) Financial Assets in Level 3

The Level 3 financial assets are primarily composed of funds valued on a Net Asset Value (NAV) basis. The most significant input in the valuation is the NAV of the underlying fund. Generally, an increase in the NAV of each underlying fund will have an increase in the fair value of the financial assets.

The following table provides a summary of the changes in fair value of the Company's Level 3 financial assets (and liabilities) for the year ended December 31, 2023:

(In Thousands of Bermuda Dollars)

	Managed Funds	Common Equity	Amortised Cost	Total
	$	$	$	$
Beginning balance as at January 1, 2023	**22,429**	**1**	**32,701**	**55,132**
Movement in unrealised gains	**2,693**	**—**	**—**	**2,693**
Impairment	**—**	**—**	**787**	**787**
Purchases	**6,335**	**—**	**3,816**	**10,151**
Sales	**(4,375)**	**—**	**(5,402)**	**(9,777)**
Ending balance as at December 31, 2023	**27,082**	**1**	**31,902**	**58,986**
Total gains for the year included in income on Level 3 assets (recognized in investment income)	**2,695**	**—**	**787**	**3,482**

The following table provides a summary of the changes in fair value of the Company's Level 3 financial assets (and liabilities) for the year ended December 31, 2022:

	Managed Funds	Common Equity	Amortised Cost	Total
	$	$	$	$
Beginning balance as at January 1, 2022	17,315	14	—	17,330
Movement in unrealised (losses) / gain	(802)	1,547	—	745
Realised losses	(132)	(1,560)	—	(1,692)
Impairment	—	—	(1,061)	(1,061)
Purchases	6,048	—	33,762	39,810
Sales	—	—	—	—
Ending balance as at December 31, 2022	22,429	1	32,701	55,132
Total losses for the year included in income on Level 3 assets (recognized in investment income)	(934)	(13)	(1,061)	(2,008)

A review of the fair value hierarchy classifications is conducted on an ongoing basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the period in which the reclassifications occur.

(In Thousands of Bermuda Dollars)

Investment Income and Expense

Net investment income (loss) and expense comprises the following:

	2023	2022
	$	**$**
Dividend and interest income	**8,138**	5,151
Intercompany and related party interest income	**1,097**	1,014
Realised loss on other investments	**(781)**	(1,068)
Realised loss on sale of investments	**(4,559)**	(7,500)
Net unrealised gain (loss) on investments	**20,950**	(20,566)
Bond amortisation	**394**	35
Management fees	**(292)**	(403)
Allowance for expected credit losses credit	**1,144**	3
Bank and other interest	**355**	(1,032)
Impairment	**1**	(285)
	26,447	(24,650)

5. Other assets

	2023	2022
	$	**$**
Prepaid and other assets	**5,749**	7,416
Inventory	**656**	40
Investment in associate	**11,300**	12,081
	17,705	19,537

The investment in associate represents 40% of the shareholders' equity in Beacon Insurance Company Limited ("BICL"). BICL reported a net loss income after tax of $(2,649) for the year ended December 31, 2022, representing $(1,059) for the Company's 40% share. On November 24, 2023 the Company entered a share purchase agreement to sell its 40% share in BICL in return for a compensation of $11,300, subject to regulatory approval. As a result, the Company recognised an impairment of $(781).

(In Thousands of Bermuda Dollars)

6. Insurance service results

The following tables present an analysis of the insurance revenues and expenses recognised in the period.

	2023	2022
	$	$
Insurance revenue measured under PAA	**874,744**	696,317
Income (expenses) from reinsurance contracts held		
Allocation of reinsurance premium paid	**(303,209)**	(234,675)
Claims recovered from the reinsurer	**32,827**	28,157
Adjustments to liabilities for incurred claims	**(11,957)**	9,495
	(282,339)	(197,023)
Income (expenses) from insurance contracts issued		
Incurred claims and other incurred insurance service expenses	**(446,833)**	(361,340)
Changes relating to past service - adjustment to liabilities for claims incurred	**44,119**	19,507
Insurance acquisition expenses	**(106,804)**	(83,034)
	(509,518)	(424,867)
Finance income (expenses) from insurance contracts issued		
Interest accreted	**(5,446)**	(1,942)
Effect of changes in interest rates and other financial assumptions	**(130)**	2,196
	(5,576)	254
Finance income (expenses) from reinsurance contracts issued		
Interest accreted	**1,639**	(1,523)
Effect of changes in interest rates and other financial assumptions	**549**	(395)
	2,188	(1,918)
Total insurance service and finance result	**79,499**	72,763

(In Thousands of Bermuda Dollars)

7. Total Investment Income and Net Insurance Financial Results

The following tables present an analysis of the investment income and net insurance finance results recognised in the period.

	2023	2022
	$	**$**
Finance income (expenses) from insurance contracts issued		
Interest accreted	**(5,447)**	(1,941)
Effect of changes in interest rates and other financial assumptions	**(129)**	2,195
	(5,576)	254
Finance income (expenses) from reinsurance contracts issued		
Interest accreted	**1,639**	(1,523)
Effect of changes in interest rates and other financial assumptions	**549**	(395)
	2,188	(1,918)
Net finance loss from insurance and reinsurance contracts	**(3,388)**	(1,664)
Summary of the amounts recognized in consolidated statement of comprehensive income (loss)		
Insurance service result	**82,887**	74,427
Net investment income (loss)	**26,447**	(24,650)
Net finance loss from insurance and reinsurance contracts	**(3,388)**	(1,664)
Net insurance and investment result	**105,946**	48,113
Amount recognized in OCI **Based on the assumption of the accounting policy choice, does not disaggregate insurance finance expense between profit/loss and OCI**		
Net investment income	**939**	171

(In Thousands of Bermuda Dollars)

8. Claims development

The claims development table below illustrates the actual claims payments in comparison to the reserves from previous years for property and casualty business, net of reinsurance, as of December 31, 2023. The net cumulative claim reserves for United (Note 20) as of December 31, 2022, and for preceding years, have been allocated to the 2022 diagonal.

Reporting year/period ended:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	$	$	$	$	$	$	$	$	$	$	$	$
At end of reporting year/period	11,146	13,819	12,572	20,416	19,581	14,981	34,808	9,917	13,886	49,667	47,468	
One year later	12,860	15,232	13,469	21,535	18,925	16,074	33,103	10,751	25,203	58,731	—	
Two years later	12,817	15,820	13,671	21,338	18,978	15,669	32,577	16,888	27,157	—	—	
Three years later	12,652	16,580	13,822	21,425	18,832	15,787	39,782	16,971	—	—	—	
Four years later	12,923	16,495	14,096	21,741	18,848	21,752	39,912	—	—	—	—	
Five years later	13,032	16,649	14,154	22,126	23,591	21,333	—	—	—	—	—	
Six years later	13,008	16,627	14,152	24,181	22,850	—	—	—	—	—	—	
Seven years later	13,014	16,597	18,034	24,382	—	—	—	—	—	—	—	
Eight years later	13,014	18,588	18,021	—	—	—	—	—	—	—	—	
Nine years later	14,015	18,646	—	—	—	—	—	—	—	—	—	
Ten years later	14,010	—	—	—	—	—	—	—	—	—	—	
Current estimate of net cumulative claims	14,010	18,646	18,021	24,382	22,850	21,333	39,912	16,971	27,157	58,731	47,468	309,481
Cumulative payments to date	(7,784)	(10,222)	(8,276)	(22,829)	(19,956)	(18,200)	(36,165)	(12,403)	(20,572)	(47,233)	(20,366)	(224,006)
Net liabilities for accident years 2013 - 2023	6,226	8,424	9,745	1,553	2,894	3,133	3,747	4,568	6,585	11,498	27,102	85,475
Net liabilities for prior accident year												5,108
Effect of discounting												2,486
Effect of the risk adjustment margin for non-financial risk												(797)
Net LIC for the contracts originated												92,272

(In Thousands of Bermuda Dollars)

9. Reconciliation of insurance contract liabilities

The roll-forward of liabilities for insurance contracts showing liabilities for remaining coverage and liabilities for incurred claims are disclosed in the tables below:

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening insurance contract liabilities	**94,944**	**—**	**132,968**	**5,843**	**233,755**
Changes in the consolidated statement of comprehensive income (loss)					
Insurance revenue					
Insurance contract revenue measured under PAA	(874,744)	—	—	—	**(874,744)**
Insurance service expenses					
Incurred claims and other insurance service expenses	106,806	—	447,391	(560)	**553,637**
Adjustments to liabilities for incurred claims	—	—	(42,304)	(1,815)	**(44,119)**
Insurance service result	**(767,938)**	**—**	**405,087**	**(2,375)**	**(365,226)**
Insurance finance expenses from insurance contracts	—	—	5,576	—	**5,576**
Total changes in the Consolidated Statement of Comprehensive Income (Loss)	**(767,938)**	**—**	**410,663**	**(2,375)**	**(359,650)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	887,863	—	—	—	887,863
Claims and other insurance service expenses paid (including investment components)	(111,364)	—	(403,534)	—	(514,898)
Total cash flows	**776,499**	**—**	**(403,534)**	**—**	**372,965**
Closing insurance contract liabilities	**103,504**	**—**	**140,099**	**3,468**	**247,071**

(In Thousands of Bermuda Dollars)

	2022				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening insurance contract liabilities	**93,038**	**—**	**115,707**	**5,500**	**214,245**
Changes in the consolidated statement of comprehensive income (loss)					
Insurance revenue					
Insurance contract revenue measured under PAA	(696,317)	—	—	—	**(696,317)**
Insurance service expenses					
Incurred claims and other insurance service expenses	83,034	—	360,288	1,052	**444,374**
Adjustments to liabilities for incurred claims	—	—	(18,798)	(709)	**(19,507)**
Insurance service result	**(613,283)**	—	**341,490**	**343**	**(271,450)**
Insurance finance income from insurance contracts	—	—	(254)	—	**(254)**
Total changes in the consolidated statement of comprehensive income (loss)	**(613,283)**	—	**341,236**	**343**	**(271,704)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	690,398	—	—	—	690,398
Claims and other insurance service expenses paid (including investment components)	(75,209)	—	(323,974)	—	(399,183)
Total cash flows	**615,189**	**—**	**(323,974)**	**—**	**291,215**
Closing insurance contract liabilities	**94,944**	**—**	**132,968**	**5,843**	**233,755**

(In Thousands of Bermuda Dollars)

10. Reconciliation of reinsurance contract assets

The roll-forward of the net asset for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on insurance ceded to reinsurers are disclosed in the tables below:

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening reinsurance contract assets	39,402	—	35,564	1,346	**76,312**
Opening reinsurance contract liabilities	(5,989)	—	—	—	**(5,989)**
Net opening balance	**33,413**	**—**	**35,564**	**1,346**	**70,323**
Changes in the consolidated statement of comprehensive income (loss)					
Insurance revenue					
Allocation of reinsurance premiums paid	(303,209)	—	—	—	**(303,209)**
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	32,890	(63)	**32,827**
Insurance service expenses					
Changes in recoveries for past claims	—	—	(11,343)	(614)	**(11,957)**
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	2,188	—	**2,188**
Insurance service result	**(303,209)**	**—**	**23,735**	**(677)**	**(280,151)**
Total changes in the consolidated statement of comprehensive income (loss)	**(303,209)**	**—**	**23,735**	**(677)**	**(280,151)**

(In Thousands of Bermuda Dollars)

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums paid	363,840	—	—	—	**363,840**
Amounts received from reinsurers relating to incurred claims	(47,930)	—	(32,827)	—	**(80,757)**
Total cash flows	**315,910**	**—**	**(32,827)**	**—**	**283,083**
Net closing balance	46,114	—	26,472	669	73,255
Closing reinsurance contract assets	53,592	—	26,472	669	**80,733**
Closing reinsurance contract liabilities	(7,478)	—	—	—	**(7,478)**
Net closing balance	**46,114**	**—**	**26,472**	**669**	**73,255**

(In Thousands of Bermuda Dollars)

	2022				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening reinsurance contract assets	40,421	—	29,199	707	**70,327**
Opening reinsurance contract liabilities	(8,096)	—	—	—	**(8,096)**
Net opening balance	**32,325**	**—**	**29,199**	**707**	**62,231**
Changes in the consolidated statement of comprehensive income (loss)					
Insurance revenue					
Allocation of reinsurance premiums paid	(234,675)	—	—	—	**(234,675)**
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	27,828	329	**28,157**
Insurance service expenses					
Changes in recoveries for past claims	—	—	9,185	310	**9,495**
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	(1,918)	—	**(1,918)**
Insurance service result	**(234,675)**	**—**	**35,095**	**639**	**(198,941)**
Cash flows					
Premiums paid	268,037	—	—	—	268,037
Amounts received from reinsurers relating to incurred claims	(32,274)	—	(28,730)	—	(61,004)
Total cash flows	**235,763**	**—**	**(28,730)**	**—**	**207,033**
Closing reinsurance contract assets	39,402	—	35,564	1,346	**76,312**
Closing reinsurance contract liabilities	(5,989)	—	—	—	**(5,989)**
Net closing balance	**33,413**	**—**	**35,564**	**1,346**	**70,323**

(In Thousands of Bermuda Dollars)

11. Goodwill and Intangible Assets

	2023	2022
	$	$
Goodwill	**15,793**	15,793
Net Intangibles	**6,713**	8,303
	22,506	24,096

The Goodwill is allocated to two cash-generating units (CGU).

	2023	2022
	$	$
United (Note 20)	**9,275**	9,275
BCH	**6,518**	6,518
	15,793	15,793

When testing for impairment, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. A Group-specific risk-adjusted discount rate of 7% (2022 – 7%) is used. The projected cash flows are determined by past performances and management expectations for market developments.

No impairment loss was recorded as of December 31, 2023 and 2022.

Intangible assets as at December 31, 2023, are detailed below:

	2022	Additions	Disposals	2023
Cost	$	$	$	$
Insurance licenses	1,000	—	—	**1,000**
Computer software	14,950	550	(428)	**15,072**
Portfolio acquisition cost	8,948	—	—	**8,948**
	24,898	550	(428)	**25,020**

	2022	Amortisation	Disposals	2023
Accumulated amortisation	$	$	$	$
Insurance licenses	—	—	—	—
Computer software	12,275	734	(428)	**12,581**
Portfolio acquisition cost	4,320	1,406	—	**5,726**
	16,595	2,140	(428)	**18,307**
Net book value	8,303			**6,713**

(In Thousands of Bermuda Dollars)

Intangible assets as at December 31, 2022 are detailed below:

	2021	Acquisition of a subsidiary (Note 20)	Additions	Disposals	2022
Cost	**$**	**$**	**$**	**$**	**$**
Insurance licenses	—	1,000	—	—	1,000
Computer software	13,288	—	1,662	—	14,950
Portfolio acquisition cost	2,648	6,300	—	—	8,948
	15,936	7,300	1,662	—	24,898

	2021	Acquisition of a subsidiary (Note 20)	Amortisation	Disposals	2022
Accumulated amortisation	**$**	**$**	**$**	**$**	**$**
Computer software	11,456	—	819	—	12,275
Portfolio acquisition cost	2,040	—	2,280	—	4,320
	13,496	—	3,099	—	16,595
Net book value	2,440				8,303

Until December 31, 2014, management considered the portfolio acquisition cost as having an indefinite useful life. Consequently, the asset was not amortised, but was tested annually for impairment. Due to a change in circumstances, effective January 1, 2015, management determined that the asset's useful life had changed from indefinite to finite.

No impairment was recorded as of December 31, 2023 and 2022.

(In Thousands of Bermuda Dollars)

12. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2023, comprises the following:

	2022	Additions	Disposals	2023
Cost	**$**	**$**	**$**	**$**
Land	4,453	—	—	**4,453**
Property	14,760	3,424	—	**18,184**
Leasehold improvements	13,625	415	—	**14,040**
Right-of-use assets	34,426	792	—	**35,218**
Computer hardware	11,270	445	(1,338)	**10,377**
Furniture and office equipment	12,667	957	(1,387)	**12,237**
Motor vehicles	960	43	(37)	**966**
	92,161	6,076	(2,762)	**95,475**

	2022	Depreciation	Disposals	2023
Accumulated depreciation	**$**	**$**	**$**	**$**
Land	—	—	—	—
Property	4,024	269	—	**4,293**
Leasehold improvements	11,995	422	—	**12,417**
Right-of-use assets	10,875	3,009	—	**13,884**
Computer hardware	10,486	358	(1,338)	**9,506**
Furniture and office equipment	9,424	1,316	(823)	**9,917**
Motor vehicles	446	90	(34)	**502**
	47,250	5,464	(2,195)	**50,519**
Net book value	44,911			**44,956**

Property, plant and equipment as at December 31, 2022, comprises the following:

(In Thousands of Bermuda Dollars)

	2021	Acquisition of a subsidiary (Note 20)	Additions	Disposals	2022
Cost	$	$	$	$	$
Land	1,804	2,649	—	—	4,453
Property	9,043	4,128	1,589	—	14,760
Leasehold improvements	12,925	—	700	—	13,625
Right-of-use assets	37,050	373	583	(3,580)	34,426
Computer hardware	10,939	—	331	—	11,270
Furniture and office equipment	8,944	3,177	582	(36)	12,667
Motor vehicles	608	—	352	—	960
	81,313	10,327	4,137	(3,616)	92,161

	2021	Acquisition of a subsidiary (Note 20)	Depreciation	Disposals	2022
Accumulated depreciation	$	$	$	$	$
Property	3,785	—	239	—	4,024
Leasehold improvements	11,578	—	417	—	11,995
Right-of-use assets	7,848	—	3,027	—	10,875
Computer hardware	9,999	—	491	(4)	10,486
Furniture and office equipment	8,168	—	1,276	(20)	9,424
Motor vehicles	287	—	159	—	446
	41,665	—	5,609	(24)	47,250
Net book value	39,648				44,911

13. Risk Management and Financial Instruments

The activities of the Company involve the use of insurance contracts and financial instruments. As such, the Company is exposed to insurance risks and financial risks. This note presents information about the Company’s exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board has established an Investment Management Committee, Risk Oversight Committee and Audit Committee, which along with the CEO are responsible for developing and monitoring the Company’s risk management policies. The committees and CEO report regularly to the Board of Directors on their activities.

The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Investment Management Committee, Risk Oversight Committee and Audit Committee of the Company are standing committees of the Board of Directors and assist the Board in fulfilling its oversight responsibilities relating to the financial reporting process, internal accounting and financial controls, audit and risk review process, risk assessment and risk management and compliance with legal and regulatory requirements. The Investment Management Committee, Risk Oversight Committee and Audit Committee meet at least four times per annum and report to the Board of Directors on their performance with regards to their respective terms of reference.

The principles used by the Company in managing its insurance risks are set out below.

Insurance Risk

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

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

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company insures the risks of individuals and companies located in Bermuda, Guyana, Belize and several jurisdictions across the Caribbean islands. There is a concentration of industry risk which is managed through its underwriting strategy and reinsurance arrangements. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The Company predominantly funds its net insurance liabilities (net of reinsurance recoveries) through its cash and in the normal course of its operations. In the event of a catastrophe, the net insurance liabilities may require funding through the disposal of the Company's portfolio of investments.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date).

The majority of the insurance risk to which the Company is exposed is of a short-tail nature, as policies generally cover a 12-month period. The duration of claims liability varies as presented below:

	2023	2022
Net short-term insurance liabilities – medical	**2.5 months**	2.4 months
Net short-term insurance liabilities – property risk	**9 months to 13 months**	6 months to 1 year
Net short-term insurance liabilities – casualty risk	**1 - 2 years**	3 months to 3 years

General Insurance

The Company provides health insurance coverage in The Bahamas, Bermuda, Cayman, the British Virgin Islands, the Turks & Caicos Islands, Barbados and other Eastern Caribbean jurisdictions which includes medical, dental, vision, long term disability, short term disability, Company life and accidental death and dismemberment risks. The Company provides coverage for motor vehicle, motor cycle, property, marine and general liability risks in the jurisdictions above as well as in Aruba, Bonaire, Curacao, Antigua, Trinidad & Tobago, Guyana, Jamaica, Belize, Dominica, Saint Lucia, Grenada, Anguilla, Montserrat, and Saint Vincent and The Grenadines.

The Company provides property and casualty coverage with the following per risk treaty limits:

	Treaty Limit Per Risk (in millions of Bermuda dollars)				
	Bermuda	**Barbados**	**Bahamas**	**Cayman**	**BVI**
Property	13	13	10	7	3
Motor liability	5	30	10	12	1
General liability	5	5	5	6	5
Marine hull liability	1	1	1	1	1
Engineering	11	13	11	11	11
Professional indemnity and directors & officers liability	3	3	3	3	3
Bonds	—	3	3	—	—

Company provides health coverage with the following maximum limits:

	Maximum Coverage Limit
	$
Medical	**5,000**
Group life	**2,000**
Individual Life	**100**
Accidental death and dismemberment	**2,000**

The Company also offers international health insurance coverage for medical, dental, life, long term disability and accidental death and dismemberment risks for individuals and groups working outside their home country. The maximum annual coverage limit is $2,000 (2022 - $2,000) per insured.

Contract Risk

Insurance contract risk is the risk that a loss arises from the following reasons:

- Fluctuation in the timing, frequency and severity of claims relative to expectations;
- Inadequate reinsurance protection, and;
- Large unexpected losses arising from a single event such as a catastrophe.

Insured events can occur at any time during the coverage period and can generate losses of variable amounts. An objective of the Company is to ensure that sufficient claims liabilities are established to cover future insurance claim payments related to past insured events. The Company's success depends upon its ability to accurately assess the risk associated with the insurance contracts underwritten by the Company. The Company establishes claims liabilities to cover the estimated liability for the payment of all losses, including loss adjustment expenses incurred with respect to insurance contracts underwritten by the Company. Claims liabilities do not represent an exact calculation of the liability. Rather, claims liabilities are the Company's best estimates of its expected ultimate cost of resolution and administration of claims.

The composition of the Company's insurance risk, as well as the methods employed to mitigate risks, are described below.

Risk Related to the Timing, Frequency and Severity of Claims

The occurrence of claims being unforeseeable, the Company is exposed to the risk that the number and the severity of claims would exceed the estimates.

Strict claim review policies are in place to assess all new and ongoing claims. Regular detailed reviews of claims handling procedures and frequent investigations of possible fraudulent claims reduce the Company's risk exposure. Furthermore, the Company enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that could negatively impact the business.

Catastrophe Risk

Catastrophe risk is the risk of occurrence of a catastrophe defined as any one claim, or group of claims related to a single event such as large fires, hurricanes or windstorms. Catastrophes can have a significant impact on the underwriting income of an insurer.

The Company has limited its exposure to catastrophe risk by imposing maximum claim amounts on certain contracts, as well as by using reinsurance arrangements. The Company purchases a combination of proportional and non-proportional reinsurance to manage catastrophe exposure.Retention limits for the excess of loss reinsurance vary by product line.

The Company purchased catastrophic excess of loss life reinsurance providing cover for the loss of 6 lives or more (2022 - 6) that are involved in any one loss.

	2023	2022
Life catastrophe risk	**$**	**$**
Per occurrence in excess of	**250**	250
Limit per occurrence	**5,000**	5,000

Reinsurance Protection

In the normal course of business, the Company limits the amount of loss on any one policy by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the Company's liability as the primary insurer. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the Company would also be liable for the reinsured amount.

(In Thousands of Bermuda Dollars)

For larger individual property risks the Company obtains the additional coverage by way of prearranged facilities and facultative reinsurance. The Company also purchases property catastrophe reinsurance. The coverage and cost is shared by all property and casualty companies in the Holding Company. A subsidiary provides cover to reduce the treaty deductible from $10,000 (2022 - $7,000) on the first event and from $7,363 (2022 - $3,500) for the second event to the below:

	2023	2022
Shared by all subsidiaries of the Company	$	$
First event - Per event exposures in excess of	**3,000**	2,000
Second event - Per event exposures in excess of	**3,000**	2,000
Limited to a maximum of	**270,000**	170,000
Optional third event - Limited to a maximum of	**30,000**	30,000

The third event cover provides reinsurance protection for losses impacting the layer $10,000 in excess of $10,000 and $30,000 in excess of $20,000.

The Company's motor and general liability exposure is limited through the purchase of excess of loss reinsurance which covers the maximum limits insured on any one risk in all jurisdictions.

	2023	2022
Motor	$	$
Loss limit per occurrence	**750**	500

The Company purchased an excess of loss reinsurance treaty in prior years which specifically limits marine losses.

	2023	2022
Marine	$	$
Loss limit per risk	**—**	125

The Company follows the policy of underwriting and reinsuring all contracts of insurance which limit the retained liability of the Company to a maximum amount on any one individual medical loss per year:

	2023	2022
Medical	$	$
Individual loss limit per year	**350**	350

(In Thousands of Bermuda Dollars)

Exposure to Insurance Risk

Key Assumptions

The principal assumption underlying the unpaid claim estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence: changes in market factors such as public attitude to claiming: economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Sensitivities

The claims liabilities' to certain assumptions are presented in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Property and casualty entities

Sensitivity Factor	Description of Sensitivity Factor Applied
Average number of claims (frequency)	The impact of a change in number of claims by 10%
Average claim costs (severity)	The impact of a change in average claim cost by 10%

	Number of Claims +10%	Number of Claims -10%	Claim Costs +10%	Claim Costs -10%
	Increase (Decrease)			
	$			
At December 31, 2023				
Impact on profit*	(6,897)	6,897	(6,897)	6,897
Impact on shareholders' equity*	(6,897)	6,897	(6,897)	6,897

*Net of reinsurance

(In Thousands of Bermuda Dollars)

Medical insurance entities

Sensitivity Factor	Description of Sensitivity Factor Applied
Average number of claims (frequency)	The impact of a 18% increase or 14% decrease in number of claims
Average claim costs (severity)	The impact of a 15% increase or 12% decrease in average claim cost

	Number of Claims +18%	Number of Claims -14%	Claim Costs +15%	Claim Costs -12%
	Increase (Decrease)			
	$			
At December 31, 2023				
Impact on profit*	2,846	2,214	3,618	2,894
Impact on shareholder's equity*	2,846	2,214	3,618	2,894

*Net of reinsurance

Long Term Insurance

The Company provides life insurance and accidental death benefits coverage as well as investment and savings products in Bermuda, Cayman, British Virgin Islands and internationally. Life insurance contracts offered by the Company include: whole life, term assurance, single premium immediate annuity and variable life.

Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death.

All life insurance policies include the option to purchase contribution protection benefits that provide for payment of contributions on behalf of policyholders in periods of total disability.

The main risks that the Company is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected.
- Longevity risk – risk of loss arising due to the annuitant living longer than expected.
- Investment return risk – risk of loss arising from actual returns being different than expected.
- Expense risk – risk of loss arising from expense experience being different than expected and the risk of future inflation causing expenses to be higher than projected, thus impacting reserves.
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

(In Thousands of Bermuda Dollars)

Life Risks

Reinsurance agreements are in place for individual life business. The Company does not assure any individual life risks in excess of the reinsurers' limits. The individual life business is reinsured on claims in excess of $100 domestically (2022 – $100) and $100 internationally (2022 – $100) with the reinsurers' limit being $3,000 (2022 – $3,000). However, the Company's reinsurer has made exceptions on individual considerations and has accepted higher limits.

Accidental Death Benefit

The reinsurer can participate in risks up to $1,000 (2022 - $1,000) of accidental death benefit (ADB) per life with all carriers. The Company does not insure any individual ADB risks in excess of the reinsurer's limits. The Company does not retain any exposure to ADB risks.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies of the Company are discussed below:

Credit Risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum credit risk exposure is the carrying value of assets less any provisions for irrecoverable amounts. The Company is exposed to credit risk in the following areas:

Cash and Investments

Investment asset allocation is determined by the Company's Investment Committee who manages the distribution of the assets to achieve the Company's investment objectives and to mitigate credit risks. Divergence from target asset allocations and the composition of the portfolio is monitored by the Company's Board of Directors and Investment Committee.Details of the concentration on investments are disclosed in note 4.

The Company's exposure to individual counterparty credit risk on cash and cash equivalents exceeding 10% of the total balance is set out below:

	2023	2022
	$	$
CIBC FirstCarribbean International Bank	**60,321**	73,944
Bank of N.T. Butterfield	**23,531**	27,188

(In Thousands of Bermuda Dollars)

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Purchased or originated credit impaired financial assets ("POCI") are financial assets that are credit impaired at initial recognition. These financial assets are always measured on the basis of lifetime expected credit loss.

The following table shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end classification.

	Financial assets at amortised cost				
	2023				
	ECL Staging			**POCI**	**Total**
	Stage 1 12 month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL		
	$	$	$	$	$
Aaa	5,426	—	—	—	**5,426**
Aa1	3,479	—	—	—	**3,479**
Aa2	29,791	—	—	—	**29,791**
Aa3	634				**634**
A1	3,620	—	—	—	**3,620**
A2	3,810	—	—	—	**3,810**
A3	3,898				**3,898**
Baa1	3,364	—	—	—	**3,364**
Baa2	3,238	—	—	—	**3,238**
Baa3	5,302	—	—	—	**5,302**
Ba2	—	5,902	—	—	**5,902**
Ba3	—	902	—	—	**902**
B2	1,262	3,455	—	—	**4,717**
B3	2,430	1,709	—	16,033	**20,172**
Caa2	842	1,427	—	—	**2,269**
Not rated	2,182	—	—	—	**2,182**
Total Gross Amount	**69,278**	**13,395**	**—**	**16,033**	**98,706**
ECL	(5)	(31)	—	(786)	(822)
Total Net Amount	**69,273**	**13,364**	**—**	**15,247**	**97,884**

(In Thousands of Bermuda Dollars)

	Financial assets through other comprehensive income				
	2023				
	ECL Staging			POCI	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	$	$	$	$	$
Aaa	115	—	—	—	**115**
B1	49,877	—	—	—	**49,877**
Total Gross Amount	**49,992**	**—**	**—**	**—**	**49,992**
ECL	(364)	—	—	—	(364)
Total Net Amount	**49,628**	**—**	**—**	**—**	**49,513**

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

	Financial assets at amortised cost				
	2023				
	ECL Staging			POCI	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	$	$	$	$	$
Gross Exposure	**69,278**	**13,395**	**—**	**16,033**	**98,706**
ECL	**(5)**	**(31)**	**—**	**(786)**	**(822)**
	69,273	**13,364**	**—**	**15,247**	**97,884**

	Financial assets at amortised cost				
	2022				
	ECL Staging			POCI	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	$	$	$	$	$
Gross Exposure	48,562	16,084	—	14,526	79,172
ECL	(31)	(303)	—	(1,749)	(2,083)
	48,531	15,781	—	12,777	77,089

(In Thousands of Bermuda Dollars)

	Financial assets at amortised cost				
	2023				
	ECL Staging				
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	$	$	$	$	$
At beginning of year	**(31)**	**(303)**	**—**	**(1,749)**	**(2,083)**
ECL reversal sold/matured investments	**—**	**—**	**—**	**—**	**—**
Other credit loss movement: changes in assumptions/movement in categories	**26**	**272**	**—**	**963**	**1,261**
At end of year	**(5)**	**(31)**	**—**	**(786)**	**(822)**

	Financial assets at amortised cost				
	2022				
	ECL Staging				
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	$	$	$	$	$
At beginning of year	(461)	(315)	(1,267)	—	(2,043)
ECL reversal sold/matured investments	—	—	719	—	719
Other credit loss movement: changes in assumptions/movement in categories	430	12	549	(1,749)	(758)
At end of year	(31)	(303)	—	(1,749)	(2,083)

(In Thousands of Bermuda Dollars)

Geographical Concentration

The geographical concentration of financial assets at amortised cost which includes debentures, bonds, treasury bills, deposits and mortgages is as follows:

	2023	2022
	$	$
United States	**19,916**	16,965
Trinidad & Tobago	**17,578**	17,287
Barbados	**17,121**	15,194
Jamaica	**11,425**	691
The Bahamas	**6,057**	5,997
Aruba	**3,778**	2,170
St. Lucia	**3,623**	1,582
Antigua	**3,595**	1,038
Turks & Caicos	**3,491**	2,689
Others	**11,065**	13,286
Total	**97,649**	76,899
Barbados	**164**	190
Grenada	**71**	—
Total Mortgages	**235**	190

Insurance Balances Receivable

The Company's exposure to credit risk on its insurance balances receivable is influenced by the financial stability of entities and individuals that purchase insurance products. This credit risk is controlled by monitoring the aging of all amounts outstanding on an ongoing basis and monitoring the customers' financial health by reference to the media and discussions with the customers. A provision is made for non-recovery if considered necessary.

Collateral is not held against any of the outstanding balances; however the Company has the right to cancel the policy for non-payment. Based on the Company's current aging analysis, all premiums receivable over 30 days are considered to be past due but not impaired. Customer accounts that become past due over 60 days are placed on-hold and those that are over 90 days past due are considered for impairment by management. Cancellation or extension of the terms of the credit is considered on a case by case basis.

Reinsurance Contract Assets

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of its reinsurers to minimize the exposure to significant losses from reinsurer insolvencies.

The Company reviews the creditworthiness of reinsurers on an annual basis and generally enters and maintains contracts with reinsurers that (1) have been rated as A- or higher by the AM Best credit rating agency and (2) have in excess of $500 million in capital and surplus. Current financial statements of the reinsurers are reviewed annually. Based on the individual reinsurance agreements, the Company may have the right to offset amounts due to reinsurers against any amounts due from reinsurers.

Amounts due from reinsurers are assessed regularly for any indication of impairment. At December 31, 2023, $45,206 (2022 - $51,881) was due from reinsurers who generally have an A.M. Best rating of at least A-. Management considers that there is no significant credit risk associated with any of the Company’s reinsurers.

Related-Party Receivables

Amounts due from related parties are assessed and monitored for any indication of impairment. At December 31, 2023, all amounts are considered collectible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is exposed to daily calls on its available cash resources for the payment of claims, policy benefits and operating expenses. In order to manage the Company’s liquidity risk, management seeks to maintain levels of cash and short-term deposits sufficient to meet its liabilities when due, under normal and stressed conditions without incurring unacceptable losses or risking damage to the Company’s reputation.

The following table summarizes the contractual recovery or settlement of other assets held (within 12 months from the Statement of Financial Position date) and the maturity profile of the Company’s liabilities relating to financial instruments and insurance contracts:

(In Thousands of Bermuda Dollars)

	2023			2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Financial assets	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	**138,591**	—	**138,591**	123,707	—	123,707
Restricted cash and cash equivalents	**3,981**	—	**3,981**	2,674	1,917	4,591
Financial assets	**274,942**	**120,743**	**395,685**	286,343	94,045	380,388
Accounts receivable and accrued interest	**10,208**	—	**10,208**	16,956	—	16,956
Tax recoverable	**941**	—	**941**	1,229	—	1,229
Other assets	**17,705**	—	**17,705**	19,537	—	19,537
Amounts due from related companies	**16,838**	—	**16,838**	16,606	—	16,606
Deferred tax assets	—	**382**	**382**	—	471	471
Reinsurance contract assets	**80,733**	—	**80,733**	76,312	—	76,312
	543,939	**121,125**	**665,064**	543,364	96,433	639,797

	2023			2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Financial liabilities	**$**	**$**	**$**	**$**	**$**	**$**
Bank overdraft	**1,224**	—	**1,224**	478	—	478
Lease liabilities	**2,715**	**19,883**	**22,598**	2,573	21,954	24,527
Other liabilities	**26,392**	—	**26,392**	20,567	—	20,567
Amounts due to related companies	**28**	—	**28**	—	—	—
Income tax liabilities	**1,147**	—	**1,147**	1,517	—	1,517
Insurance contract liabilities	**247,071**	—	**247,071**	233,755	—	233,755
Reinsurance contract liabilities	**7,478**	—	**7,478**	5,989	—	5,989
Total	**286,055**	**19,883**	**305,938**	264,879	21,954	286,833
Liquidity margin	**257,884**	**101,242**	**359,126**	278,485	74,479	352,964

Market Risk

Market risk is the risk that changes in market prices such as equity prices, interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Although the Company is not directly exposed to market risk on the net assets held in segregated funds arising from investment contracts issued, the valuation and recoverability of deferred acquisition costs associated with investment contracts may be adversely affected by changes in value of the segregated funds.

Interest-Rate Risk

The Company invests in fixed interest debt securities, and managed funds, the fair values of which are affected by changes in interest rates.The coupon rates and maturity dates associated with the fixed interest debt securities held by the Company is disclosed in Note 4. Details of interest rate risk on related party balances are disclosed in Note 16.

As administrator of the segregated funds, the Company earns a fee based on the value of the segregated assets. Fluctuation in the valuation of segregated funds impacts the fee earned by the Company. Segregated funds are exposed to a variety of financial and other risks. These risks are primarily mitigated by investment guidelines that are actively monitored by professional and experienced portfolio advisors.

Foreign Currency Risk

The Company's exposure to foreign exchange risk arises from some of its subsidiaries which report in currencies other than Bermuda or US dollar. These subsidiaries are BCH which reports in Cayman Islands dollar, CGAG , CGAA and CGAML which report in The Bahamas dollar and CG United which report in Barbados dollars. United also operates in jurisdictions where transactions are carried out in various other currencies which include the Aruba Florin, the Netherlands Antillean Guilder and the Eastern Caribbean, Belize, Trinidad & Tobago, Jamaica and Guyana dollars. The Company is exposed to risks that the exchange rate of the Bermuda/US dollar relative to these currencies may change in a manner which will have an adverse effect on the reported amounts of assets and liabilities, profit and related cash flows. This risk is mitigated as, with the exception of Trinidad and Tobago, Guyana and Jamaica dollar, all are pegged to the US dollar. As a result, the Company is not exposed to material foreign currency risk.

(In Thousands of Bermuda Dollars)

Equity Price Risk

The Company is subject to equity price risk due to daily changes in the market value of securities in its fund and equity portfolios. Equity price risk is actively managed in order to mitigate anticipated unfavorable market movements where this lies outside the risk appetite of the Company's Investment Committee. Diversified portfolios of assets are held in order to reduce exposure to individual equities. At the balance sheet date management estimates that a 10% increase in prices for common equities and equity based managed funds held, with all other variables held constant, would increase net income by approximately $3,268 (2022 – $2,376). A 10% decrease in equity prices would have a corresponding decrease in net income.

Level 3 Sensitivity Analysis

At December 31, 2023, the Company classified assets at fair value on a recurring basis using Level 3 inputs (Note 4). Level 3 fair value measurements are based on valuation techniques that use at least one significant input that is unobservable. These measurements are made when there is limited, or any, market activity for the asset. The Company's investment manager uses a variety of inputs, some of which may be unobservable, to value these Level 3 assets. Any change in these inputs might result in a change to the fair value measurement.

Limitations of Sensitivity Analysis

The sensitivity information included in this note demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions such as instances when risk free interest rates fall towards zero.

14. Other liabilities

	December 31	
	2023	**2022**
	$	**$**
Cash held on behalf of clients and unallocated contributions	**858**	1,261
Accounts payable and miscellaneous liabilities	**25,534**	19,306
	26,392	**20,567**

Cash held on behalf of clients represents a net amount owed to clients for cash held by the Company for funds in transit between unit holders and the segregated funds. Cash held on behalf of clients consists of contributions and redemptions payable, less contributions and redemptions receivable.

(In Thousands of Bermuda Dollars, except share amounts)

15. Capital Management and Statutory Requirements

The Company's capital base is structured to exceed regulatory targets and desired capital ratios, maintain strong credit ratings and provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. Capital is managed on a consolidated basis under principles that consider all the risks associated with the business. It is also managed at the business unit level under the principles appropriate to the jurisdiction in which the business unit operates. The Board of Directors is responsible for devising the Company's capital plan, with management responsible for the implementation of the plan. The plan is designed to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Company to take advantage of opportunities for expansion.

Common Shares

	2023	**2022**
	$	**$**
Authorized share capital:		
3,012,000 common shares of par value $1 each	**3,012**	3,012
Issued and fully paid:		
1,512,000 common shares of par value $1 each	**1,512**	1,512

The Company is authorized to issue 20,000,000 redeemable preferred shares.

Share Premium

Share premium represents the par value of the 2,500,000 common shares of CIC which were contributed to the Company as part of the corporate restructuring on January 30, 1996.

Contributed Surplus

A reassessment of assumptions used in valuing a business acquisition in 1995 resulted in $2,447 being recorded as contributed surplus.

During 2009, the Company received a cash contribution of $7,000 from the parent company.

In the periods 2010 through 2012 the Company received capital contributions totaling $357 by way of subsidized interest rates awarded to staff by an affiliate bank which was settled by the Company's parent. Thereafter the expense has been charged to subsidiaries.

(In Thousands of Bermuda Dollars)

Non-Controlling Interests

Non-controlling interest of $16,049 (2022 – $17,497) has been recorded as noted below:

		2023	2022
Non-Controlling interest		**$**	**$**
BCH	25%	**10,007**	12,439
CGAG	30%	**3,216**	2,125
CIBVI	50%	**1,828**	1,635
CGAA	60%	**998**	1,298
		16,049	17,497

Statutory Requirements

Management monitors the adequacy of the Company and its operating subsidiaries' capital from the perspective of relevant legislation in the jurisdictions in which it operates. The Company's subsidiaries are required to file an audited financial return and meet minimum solvency margins and minimum liquidity ratios as defined by the Bermuda Insurance Act 1978, the minimum capital requirement as defined by the Act of The Bahamas (2005), the minimum capital requirement as defined by the Cayman Islands Insurance (Capital And Solvency) Regulations 2012 and the capital and solvency requirements as defined by the Barbados CAP.310 Insurance Act. The statutory capital and surplus and minimums solvency margins for the Company's insurance subsidiaries are noted below:

	2023		2022	
	Minimum Solvency Margin	**Statutory capital and surplus**	**Minimum Solvency Margin**	**Statutory capital and surplus**
	$	**$**	**$**	**$**
CIC	**5,674**	**42,831**	5,362	32,420
CMIC	**38,775**	**83,809**	32,972	77,389
CLAC	**550**	**25,420**	535	23,274
CRe	**2,735**	**27,231**	1,345	19,345
BCIC	**6,424**	**35,300**	5,382	30,759
United	**2,382**	**3,573**	2,877	3,576
CGAML	**27,215**	**47,839**	23,975	43,861
CGAG	**4,527**	**14,738**	4,730	10,747

Each year the Group is required to file with the Bermuda Monetary Authority (the "BMA"), a capital and solvency return for the Group. The prescribed form of capital and solvency return comprises the insurer's Bermuda Solvency Capital Requirement model ("Group BSCR"), a schedule of fixed income investments by rating category, a schedule of net loss and loss expense provision by line of business, a schedule of premiums written by line of business, a schedule of risk management and a schedule of fixed income securities.

(In Thousands of Bermuda Dollars)

The Group BSCR includes a standardized formula to measure the risk associated with an insurer's assets, liabilities and premiums. The BMA requires insurers to maintain their capital at a target level, the Enhanced Capital Requirement or "ECR", which is 120% of the amount calculated in accordance with the Group BSCR.

At December 31, 2023, the Group's ECR, a value not audited, was $168,389 (2022 – $194,797).

16. Related-Party Transactions

Year-end Balances

The amounts due to and from companies related through common control are due on demand. As of December 31, 2023 and 2022, no provisions are held against amounts due from related parties.

	2023	2022
Due (to) from related parties	**$**	**$**
Gibbons Management Services Limited (GMSL)	**16,601**	16,423
Colonial Master Retirement Trust (CMT)	**41**	38
Coralisle Individual Master Retirement Trust (CIMT)	**14**	14
Coralisle Global Master Trust (CGT)	**(28)**	4
Colonial Master Deed (CMD)	**182**	127
	16,810	16,606
Total due from related parties	**16,838**	16,606
Total due to related parties	**(28)**	—
	16,810	16,606

Lease liabilities of $18,235 (2022 – $19,881) are also due to companies owned in part by directors of the Company.

	2023	2022
Net interest income	**$**	$
GMSL	**829**	888

The amounts due to and from companies related through common control are due on demand. No provisions are held against amounts due from related parties (2022 – $Nil). The balance due from Gibbons Management Services Limited bears interest at rates varying from 5% to 5.75% per annum.

Balances with all other related parties are non-interest bearing.

(In Thousands of Bermuda Dollars)

Income and Expenses

The Group's subsidiaries insure the commercial and health risks of several related parties. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Company. Below is the summary of income and expenses involving related parties:

	2023	2022
Income (Expense)	**$**	**$**
Insurance contract revenue (1)	**9,832**	9,180
Professional fees - payroll services (2)	**(228)**	(239)
Professional fees - pension costs (3)	**(2,544)**	(885)
	7,060	8,056

(1) The Company insures the commercial and health risks of several related companies. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Company.

(2) The Company incurs general and administrative expenses related to pensions services provided by GMSL.

(3) The Company incurs general and administrative expenses related to payroll services provided by GMSL.

Key Management Compensation

Compensation to key management employees deemed to be related parties under IAS 24 was as follows:

	2023	2022
	$	**$**
Short term employee benefits	**11,050**	11,139
Defined contribution pension and medical insurance	**1,042**	733
Total	**12,092**	11,872

(In Thousands of Bermuda Dollars)

17. Leases

The Company lease contracts for buildings and motor vehicles with up to a five-year term and options to renew for up to a further fifteen years. Set out below are the carrying amounts of lease liabilities and movements during the period:

	2023	2022
	$	**$**
As at January 1	**24,527**	29,636
Non-cash additions	**792**	3,687
Non-cash reductions	**—**	(7,160)
Accretion of interest	**1,189**	1,267
Payments	**(3,910)**	(2,903)
As at December 31	**22,598**	24,527
Current	**2,715**	2,573
Non-current	**19,883**	21,954

The following are the amounts recognized in profit or loss:

	2023	2022
	$	**$**
Depreciation expense on right-of-use assets (Note 12)	**3,009**	3,027
Interest expense on lease liabilities	**1,132**	1,254
Expense relating to short-term leases (included in property expenses)	**76**	76
Total amount recognized in comprehensive income (loss)	**4,217**	4,357

18. Interest-bearing loan

During the year ended December 31, 2023, the Company accrued an interest expense of $412 (2022 - $656), related to a $35,500 loan carrying an average interest at a rate of 4.58% (2022 - 2.58%). The loan, entered into on April 18, 2022, was fully paid as of June 7, 2023.

(In Thousands of Bermuda Dollars)

19. Segregated Funds

Segregated funds comprise holdings in mutual funds and cash held on behalf of pension plan clients, investors and holders of investment contracts.

The assets are held in the trust as follows:	2023 $	2022 $
Coralisle Global Master Trust (CGT)	**25,216**	22,849
Colonial Master Deed – Cayman Islands (CMD)	**263,487**	213,931
Coralisle Master Retirement Trust (CMRT)	**196,822**	177,061
Coralisle Individual Master Retirement Trust (CIMRT)	**117,972**	108,471
Coralisle Bahamas Fund	**166,524**	148,727
Privately Held Funds – Bahamas	**8,659**	8,470
Coralisle Life Unit Trust	**80,517**	72,791
Scotia Bank BVI/TCI Pension Plans	**681**	496
	859,878	752,796

The assets held in trust by CGT, CMT, CMD and CIMRT are in respect of pension plans administered by CPS in Bermuda and Cayman.

The assets held in trust by Coralisle Bahamas Fund and private funds in Bahamas are in respect of pension plans administered by CPSB in The Bahamas.

Coralisle Life Unit Trust is registered as an exempted trust in the Cayman Islands. The Fund is organized as a Multi Fund Unit Trust, providing for creation of any number of classes of units. The assets are held on behalf of holders of investment contracts issued by CLAC.

The underlying investments of the segregated funds consist exclusively of managed funds and cash with the exception of funds administered by CPSB. The carrying value is as follows:

	2023 $	2022 $
Managed funds	**93,471**	83,809
Fixed maturity securities	**299,366**	266,141
Common equity securities	**366,974**	316,049
Preferred shares	**18,062**	16,775
Cash and accruals	**82,005**	70,022
Total segregated funds net assets at end of year	**859,878**	752,796

(In Thousands of Bermuda Dollars)

Changes in net assets during the year are as follows:

	2023	**2022**
	$	**$**
Net assets at the beginning of year	**752,796**	872,824
Increase (decrease) during the year:		
Net contributions received and receivable from unit holders	**103,923**	66,415
Net changes in market value of investments	**78,244**	(118,179)
Redemptions paid and payable to unit holders	**(73,701)**	(66,898)
Amounts withdrawn for life premiums	**(1,411)**	(1,440)
Surrender values reverting to the Company	**27**	74
Net assets at end of period	**859,878**	752,796

As a result of administering the above pension assets, the Company earned administration and asset based income of $13,257 (2022 – $10,242).

(In Thousands of Bermuda Dollars)

20. Business combination

On May 4, 2022, the Company acquired United, a non-listed company based in Barbados and operating across multiple jurisdictions in the Caribbean, Guyana, and Belize as a P&C insurer, outright for a total consideration of $91,974 in cash. There were no contingent considerations attached to the transaction. CG acquired United to expand its presence throughout various jurisdictions in the Caribbean islands.

The fair value of the identifiable assets and liabilities of United as of the date of the acquisition were:

	Fair value recognized on acquisition
Assets	$
Cash and cash equivalents	58,957
Financial assets	91,805
Accounts receivable and accrued interest	8,762
Goodwill and intangible assets	7,300
Property, plant and equipment	10,576
Other assets	1,540
Reinsurance contract assets	87,066
Total assets	266,006
Liabilities	
Financial Liabilities	398
Other liabilities	63,176
Insurance contract liabilities	119,733
Total liabilities	183,307
Total identifiable net assets at fair value	82,699
Goodwill arising on acquisition	9,275
Purchase consideration transferred	91,974

The fair value of receivables is the same as the stated value.

The goodwill of $9,275 comprises the value of expected synergies arising from the acquisition which is not separately recognized.

United contributed $281,900 (2022 - $185,888) in Insurance contract revenue and $19,832 (2022 - $6,297) of net income after tax from continuing operations. If the combination had taken place at the beginning of the year ended December 31, 2022, revenue from continuing operations would have been $261,196 and the net income after tax from continuing operations for the Company would have been $8,988. There were no transactions between the Company and United prior to the date of acquisition.

(In Thousands of Bermuda Dollars)

21. Other Operating Expenses

	2023	2022
	$	$
Staff salaries and benefits	**36,631**	32,230
Amortisation	**6,179**	7,213
Marketing	**2,086**	230
IT	**11,088**	6,717
Professional fees	**8,966**	13,952
Management fee income	**(1,588)**	(1,592)
Office	**895**	202
Travel	**1,946**	1,472
Bad Debt provision	**143**	23
Finance charges	**5,442**	5,369
Other expenses	**1,744**	1,989
Cost of goods sold	**2,258**	529
Memberships & subscriptions	**427**	287
Donations	**54**	44
Corporate fees	**270**	371
Communication	**574**	780
Total expenses	**77,115**	69,816

22. Change in Operating Working Capital

	2023	2022
	$	$
(Increase) decrease in:		
Accounts receivable and accrued interest	**6,748**	(1,592)
Reinsurance contract assets	**(4,421)**	(5,985)
Other assets	**1,832**	328
Income tax recoverable	**288**	—
Increase (decrease) in:		
Other liabilities	**5,825**	(33,075)
Insurance contract liabilities	**13,316**	19,510
Reinsurance contract liabilities	**1,489**	(2,107)
Income tax liabilities	**(370)**	—
	24,707	(22,921)

(In Thousands of Bermuda Dollars)

23. Income tax

The Company operates in jurisdictions where it is subject to income tax since the business combination with United.

A deferred tax asset of $492 was included in the assets acquired and recognized in other assets (Note 20) in the business combination with United. The deferred tax asset is the net of accelerated depreciation, provisions and tax loss carryforwards not yet utilized.

The Company did not recognize deferred tax assets of $3,893 (2022 - $2,662) arising from net losses in prior years, as it is uncertain whether taxable income will be available in the future to utilize the deferred tax.

Under current Bermuda law, the Company is not subject to tax on income, profits, withholding, capital gains or capital transfers. On December 27, 2023, the government of Bermuda passed the Bermuda Corporate Income Tax Act 2023 (CIT Act), which will become fully operative with respect to the imposition of corporate income tax on January 1, 2025.

Under the CIT Act, Bermuda corporate income tax will be chargeable in respect of fiscal years beginning on or after January 1, 2025 and will apply only to Bermuda entities being part of a multinational enterprises groups with EUR 750 million or more in annual revenues in at least two of the four fiscal years immediately preceding the fiscal year in question ("Bermuda Constituent Entity Group"). Where corporate income tax is chargeable to a Bermuda Constituent Entity Group, the amount of corporate income tax chargeable for a fiscal year shall be:

- 15% of the net taxable income of the Bermuda Constituent Entity Group, less
- tax credits applicable to the Bermuda Constituent Entity Group under Part 4 of the CIT Act, or as prescribed.

The tax legislation includes a provision referred to as the economic transition adjustment, intended to provide a fair and equitable transition into the tax regime with respect to which the Company has recorded a deferred tax asset of $31,507. Due to management's uncertainty regarding the utilization of the deferred tax asset, a provision was applied for the entire amount.

Management expects the Company to incur and pay increased taxes in Bermuda beginning in 2025, and the deferred tax asset to be utilized predominantly over a period of 10 years.

Changes in the tax law of an OECD member state or in European Union policies could trigger additional adjustments in Bermuda CIT and expose the Company to additional income tax.

The composition of the income tax is:

	2023	**2022**
	$	**$**
Current tax	**1,601**	2,559
Deferred tax	**89**	21
	1,690	2,580

(In Thousands of Bermuda Dollars)

The roll forward of deferred tax assets, presented in other assets in the Consolidated Statement of Financial Position, is disclosed below:

	2023	2022
Deferred tax asset:	**$**	**$**
Balance - opening	**471**	**492**
Deferred tax income (charge) for the year	**31,418**	**(21)**
Valuation allowance	**(31,507)**	—
Balance - end of year	**382**	**471**

24. Subsequent Events

The Company has completed its subsequent events evaluation for the period subsequent to the Statement of Financial Position through May 31, 2024, the date the financial statements were available to be issued.

Subsequent to year-end, the Company declared a dividend of $6,000.

There were no subsequent events requiring disclosure or recognition in the audited financial statements.