BERMUDA LIFE INSURANCE COMPANY LIMITED

Consolidated Financial Statements
(With Independent Auditor's Report Thereon)

March 31, 2024

KPMG Audit Limited
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INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors of Bermuda Life Insurance Company Limited

Opinion

We have audited the consolidated financial statements of Bermuda Life Insurance Company Limited and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of March 31, 2024, and 2023, and April 1, 2022, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended March 31, 2024 and 2023, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2024, and 2023, and April 1, 2022, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as issued by IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are authorised for issuance.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 12, 2024

BERMUDA LIFE INSURANCE COMPANY LIMITED

Consolidated Balance Sheets

(Expressed in thousands of Bermuda Dollars)

	Note	MARCH 31 2024	MARCH 31 2023 Restated (1)	APRIL 1 2022 Restated (1)
Assets				
Cash and short-term investments	3	16,946	14,383	26,532
Interest and dividends receivable		3,132	3,061	2,331
Assets held-for-sale	4	3,910	3,645	-
Investments	5,6	432,307	409,617	416,924
Receivable for investments sold		220	-	2,400
Due from parent	17	22,508	3,713	-
Reinsurance contract assets	10	7,607	6,614	8,414
Other assets	8	4,783	4,110	4,172
Investment property	7	-	-	375
Property and equipment	9	35,181	36,255	37,325
TOTAL GENERAL FUND ASSETS		526,594	481,398	498,473
TOTAL SEGREGATED FUND ASSETS	20	1,244,364	1,128,406	1,203,738
TOTAL ASSETS		**1,770,958**	**1,609,804**	**1,702,211**
Liabilities				
Accounts payable and accrued liabilities		15,121	10,319	14,509
Due to parent		-	-	14,361
Insurance contract liabilities	10	181,003	176,256	188,704
Reinsurance contract liabilities	10	1,134	398	319
Investment contract liabilities	11	237,785	243,694	246,774
TOTAL GENERAL FUND LIABILITIES		435,043	430,667	464,667
TOTAL SEGREGATED FUND LIABILITIES	20	1,244,364	1,128,406	1,203,738
TOTAL LIABILITLIES		**1,679,407**	**1,559,073**	**1,668,405**
Equity				
Share capital		252	252	252
Contributed surplus		28,977	28,977	28,977
Retained earnings		62,895	38,333	11,557
Accumulated other comprehensive loss	19	(573)	(16,831)	(6,980)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDER		91,551	50,731	33,806
TOTAL EQUITY AND LIABILITIES		**1,770,958**	**1,609,804**	**1,702,211**

(1) Restated for the adoption of IFRS 17. See note 2.14.1 for details

The accompanying notes form part of these consolidated financial statements.

Signed on behalf of the Board

____________________ Director
Kimberley R. Wilkerson

____________________ Director
Everard Barclay Simmons

BERMUDA LIFE INSURANCE COMPANY LIMITED

Consolidated Statements of Comprehensive Income

Years ended March 31, 2024 and 2023
(Expressed in thousands of Bermuda Dollars)

	Note	**2024**	**2023 Restated (1)**
Insurance service revenue	13	127,657	113,949
Insurance service expense		(107,400)	(90,783)
Net expense from reinsurance contracts		(1,249)	(3,549)
Insurance service result		**19,008**	**19,617**
Investment income		12,796	11,857
Change in fair value of investments		78	781
Investment return		**12,874**	**12,638**
Net finance expenses from insurance contracts		(4,418)	(3,546)
Net finance expenses from reinsurance contracts		(13)	-
Movement in investment contract liabilities		7	(29)
Net financial result	14	**8,450**	**9,063**
Fee income from service contracts	15	14,524	13,488
Commission expenses		(100)	(105)
Other operating expenses	16	(17,320)	(15,287)
NET EARNINGS FOR THE YEAR		**24,562**	**26,776**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to net earnings:			
Post retirement benefit obligation		-	10
Change in unrealised gains on equity		480	-
Items that are or may subsequently reclassified to net earnings:			
Change in unrealised losses on AFS investments		-	(22,751)
Change in unrealised gains on bonds		16,237	-
Net finance (expenses)/income from reinsurance contracts		(10)	51
Net finance (expenses)/income from insurance contracts		(448)	12,839
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		16,259	(9,851)
COMPREHENSIVE INCOME FOR THE YEAR		**40,821**	**16,925**

(1) Restated for the adoption of IFRS 17. See note 2.14.1 for details

The accompanying notes form part of these consolidated financial statements.

Consolidated Statements of Changes in Equity
(Expressed in thousands of Bermuda dollars, except the number of shares)

For the years ended March 31 (in $ thousands)	**Note**	**2024**	**2023** **(Restated)** [1]
SHARE CAPITAL			
Authorised, issued and fully paid:			
105,000 common shares of $2.40 each (2023 - 105,000)		**252**	**252**
Contributed Surplus			
Balance, beginning of year		28,977	28,977
Retained Earnings			
Balance, beginning of the year		38,333	26,276
Adjustment on initial recognition of IFRS 17		-	(14,719)
Restated retained earnings balance, begining of year		38,333	11,557
Net earnings for the year		24,562	26,776
BALANCE, END OF YEAR		**62,895**	**38,333**
Accumulated Other Comprehensive Income			
Balance, beginning of year		(16,831)	(13,520)
Adjustment on initial recognition of IFRS 17		-	6,540
Restated Accumulated Other Comprehensive Income		(16,831)	(6,980)
Other comprehensive income/(loss)		16,258	(9,851)
BALANCE, END OF YEAR		**(573)**	**(16,831)**
TOTAL EQUITY		**91,551**	**50,731**

(1) Restated for the adoption of IFRS 17. See note 2.14.1 for details

See accompanying notes to the consolidated financial statements.

BERMUDA LIFE INSURANCE COMPANY LIMITED

Consolidated Statements of Cash Flows

Years ended March 31, 2024 and 2023
(Expressed in thousands of Bermuda Dollars)

	2024	2023 Restated (1)
OPERATING ACTIVITIES		
Net earnings for the year	24,562	26,776
Adjustments to reconcile net earnings to cash basis (Footnote (i) below)	(10,599)	(10,175)
Change in operating balances (Footnote (ii) below)	(16,475)	(22,819)
Interest income received	11,073	10,036
Dividend income received	128	196
CASH GENERATED FROM OPERATING ACTIVITIES	**8,689**	**4,014**
INVESTING ACTIVITIES		
Purchase of investments	(239,250)	(83,309)
Sale and maturity and paydown of investments	233,453	67,481
Purchase of property and equipment	(329)	(335)
CASH USED IN INVESTING ACTIVITIES	**(6,126)**	**(16,163)**
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	2,563	(12,149)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	14,383	26,532
CASH AND SHORT-TERM INVESTMENTS, end of year	**16,946**	**14,383**

Footnotes

(i) Provision for/(Recovery of) bad debts	(70)	(131)
Dividend income	(128)	(196)
Interest income	(13,979)	(11,739)
Investment income related to deposit administration pension plans	2,835	973
Net realised and unrealised (gains)/loss on investments and investment property	(172)	(126)
Amortisation of premiums on bonds	(410)	420
Depreciation and impairment of property and equipment	1,403	1,405
Impairment charges (reversal) on mortgages and loans	(78)	(781)
	(10,599)	(10,175)

(ii) Insurance balances receivable		
Reinsurance contract assets	(1,003)	1,853
Reinsurance contract liabilities	736	79
Other assets	(603)	192
Due from (to) parent	(18,794)	(18,075)
Accounts payable and accrued liabilities	4,799	(4,178)
Insurance contract liabilities	4,299	390
Investment contract liabilities	(5,909)	(3,080)
	(16,475)	(22,819)

(1) Restated for the adoption of IFRS 17. See note 2.14.1 for details

See accompanying notes to the consolidated financial statements.

1. OPERATIONS

Bermuda Life Insurance Company Limited (the "Group"), was incorporated on June 3, 1957 and has its registered office at The Argus Building, 14 Wesley Street, Hamilton, HM 11, Bermuda. The Group is a wholly-owned subsidiary of Argus Group Holdings Limited (the "Parent"), a Bermuda public company with no controlling interest vested in any one person or persons. The Group operates predominantly in Bermuda, underwriting life and health insurance. The Group also provides investment, savings and retirement products.

The Group has two wholly owned dormant subsidiaries, namely: (a) Succession Strategies (Bermuda) Limited and (b) C&S (Bermuda) Limited. All subsidiaries are included in the Group's consolidated financial statements. The Group's voting rights percentages are the same as the ownership percentages.

The consolidated financial statements as at and for the year ended March 31, 2024 were authorised for issue by the Board of Directors on July 12, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of the consolidated financial statements are discussed below and are applied consistently.

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the provisions of the Bermuda Companies Act 1981, as amended..

2.2 Basis of presentation

2.2.1 Basis of measurement

The consolidated financial statements have been compiled on a going concern basis and prepared on the historical cost basis except for the following items on the Consolidated Balance Sheets:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are measured at fair value;
- Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Investment properties are measured at fair value;
- Segregated fund assets and liabilities are measured at fair value based on net asset values reported by third parties, such as fund managers or independent custodians;
- The FCF of an insurance contract is measured using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.
- Post-employment benefit liability is measured at the present value of the defined benefit obligation;
- Assets held-for-sale are measured at the lower of their carrying value and fair value less cost to sell; and
- Deposit administration pension plans, and self-funded group health policies investment contracts are measured at amortised cost. While, deposit accounted annuity polices investment contracts are measured at FVTPL.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2.2 Presentation currency

All amounts are in Bermuda dollars, which is the Group's presentation and functional currency and is on par with United States (U.S.) dollars.

2.2.3 Use of critical estimates, judgments and assumptions

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 2.9 – Insurance, investment and service contracts;
*Note 2.*8 *and Note 7* – Investment property
Note 4 – Assets and liabilities held-for-sale

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

Note 2.7 – Impairment of assets;
Note 10 – Insurance and Reinsurance contracts
Notes 5 and 11 – Investments and Investment contract liabilities.

2.3 Basis of consolidation

2.3.1 Business combinations

The Group uses the acquisition method to account for the acquisition of subsidiaries. At the date of acquisition, the Group recognises the identifiable assets acquired and liabilities assumed as part of the overall business combination transaction at their fair value. Recognition of these items is subject to the definitions of assets and liabilities in accordance with the IASB's Framework for the Preparation and Presentation of Financial Statements.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Amalgamation transactions

Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined. Transactions arising from the amalgamation of the entities under common control are eliminated in the Group's consolidated financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

2.3.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results and financial position of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group consolidated financial statements include the financial statements of the Company and its subsidiaries after all intercompany accounts and transactions have been eliminated. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

2.4 Cash and short-term investments

Cash and short-term investments include cash balances, cash equivalents, time deposits and other short-term highly liquid financial assets with original maturities of three months or less. Interest on these balances is recorded on the accrual basis and included in Investment income.

2.5 Assets and Liabilities Held-for-Sale

Disposal groups, which comprise of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale.

The sale is highly likely if, on the reporting date, Management has committed to detailed sale plans, is actively looking for a buyer, has set a reasonable selling price, and the sale is likely to occur within a year. Disposal groups are measured at the lower of their carrying value and fair value less costs to sell, except for assets and liabilities arising from insurance contracts which are measured on the same basis as the insurance assets and liabilities from continuing operations. Once classified as held-for-sale these assets will no longer be depreciated. See Note 4 Asset and liabilities held-for-sale.

2.6 Financial instruments

2.6.1 Financial assets

2.6.1(a) Classification and recognition of financial assets

The Group has the following financial assets: (i) Fair Value through Profit or Loss (FVTPL), (ii) Fair Value through Other Comprehensive Income (FVOCI), and (iii) Amortised Cost. The classification and measurement of financial assets is determined by assessing the Group's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset.

Business model test

The Group performs the business model test at a business segment level which reflects how financial assets are managed in order to achieve the Group's objectives. The assessment is based on observable factors such as:

- How the performance of the business segment and the financial assets held within that segment are evaluated and reported to the Group's key management personnel.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.1 Financial assets (continued)

2.6.1(a) Classification and recognition of financial assets (continued)

- The risks that affect the performance of the business segment (and the financial assets held within that business segment) and the way those risks are managed.
- How investment managers of the business are compensated; and the value of the assets managed or on the contractual cash flows collected; and
- The expected frequency, value and timing of asset sales

Contractual cashflow test

The contractual cash flow test is performed at the individual security level to identify whether the contractual cash flows are solely payments of principal and interest (SPPI). For contractual cash flows to be SPPI they must include returns consistent with a basic lending arrangement. In performing this assessment the Group considers whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the condition. Where the contractual terms deviate from a basic lending arrangement, the SPPI criterion would not be met, and such a financial asset would be measured at FVTPL.

(i) Financial assets at FVTPL

A financial asset is classified as FVTPL if it is managed in a fair value business segment or is designated as such upon initial recognition or are mandatorily required to be measured at fair value.

On initial recognition FVTPL instruments are measured at their value on the trade date, plus any directly attributable transaction costs. Any subsequent changes in the fair value of the financial instrument, as well as interest and dividend income earned is recorded in Investment income on the Consolidated Statements of Comprehensive Income. Interest income is net of investment management, legal and transaction fees.

(ii) Financial assets at FVOCI

The Group applies the new category under IFRS 9 for debt instruments when (i) The instrument is held with the objective to collect the contractual cash flows and sell the asset, and (ii) The contractual term of the financial asset meets the SPPI test. These instruments largely comprise of debt instruments that have previously been classified as available for- sale under IAS 39. Debt securities in this category are carried at fair value, with the intention of being held for an indefinite duration and may be sold in response to needs for liquidity, in response to changes in market conditions, or the requirement to stay within investment policy guidelines. On initial recognition, FVOCI investments are measured at fair value on the trade date.

After initial measurement, FVOCI financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other comprehensive income and presented on the Consolidated Statements of Comprehensive Income. When an investment is derecognised, the cumulative gain or loss in Other comprehensive income is transferred to the Investment income. Interest income, amortisation and accretion of premiums and discounts, is recognised within the net investment income for the current period. Interest income is net of investment management, legal and transaction fees.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6.1(a) Classification and recognition of financial assets (continued)

(iii) Financial asset at Amortised Cost

Debt instruments in this category are carried at amortised cost and are intended to be held until maturity to collect the contractual cash flows. The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest and dividend income, including the amortisation of any premiums and discounts on these instruments are included within net investment income. Interest income is net of investment management, legal and transaction fees.

After initial recognition, debt instruments are measured at amortised cost using the effective interest method, less any impairment. Amortisation of interest is included in Investment income on the Consolidated Statements of Comprehensive Income. Expected credit loss (ECL) is recognised in the Consolidated Statements of Comprehensive Income when the investment is impaired.

2.6.1(b) Derecognition and offsetting

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, which is normally the trade date. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented on the Consolidated Balance Sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6.2 Financial liabilities

2.6.2 (a) Classification and recognition of financial liabilities

The Group has the following financial liabilities: (i) financial liabilities at FVTPL and (ii) other financial liabilities. Management determines the classification of financial liabilities at initial recognition

(i) Financial liabilities at FVTPL

The Group's financial liabilities at FVTPL relate to deposit accounted annuity policies shown under Investment contract liabilities on the Consolidated Balance Sheets. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. These contracts are measured at FVTPL since the related assets are managed and their performance is evaluated on a fair value basis. Changes in fair value of investment contract liabilities are recorded in Movement in investment contract liabilities on the Consolidated Statements of Comprehensive Income.

(ii) Other financial liabilities

All remaining financial liabilities are classified as other financial liabilities which include Investment contract liabilities related to the deposit administration pension plans and self-funded group health policies, Payable arising from investment transactions and Accounts payable and accrued liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6.2 Financial liabilities (continued)

(ii) Other financial liabilities (continued)

Payables arising from investment transactions and Accounts payable and accrued liabilities are considered short-term payables with no stated interest.

All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

2.6.2(b) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.6.3 Investment income

Interest is recorded in Investment income on the Consolidated Statements of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised on the date the Group's right to receive payment is established, which, in the case of quoted securities, is normally the ex-dividend date.

2.7 IMPAIRMENT OF ASSETS

2.7.1 Impairment of financial assets

2.7.1 (a) Policies applicable beginning April 1,2023

The Group recognises an allowance for ECLs on financial assets not designated at FVTPL. Financial assets measured at amortised cost are presented at their carrying amounts on the Consolidated Balance Sheets, which is the gross carrying amount less the allowance for ECL, with changes in the allowance for ECL recognised in the Provision for ECLs within investment income on the Consolidated Statements of Comprehensive Income. The allowance for ECL on financial assets measured at FVOCI, does not reduce the carrying amount of the assets in the Consolidated Balance Sheets, which remains at fair value. Rather, an amount equal to the allowance for ECL that would arise if the assets were measured at amortised cost is recognised in OCI, with changes in the allowance for ECL recognised in Investment income on the Consolidated Statements of Comprehensive Income.

At the end of each reporting period, we apply a three-stage impairment approach to measure the ECL on financial assets measured at amortised cost or at FVOCI:

• Stage 1 – 12-Month ECL: For financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, a loss allowance equal to the credit losses expected to result from default events occurring over the 12 months following the reporting date is recognised.
• Stage 2 – Lifetime ECL: For financial assets that have experienced a significant increase in credit risk since the date of initial recognition, a loss allowance equal to the credit losses expected to result from default events occurring over the remaining lifetime of the financial asset is recognised.
• Stage 3 – Impairment: When a financial asset is credit-impaired, a loss allowance equal to the ECL over the remaining lifetime of the financial asset is recognised. Interest income is calculated based on the carrying amount of the asset, net of the loss allowance.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 IMPAIRMENT OF ASSETS (continued)

2.7.1 (a) Policies applicable beginning April 1,2023 (continued)

The Group has not experienced any SICR during the financial year and hence holds no Stage 2 or 3 assets. Furthermore, the investment policy prevents the group from holding any assets including high yield assets in excess of its asset mix permitted range.

The Group monitors all financial assets that are subject to impairment for significant increase in credit risk. In making this assessment, we consider both quantitative and qualitative information such as:

- negative rating agency announcements in respect of investment issuers and debtors;
- significant reported financial difficulties of investment issuers and debtors;
- the disintegration of the active market(s) in which a particular asset is traded or deployed;
- adverse economic or regulatory conditions that may restrict future cash flows and asset recoverability;
- the withdrawal of any guarantee from statutory funds or sovereign agencies implicitly supporting the asset.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

2.7.1(b) Policies prior to April 1, 2023

The Group's accounting policy prior to the adoption of IFRS 9 are summarised below:

Held-to-maturity financial assets and Loans and receivables

All individually significant held-to-maturity financial assets and loans and receivables are assessed individually for impairment. Those found not to be impaired are then collectively assessed for impairment. Held-to-maturity financial assets and loans and receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for Management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. If there is objective evidence that an impairment loss on held-to-maturity financial assets or loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The impairment loss is recognised in Investment income on the Consolidated Statements of Comprehensive Income and reflected in an allowance account against the held-to-maturity financial assets or loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in Investment income on the Consolidated Statements of Comprehensive Income.

Available-for-sale financial assets

When there is objective evidence that an Available-for-sale asset is impaired, the loss accumulated in Other comprehensive income is reclassified to Investment income. The cumulative loss that is reclassified from Other comprehensive income to Investment income is the difference between the amortised cost and the current fair value less any impairment loss recognised previously in Investment income. Impairment losses on Available-for-sale equity securities are not reversed.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7.1 Impairment of financial assets

2.7.1(c) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets comprised of Property and equipment and are reviewed at each reporting date to determine if there is objective evidence of impairment. Objective factors that are considered when determining whether a non-financial asset may be impaired include, but are not limited to, the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
- the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised Other operating expenses on the Consolidated Statements of Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

2.8 INVESTMENT PROPERTIES

Investment properties are real estate and real estate fractional units primarily held to earn rental income or held for capital appreciation. Properties that do not meet these criteria are classified as Property and equipment (Note 2.11). Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Expenditures related to ongoing maintenance of properties subsequent to acquisition are expensed as incurred. Investment properties are initially recognised at the transaction price including acquisition costs on the Consolidated Balance Sheets. These properties are subsequently measured at fair value with changes in values recorded in Investment income on the Consolidated Statements of Comprehensive Income.

Fair values are evaluated regularly by an accredited independent valuation specialist, who holds a recognised and relevant professional qualification and who has recent experience in the valuation of properties in Bermuda.

2.9 INSURANCE, INVESTMENT AND SERVICE CONTRACTS

2.9.1 Insurance contracts

Insurance contracts are comprised of insurance contracts issued, and reinsurance contracts held. Insurance contracts are those contracts where the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9.1 Insurance contracts (continued)

2.9.1(a) Level of aggregation

The Group aggregates Insurance contracts and Reinsurance contracts held into portfolios based on the underlying risk and the management of those risks. Each portfolio is further disaggregated into groups of contracts that are issued within a financial year and the underlying expected profitability, that is (i) onerous, and (ii) other profitable contracts. The Group does not issue any insurance contracts that at initial recognition would have no significant possibility of becoming onerous.

The classification of insurance contracts and reinsurance contracts into a group is not subsequently reconsidered once determined.

2.9.1(b) Initial recognition and measurement

Insurance contracts issued are recognised from the earliest of the beginning of the insurance contract's coverage period; or when payment from the policyholder becomes due or, if there is no contractual due date, when it is received.

Reinsurance contracts held are recognised from the later of the beginning of the coverage period and when the underlying insurance contract is initially recognised. Insurance contracts issued and reinsurance contracts held that were acquired in a business combination, or a portfolio transfer, are accounted for as if they were entered into at the date of acquisition or transfer.

All insurance contracts issued by the Group are measured using one of two measurement models: either the General Measurement Model (GMM), or the Premium Allocation Approach (PAA). The measurement model applied is dependent on the types of contracts written.

2.9.1 (b)(i) Insurance Contracts measured under the General Measurement Model (GMM)

Insurance contracts issued

On initial recognition, a group of GMM insurance contracts issued is measured as the total of the fulfilment cash flows (FCF), and the CSM. The FCF represents the current estimates of the future cash flows from premiums and pay out for claims and benefits, adjusted to reflect the timing of money and the associated financial and non-financial risks. The CSM on initial recognition of a group of insurance contracts is the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any asset or liability recognised for insurance acquisition cash flows.

Subsequently the carrying value for a group of GMM insurance contracts is equal to the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises of the FCF related to services that will be provided under the contracts in future periods and any remaining CSM at the reporting date. The FCF are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The carrying amount for CSM at the reporting date is measured as the CSM at the beginning of the reporting period, adjusted for:

- The effect of any new contracts added to the group;
- Interest accretion on the carrying amount of the CSM;
- The change in FCF relating to future service, except to the extent that increases exceed the carrying amount of the CSM (giving rise to a loss) or decreases are allocated to the loss component of the LRC (reversing a prior loss);
- The effect of any currency exchange differences on the CSM; and
- The amount recognised as Insurance revenue due to the performance of insurance contract services in the period (CSM amortisation).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9.1 (b)(i) Insurance Contracts measured under the General Measurement Model (GMM) (continued)

Insurance contracts issued (continued)

While the LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Reinsurance contracts held

The measurement of reinsurance contracts held at initial recognition largely follows the assumptions applied to the measurement of insurance contracts issued at initial recognition. On initial recognition, the CSM for a group of reinsurance contracts held is measured as an amount equal to the sum of the total FCF, the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group, and any cash flows arising at that date; and any income recognised in the Consolidated Statements of Comprehensive Income because of onerous underlying contracts recognised at that date. The group measures the estimates of the present value of future cash flows using assumptions at are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts issued, with an adjustment for any risk of non-performance by the reinsurer due to disputes or credit risk.

Subsequently, the carrying amount of a group of reinsurance contracts held is the sum of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC). The ARC comprises of the fulfillment cash flows that relate to services that will be received under the contracts in future periods, and any remaining CSM at that date. While the AIC includes the fulfillment cash flows for recovery of losses claims and expenses that have not yet been received, including for recovery of claims that have been incurred but not yet reported.

The CSM of each group of reinsurance contract assets held is adjusted to reflect changes in future cash flows, including from new contracts, assumption changes, and the amounts recognised from services received in the reporting period. If a loss-recovery component exists, it is adjusted on subsequent measurement to reflect changes in the loss component of the onerous group of underlying contracts to the extent that it impacts reinsured cash flows, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contract assets held.

2.9.1 (b)(ii) Contracts issued measured under the Premium Allocation Approach (PAA)

Insurance contracts issued

The Group uses the PAA for measuring eligible group of insurance contracts with short duration and no significant variability in cashflows. This measurement model is applied to group health, group life, and a subset of group long term disability products for which the LRC would not differ materially from applying the GMM.

On initial recognition the LRC is measured as the premiums received at initial recognition; minus any insurance acquisition cash flows allocated to the group at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for insurance acquisition cash flows. Subsequently, the carrying amount for a group of PAA insurance contracts is equal to the sum of the LRC and the LIC. The LRC at initial recognition is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. The Group will not apply discounting or interest accretion in measuring the LRC as it is expected that at the contract inception that the period between payment by the policyholder of all or substantially all the premium, and the satisfaction of the insurer’s corresponding obligation to provide insurance coverage will be one year or less.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9.1 (b)(iii) Contracts issued measured under the Premium Allocation Approach (PAA) (continued)

Insurance contracts issued (continued)

The LIC includes the fulfillment cash flows for losses on claims and expenses that have not yet been paid, inclusive of claims incurred but not reported. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts held

On initial recognition a group of reinsurance contract held ARC is measured as the premium paid, adjusted for ceding commissions that are not contingent on claims and any amounts previously recognised for cash flows related to the group. If the underlying contract is onerous, a loss recovery component is created and used to adjust the ARC.

Subsequently, the carrying amount for each group of reinsurance contracts held at each reporting date is the sum of the ARC and the AIC. The ARC from initial recognition is increased by any premium paid and reduced by the amount recognised as cost of reinsurance for services provided. The AIC is measured consistent with the AIC for contracts measured under the GMM model.

Contract derecognition

The Group derecognises a contract when it is extinguished, that is, when the specified obligations in the contract expire or are discharged or cancelled.

2.9.1(c) Insurance acquisition cash flows

Insurance acquisition cash flows are internal and external costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to a portfolio. Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts. If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised on the Consolidated Balance Sheets, a separate asset for insurance acquisition cash flows may be recognised for each related group. The asset is then derecognised when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The amortisation of insurance acquisition cash flows is based on the passage of time over the relevant coverage period.

The Group does not generally pay or incur significant insurance acquisition cash flows before a related group of insurance contracts is recognised on the Consolidated Balance Sheets. At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

a) recognises an impairment loss on the Consolidated Statements of Comprehensive Income so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9.1(c) Insurance acquisition cash flows (continued)

b) if the asset relates to future renewals, recognises an impairment in the Consolidated Statements of Comprehensive Income to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group reverses any impairment losses in income or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

2.9.1(d) Presentation

2.9.1(d)(i) Insurance contracts issued and Reinsurance contracts held

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the Consolidated Balance Sheets. Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised and included in the carrying amount of the related portfolios of contracts.

Insurance Revenue

For contracts measured under the GMM, insurance revenue is recognised as service is provided. This represents the amounts relating to changes in LRC which the Group expects to receive consideration, and is comprised of:

- claims and other insurance service expenses incurred in the period, measured at the amounts expected at the beginning of the year;
- changes in risk adjustment for non-financial risk relating to current services;
- amount of the CSM recognised in profit or loss; and
- other amounts, including premium experience adjustments.

For insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period for a group of contracts.

Insurance service expenses

Insurance service expenses are recognised in the Consolidated Statements of Comprehensive Income as they are incurred and includes incurred claims and other insurance service expenses, amortisation of insurance acquisition cash flows, losses and reversal of losses on onerous contracts and adjustments to liabilities for incurred claims.

Net Income/(expenses) from reinsurance contracts

The financial performance of groups of reinsurance contracts held is recognised on a net basis in net income/(expenses) from reinsurance contracts held. This represents the cost of reinsurance less recoveries from reinsurer. The cost of reinsurance is recognised as services are received from the reinsurer over the coverage period, while reinsurance recoveries are recognised as claims and other insurance service expenses are recovered.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9.1(d) Presentation (continued)

Net Finance income expense from insurance contracts and reinsurance contracts held

Net finance income or expense from insurance contracts and reinsurance contracts held are recognised as the carrying value for insurance and reinsurance contract changes as a result of i) the effect of the time value of money and changes in the time value of money; and ii) the effect of financial risk and changes in financial risk.

For contracts measured using the GMM, the Group disaggregates finance income and expenses from insurance and reinsurance contracts between income and OCI. The change due to discounting for these contracts is bifurcated into two components: (a) the unwind of the locked-in discount curve is recognised in income and (b) changes to the current curve is recognised in other comprehensive income (OCI). The amount included in income is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The amount presented in OCI is accumulated in the insurance finance reserve.

For contracts measured using the PAA, the Group presents finance income and expenses from insurance and reinsurance contracts in income. The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service expenses and net finance income/expense from insurance contracts and finance income/ expenses from reinsurance contracts by applying a systematic allocation method.

Insurance contract receivables and payables

Insurance contract receivables and payables primarily consist of amounts owing from and to third party administrators and other intermediaries that are not directly attributable to a specific group of insurance or reinsurance contracts. Insurance contract payables are presented in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

2.9.2 Investment contracts

Contracts issued that do not transfer significant insurance risk, but do transfer financial risk from the policyholder, are financial liabilities and are accounted for as investment contracts. Service components of investment contracts are treated as service contracts. Fees earned from the service components of investment contracts are included on the Consolidated Statements of Comprehensive Income under Fee income from service contracts.

Liabilities for investment contracts are measured at FVTPL or amortised cost (Note 2.6.1).

The following contracts are the investment contract liabilities of the Group:

(i) Deposit administration pension plans are plans where the Group’s liability is linked to contributions received, plus a predetermined and guaranteed rate of return. The liability related to these plans is carried at amortised cost.

(ii) Self-funded group health policies are refund accounting agreements that provide for the retroactive adjustment of premiums based upon the claims experience of the policyholder. Under these agreements, any surplus arising is set off against future deficits or returned to the policyholder. Any deficit that may arise is set off against future surpluses or may be recovered in full, or in part, by lump sum payments from policyholders. As these agreements do not transfer insurance risk, funds received under these agreements are accounted for as investment contracts. Assets and liabilities arising from these types of policies are measured at amortised cost.

(iii) Deposit accounted annuity policies relate to policies that do not transfer significant insurance risk but do transfer financial risk from the policyholders and are measured at FVTPL.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9.3 Other service contracts

Fee income from service contracts is recognised as revenue when services are rendered at either a point in time or over time. The Group's performance obligations are generally satisfied over time as the customer simultaneously receives and consumes the benefits of the services rendered.

Fee income from pension administration, policyholder administration under segregated fund arrangement and investment management services are recognised based on a percentage of assets under management or another variable metric. Asset-based fees vary with assets under management, which are subject to market conditions and investor behaviours beyond the Group's control.

2.10 SEGREGATED FUNDS

Segregated funds are lines of business in which the Group issues a contract where the benefit amount is directly linked to the reported net asset values of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the Group and the segregated fund policyholder 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. The Group derives fee income, which is included within Fee income from service contract on the Consolidated Statements of Comprehensive Income. Deposits to segregated funds are reported as increases in Segregated funds liabilities and are not reported on the Consolidated Statements of Comprehensive Income.

Segregated fund assets are recorded at fair value based on net asset values reported by third parties, such as investment managers and fund administrators. Segregated fund assets may not be applied against liabilities that arise from any other business of the Group. The investment results are reflected directly in segregated fund assets and liabilities.

2.11 PROPERTY AND EQUIPMENT

Owner-occupied properties and all other assets classified as Property and equipment are stated at cost less accumulated depreciation and impairment. Subsequent costs are included in the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of Property and equipment are recognised as incurred in Other operating expenses on the Consolidated Statements of Comprehensive Income.

Depreciation is calculated so as to write the assets off over their estimated useful lives at the following rates per annum:

Buildings	2.5%
Furniture, equipment	10% – 20%

The assets' residual values, useful lives and method of depreciation are reviewed regularly, at a minimum at the end of each fiscal year, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered to be impaired and it is written down immediately to its recoverable amount. In the event of an improvement in the estimated recoverable amount, the related impairment may be reversed. Gains and losses on disposal of Property and equipment are determined by reference to their carrying amount, and are recognised in Other income on the Consolidated Statements of Comprehensive Income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 EMPLOYEE BENEFITS

Post-employment benefits

The Group operates a post-employment medical benefit plan for the benefit of its employees. The plan is closed to new entrants effective April 1, 2011. The Group accrues the cost of these defined benefits over the periods in which the employees earn the benefits. The post-employment benefit liability is calculated using the projected unit credit actuarial cost method. The present value of the defined benefit liability is determined by discounting the estimate of future cash flows using interest rates of AA-rated corporate bonds that have terms to maturity that approximate the terms of the related postemployment benefit liability. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in Other comprehensive income on the Consolidated Statements of Comprehensive Income. Interest expense and other expenses related to the post-employment medical benefit plan are recognised in Other operating expenses on the Consolidated Statements of Comprehensive Income.

Pensions

The Group operates a defined contribution plan. On payment of contributions to the plan there are no further legal or constructive obligations to the Group. Contributions are recognised as employee benefits on the Consolidated Statements of Comprehensive Income under Other operating expenses in the period to which they relate.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity, net of any tax effects.

2.13 LEASES

The Group is a lessor of assets, primarily in connection with office space leases. Transactions where substantially all risks and rewards incidental to ownership are transferred from the lessor to the lessee are accounted for as finance leases. All other leases are accounted for as operating leases. The Group’s leases are all accounted for as operating leases.

The Group’s assets held for leasing are all included in Property and equipment and Investment properties. Rental income from operating leases is recorded as revenue on a straight-line basis over the term of the lease. This is shown under Investment income on the Consolidated Statements of Comprehensive Income.

2.14 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has applied the following new and revised standards, relevant to the Group, which are issued by the IASB that are mandatorily effective for the Group for the accounting period beginning April 1, 2023.

2.14.1 IFRS 17, Insurance Contracts (IFRS 17)

Effective April 1, 2023, the Group adopted IFRS 17, Insurance contracts, issued by the IASB in May 2017 as a replacement for IFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts, including reinsurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features. IFRS 17 has been applied retrospectively and has resulted in the restatement of certain comparative amounts. For initial measurement of insurance contracts at the transition date of April 1, 2022, the Group have elected to use the fair value approach for all groups for which the retrospective approach is impracticable. For more information on the application of the fair value approach at transition, see impact of transition section below.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

2.14.1 IFRS 17, Insurance Contracts (IFRS 17) (continued)

Recognition, measurement, and presentation of insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued and reinsurance contracts held by the Group. It introduces the general measurement model, which requires insurance contract liabilities to be measured using probability-weighted estimates of future cash flows, discounting, a risk adjustment for non-financial risk and a contractual service margin (CSM) representing the unearned profit that will be recognised over the coverage period. The Group has applied this measurement model to its annuity, individual life, and a subset of group long-term disability products.

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

The premium allocation approach, an optional simplified measurement model is applicable to short duration contracts where the policy's contract boundary is one year or less. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk. The PAA model has been applied to the group health, group life, and a subset of group long-term disability products.

Previously, all acquisition costs were recognized and presented as separate assets from the related insurance contracts (deferred acquisition costs) until those costs were included net earnings. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount on the Consolidated Statements of Operations. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately

For presentation in the Consolidated balance sheets, the Group aggregates portfolios of insurance issued, and reinsurance contracts held and presents separately:

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

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Some line-item descriptions in the Consolidated Statements of Comprehensive Income have been changed significantly compared with last year. Previously the Group reported the following line items:

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

2.14.1 IFRS 17, Insurance Contracts (IFRS 17) (continued)

- Gross Premium written
- Reinsurance ceded
- Net Change in unearned premium
- Policy benefits
- Claims and adjustment expenses
- Reinsurance recoveries
- Gross change in contract liabilities
- Changes in reinsures' share of claims provisions.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Income or expenses from reinsurance contracts held
- Net finance expense from insurance contracts
- Net finance expense from reinsurance contracts held.

The Group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

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

Impact of Transition

The changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach, and where impracticable to do so a fair value approach has been applied. The full retrospective approach was considered impractical for these contracts because the information required was unavailable due to changes to the Group's operating model. The Group has elected to apply the fair value approach for all contracts issued before April 1, 2020 which were still in-force at the transition date. Under the full retrospective approach, at April 1, 2022 the Group:

• identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and
• derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, and insurance receivables and payables. Under IFRS 17, they are included in the measurement of the insurance contracts.

The full retrospective approach has been applied to all contract issued after April 1, 2020. The fair value approach uses information available on the transition date rather than at initial recognition to determine an opening CSM for the portfolio of insurance contracts. The Group used an adjusted fulfillment cashflow approach to determine the fair value. This approach involves adjusting the IFRS 17 fulfilment cashflows to estimate the fair value of insurance contracts. Cashflows were adjusted to reflect specific amounts a market participant would require, in addition to the fullfillment cash flow (FCF) to take over the obligation of the Group. These adjustments include:

- An amount for overhead and other non-directly attributable expenses a market participant may incur.
- An additional cost of capital required to compensate a market participant for taking on the obligation.

(Amounts in tables are expressed in thousands of Bermuda dollars)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

2.14.1 IFRS 17, Insurance Contracts (IFRS 17) (continued)

- A reduction in the present value of the release of the risk adjustment embedded in the FCF
- Adjustments for differences between an entity's valuation assumptions and a market participant's valuation assumptions.
- Adjustments for where a contract boundary does not fully reflect the economic substance of a contract.

In applying the fair value approach the Group used discount rates determined at the fair value calculation date instead of the policy inception date and a single cohort for each portfolio on transition.

The opening CSM was then determined as the difference between the fair value of insurance contracts and the FCF at the transition date.

The Group has applied the transition provisions in IFRS 17. The effects of adopting IFRS 17 on the Consolidated Financial Statements on April 1, 2022, are presented below in the Consolidated Statement of Changes in Equity.

The cumulative effect of the initial application of IFRS 17 was a reduction in net equity of $8.2 million as at April 1, 2022. Additionally, the comparative year has been restated resulting in a reduction to equity attributable to shareholder of $8.4 million for the year ended March 31, 2023. These adjustments are presented in the consolidated statements of changes equity for the year ended March 31, 2023.

The cumulative decrease to shareholders equity comprised of:

	2023	2022
Shareholder's equity as previously reported	59,144	41,984
IFRS 17 adjustments:		
Discounting of provision for losses and loss adjustment expenses	(1,705)	(3,285)
Risk adjustments	91	351
Contractual service margin	(6,799)	(5,244)
Total equity attributeable to shareholders as restated	**50,731**	**33,806**

2.14.2 IFRS 9 Financial instruments

Effective April 1, 2023, the Group adopted IFRS 9, Financial instruments, which replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces three principal classification categories for financial assets. Financial assets are measured at initial recognition at fair value, and are classified as and subsequently measured at FVTPL, FVOCI or amortised cost based on our business model for managing the financial asset and the contractual cash flow characteristics of the asset. The held-to-maturity, available-for-sale (AFS), and loans and receivable classification from IAS 39 are no longer applicable under IFRS 9.

(Amounts in tables are expressed in thousands of Bermuda dollars)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14.2 IFRS 9 Financial instruments (continued)

IFRS 9 maintains the IAS 39 classification for financial liabilities. Under IFRS 9, financial liabilities are measured at either amortised cost or FVTPL.

IFRS 9 also introduces a new impairment model for financial instruments not measured at FVTPL that requires the recognition of expected credit losses at initial recognition of a financial instrument and the recognition of full lifetime expected credit losses if there is a Significant Increase in Credit Risk (SICR).

As permitted by IFRS 9, the Group has elected to not apply the standard retrospectively, Therefore comparative amounts have not been restated. The impact of the of transition is summarised below:

Prior Measurement (IAS 39)	Current Measurement (IFRS 9)	Other Comprehensive Income	Total Return	Expected Credit Loss Allowance
AFS	FVOCI	-	-	(81)
AFS	AC	17,913	17,913	(90)
		17,913	**17,913**	**(171)**

2.14.3 Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

Effective April 1, 2023, the Group adopted the amendments to IAS 1 Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2 “Making Materiality Judgments”, which were issued in February 2021. The amendments require companies to disclose their material accounting policies information rather than their significant accounting policies. They further clarify that immaterial accounting policy information does not need to be disclosed; and if it is disclosed, it should not obscure material accounting information. The amendments were applied retrospectively, and the adoption did not have a significant impact on the Group’s Consolidated Financial Statements

2.14.4 Amendments to IAS 8 Definition of Accounting Estimate

Effective April 1, 2023, the Group adopted the amendments to *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8)* which were issued in February 2021. The amendments replace the definition of a change in accounting estimate with a definition of accounting estimates. They further clarify how companies should distinguish changes in accounting estimates from changes in accounting policies, and correction or errors. The amendments were applied retrospectively, and the adoption did not have a significant impact on the Group’s Consolidated Financial Statements.

(Amounts in tables are expressed in thousands of Bermuda dollars)

2.15 FUTURE ACCOUNTING AND REPORTING CHANGES

The recently issued new accounting standards that will impact the Group in 2024 and beyond are as follows:

2.15.1 Amendments to IFRS 16 Leases

In September 2022, the IASB issued amendments to IFRS 16 Leases (IFRS 16), effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. The amendments specify how a seller-lessees should subsequently measures sales and leaseback transactions that meet the requirements in IFRS 15, Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller lessee to subsequently measure lease liabilities arising from a leaseback transaction such that it recognises no gain or loss relating to the right it retains. Adoption of these amendments are not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.15.2 Amendments to IAS 12 Income Taxes

In May 2023, the IASB issued amendments to IAS 12 Income Taxes (IAS 12), related to the OECD's International Pillar Two Tax Reform. The OECD aims to establish a global minimum tax for large international companies. In response to the OECD's reforms, in December 2023, a 15 per cent corporate income tax was enacted in Bermuda. The Group is not presently in scope of the requirements since the corporate income tax is applicable only to multinational enterprise groups with annual revenues of €750 million or more.

3. CASH AND SHORT-TERM INVESTMENTS

AS AT MARCH 31	2024	2023
Cash in bank	**5,409**	10,166
Short-term investments	**11,537**	4,217
	16,946	14,383

Included in the cash in bank are cash that support the investment contract liabilities associated with deposit administration pension plans (Note 11) of $ 233,552 (2023 – $233,231).

4. ASSETS AND LIABILITIES HELD-FOR-SALE

In March 2020, Management committed to a plan for the settlement of an outstanding mortgage loan receivable. The settlement of the outstanding loan is dependent upon the sale of the collateral property, which is expected to be finalised in the next fiscal year.

The following table shows the assets and liabilities held-for-sale measured at carrying value.

AS AT MARCH 31	2024	2023
Investments	**3,645**	2,864
Unrealised gains and losses from change in fair value	**265**	781
	3,910	3,645

(Amounts in tables are expressed in thousands of Bermuda dollars)

5. INVESTMENTS

5.1 Carrying values and estimated fair values of investments

The carrying values and estimated fair values of investments are as follows:

	March 31, 2024		March 31, 2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Investments at FVOCI				
Bonds	**144,724**	**144,724**	-	-
Equities	**1,957**	**1,957**	-	-
	146,681	**146,681**	-	-
Available for sale				
Bonds	-	-	373,570	373,570
Equities	-	-	9,470	9,470
	-	-	383,040	383,040
Investments at FVTPL				
Bonds	**18,314**	**18,314**	16,821	16,821
	18,314	**18,314**	16,821	16,821
Investments at Amortised cost				
Bonds	**258,525**	**246,861**	-	-
Mortgages and loans	**8,746**	**9,288**	-	-
Policy loans	**41**	**41**	-	-
	267,312	**256,190**	-	-
Loans and receivables				
Mortgages and loans	-	-	9,715	9,986
Policy loans	-	-	41	41
	-	-	9,756	10,027
Total Investments	**432,307**	**421,185**	409,617	409,888

Included in Bonds are investments that support the investment contract liabilities associated with deposit administration pension plans (Note 11) of $246.9 million (2023 – $234.4 million). These investments are maintained under a Separate Account to provide the policyholders certain protections from creditors of the Group.

SPPI criterion

The Group has investments of $ 425.2 million (2023 - $394.8 million) that meet the SPPI criterion. This refers to bonds, mortgages and loans, and policy loans. The change in the fair value of these invested assets during the year is a gain of $16.7 million (2023 – loss of $22.8 million). In terms of credit quality of such assets (excluding mortgages), 99% (2023 - 99%) investments are above investment grade assets and the remaining 1% (2023 - 1%) are below investment grade assets.

Investments with a carrying value of $ 7.1 million (2023 - $14.8 million) do not have SPPI qualifying cash flows as at March 31, 2024. The change in the fair value of these invested assets during the year is a loss of $0.1 million (2023 - loss of $1.7 million).

5. INVESTMENTS (continued)

5.1 Carrying values and estimated fair values of investments (continued)

Equities with a carrying value of $ 2.0 million (2023 - $2.4 million) do not meet the SPPI criterion as at March 31, 2024.

Investments presented as assets held-for-sale with a carrying value of $3.9 million (2023 – $7.4 million), refer to mortgages and loans and bond funds, and do not have SPPI qualifying cash flows as at March 31, 2024. The change in the fair value of these invested assets during the year is a gain of $0.3 million (2023 – $0.8 million gain).

6. FAIR VALUE MEASUREMENT

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group determines the estimated fair value of each individual security utilizing the highest level inputs available. Prices for the majority of the Group's investment portfolio are provided by a third-party investment accounting firm whose pricing processes and the controls thereon are subject to an annual audit on both the operation and the effectiveness of those controls. The audit reports are available to clients of the firm and the report is reviewed annually by Management. In accordance with their pricing policy, various recognised reputable pricing sources are used including broker-dealers and pricing vendors. The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market trade data. The prices provided are compared to the investment managers' pricing. The Group has not made any adjustments to any pricing provided by independent pricing services or its third-party investment managers for either year ended March 31, 2024 or 2023.

Level 1 investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market 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 Group determines securities classified as Level 1 to include highly liquid U.S. treasuries, certain highly liquid short-term investments and quoted equity securities.

Level 2 investments are securities with quoted prices in active markets for similar assets or liabilities or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level 2 are valued via independent external sources using modeled or other valuation methods. Such methods are

typically industry accepted standard and include:

- broker-dealer quotes;
- pricing models or matrix pricing;
- future cash flows;
- yield curves;
- interest rates;
- prepayment speeds; and
- default rates.

Other similar quoted instruments or market transactions may be used.

The Group determines securities classified as Level 2 to include short-term and fixed maturity investments and certain derivatives such as:

6. FAIR VALUE MEASUREMENT(continued)

- US corporate bonds;
- Municipal, other government and agency bonds;
- Foreign corporate bonds;
- Mortgage/asset-backed securities;
- Bond and equity funds with listed underlying assets; and
- Derivatives, such as options, forward foreign exchange contracts, interest rate swaps and credit default swaps.

The fair value of investment properties was determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment properties annually. Fair value is based on market data from recent comparable transactions. These assets are classified as Level 2. Investment properties for which no market data from recent comparable transactions are available, are classified as level 3.

Fair value of the Investment contract liabilities (Deposit accounted annuity policies) is determined by using valuation techniques, such as discounted cash flow methods. A variety of factors are considered in the valuation techniques, including yield curve, credit spread and default assumptions, which have market observable inputs. Accordingly, Investment contract liabilities are classified under Level 2.

The fair value of the majority of investments for accounts of segregated fund holders is based on net asset values reported by third parties such as investment managers and fund administrators. The fair value hierarchy of direct investments within investments for accounts of segregated fund holders, such as short-term securities, local equities and corporate debt securities, is determined according to valuation methodologies and inputs described above in the respective asset type sections.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period based on the lowest level input that is significant to the fair value measurement as a whole.

Level 3 investments are securities for which valuation techniques are not based on observable market data. The Group classifies hard to value assets and unquoted/private equities as Level 3 investments as the valuation technique incorporates both observable and unobservable inputs. These investments may be subject to certain lock-up provisions. The type of underlying investments held by the investee, which form the basis of the net asset valuation, include assets such as private business ventures, to which the Group does not have access. The Group considers net assets as a reasonable approximate fair value.

The Group has an established control framework with respect to the measurement of fair values. This includes an investment validation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The Group's investment validation process includes a review of price movements relative to the market. Any significant discrepancies are investigated and discussed with investment managers and a valuation specialist. The process also includes regular reviews of significant observable inputs and valuation adjustments. Significant valuation issues are reported to the Board of Directors.

6.1 Assets and liabilities measured at fair value

The following table presents fair value of the Group's assets and liabilities measured at fair value in the Consolidated Balance Sheets, categorised by level under the fair value hierarchy.

(Amounts in tables are expressed in thousands of Bermuda dollars)

6. FAIR VALUE MEASUREMENT (continued)

6.1 Assets and liabilities measured at fair value (continued)

March 31, 2024	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	16,946	-		16,946
Interest and dividends receivables	-	3,132	-	3,132
Investments at FVOCI				
Bonds				
US Government	14,117	-	-	14,117
US Corporate	-	94,206	-	94,206
Municipal, other government and agency	-	28,401	-	28,401
Mortgage/asset-backed securities	-	8,000	-	8,000
Total FVOCI bonds	14,117	130,607	-	144,724
Equities				
Global Listed Equities	1,862	-	-	1,862
Preferred Stock	-	95	-	95
Total FVOCI equities	1,862	95	-	1,957
Total Investment at FVOCI	15,979	130,702	-	146,681
Investments at FVTPL				
Bonds				
US government	10,019	-	-	10,019
US Corporate	-	8,003	-	8,003
Municipal, other government and agency	-	292	-	292
Total FVTPL bonds	10,019	8,295	-	18,314
TOTAL ASSETS AT FAIR VALUE	25,998	138,997	-	164,995
LIABILITIES				
Investment contract liabilities	-	3	-	3
TOTAL LIABILITIES AT FAIR VALUE	-	3	-	3
SEGREGATED FUNDS	10,088	1,234,267	-	1,244,355

(Amounts in tables are expressed in thousands of Bermuda dollars)

6. FAIR VALUE MEASUREMENT (continued)

6.1 Assets and liabilities measured at fair value (continued)

March 31, 2023	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	14,383	-	-	14,383
Interest and dividends receivables	-	3,061	-	3,061
Available-for-sale investments				
Bonds				
US government	56,304	-	-	56,304
US and foreign corporates	-	213,631	-	213,631
Municipal, other government and agency	-	38,254	-	38,254
Mortgage/asset-backed securities	-	65,381	-	65,381
	56,304	317,266	-	373,570
Equities				
Investment in equity funds	9,382	88	-	9,470
	9,382	88	-	9,470
Investments at FVTPL				
Bonds				
US government	16,821	-	-	16,821
Total assets at fair value	96,890	320,415	-	417,305
Liabilities				
Investment contract liabilities	-	46	-	46
Total liabilities at fair value	-	46	-	46
Segregated funds	8,849	1,119,557	-	1,128,406

(Amounts in tables are expressed in thousands of Bermuda dollars)

6. FAIR VALUE MEASUREMENT (continued)

6.2 Assets and liabilities not measured at fair value

For assets and liabilities not measured at fair value in the Consolidated Balance Sheets, the following table discloses summarised fair value information categorised by level in the preceding hierarchy, together with the related carrying values.

March 31, 2024	Level 1	Level 2	Level 3	Total fair value	Carrying value
Assets					
Bonds	**66,250**	**180,611**	**-**	**246,861**	**258,525**
Mortgages and loans [(1)]	**-**	**9,288**	**-**	**9,288**	**8,746**
Policy loans	**-**	**41**	**-**	**41**	**41**
Total assets disclosed at fair value	**66,250**	**189,940**	**-**	**256,190**	**267,312**
Liabilities					
Investment contract liabilities [(2)]	**-**	**227,765**	**-**	**227,765**	**237,782**
Total liabilities disclosed at fair value	**-**	**227,765**	**-**	**227,765**	**237,782**

March 31, 2023	Level 1	Level 2	Level 3	Total fair value	Carrying value
Assets					
Mortgages and loans [(1)]	-	9,986	-	9,986	9,715
Policy loans	-	41	-	41	41
Total assets disclosed at fair value		10,027	-	10,027	9,756
Liabilities					
Investment contract liabilities [(2)]		230,896		230,896	243,648
Total liabilities disclosed at fair value	-	230,896	-	230,896	243,648

[(1)] Fair value of mortgages and loans is determined by discounting expected future cash flows using current market rates.

[(2)] Fair value of Investment contract liabilities is based on the following methods:

a) Deposit administration pension plans - based on a discounted cash flow method. Factors considered in the valuation include current yield curve, plus appropriate spreads which have market observable inputs; and

b) Self – funded group health policies – the carrying value approximates the fair value due to the short-term nature of these investment contract liabilities.

(Amounts in tables are expressed in thousands of Bermuda dollars)

6. FAIR VALUE MEASUREMENT (continued)

6.3 Transfers of Level 1, Level 2 and Level 3 assets and liabilities

The Group’s policy is to record transfers of assets and liabilities between levels at their fair values as at the end of each reporting period, consistent with the date of determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There were no transfers between Levels 1, 2 or 3 during the years ended March 31, 2024 and 2023.

7. INVESTMENT PROPERTY

Balance, March 31, 2022	375
Disposals	(338)
Loss on Disposals	(37)
Balance, March 31, 2023 and 2024	**-**

Included in the Group's investment properties are residential properties. Investment properties are held for rental income and capital appreciation. In 2023 the asset was disposed for $0.3 million realizing a loss on disposal of $0.04 million. There is currently no investment property held within the Group.

8. OTHER ASSETS

As at March 31	**2024**	**2023**
Other financial assets		
Fees receivable	**2,412**	1,913
Notes and other receivables	**1,296**	710
TOTAL OTHER FINANCIAL ASSETS	**3,708**	2,623
Prepaid expenses	**1,075**	1,487
TOTAL OTHER ASSETS	**4,783**	4,110

(Amounts in tables are expressed in thousands of Bermuda dollars)

9. PROPERTY AND EQUIPMENT

	Land and buildings	**Other equipment**	**Total**
Balance March 31, 2022	59,343	496	59,839
Additions	223	112	335
BALANCE, MARCH 31, 2023	59,566	608	60,174
Additions	**204**	**125**	**329**
BALANCE, MARCH 31, 2024	**59,770**	**733**	**60,503**
Accumulated depreciation			
Balance March 31, 2022	22,392	122	22,514
Depreciation charge for the year	1,291	114	1,405
BALANCE, MARCH 31, 2023	23,683	236	23,919
Depreciation charge for the year	**1,260**	**143**	**1,403**
BALANCE, MARCH 31, 2024	**24,943**	**379**	**25,322**
Net carrying amount, end of year			
As at March 31, 2023	35,883	372	36,255
AS AT MARCH 31, 2024	**34,827**	**354**	**35,181**

10. INSURANCE AND REINSURANCE CONTRACTS

The Group's Insurance contracts issued and reinsurance contracts held by operating segment comprised of:

MARCH 31, 2024	**Health and GLLTD**		**Annuities**	**Total**
	PAA	GMM	GMM	
Insurance contracts issued:				
Insurance contract liabilities	**16,941**	**666**	**163,396**	**181,003**
Reinsurance contracts held:				
Reinsurance contract assets	**7,607**	**-**	**-**	**7,607**
Reinsurance contract liabilities	**(786)**	**(348)**	**-**	**(1,134)**

MARCH 31, 2023	**Health and GLLTD**		**Annuities**	**Total**
	PAA	GMM	GMM	
Insurance contracts issued:				
Insurance contract liabilities	17,179	702	158,375	176,256
Reinsurance contracts held:				
Reinsurance contract assets	6,614	-	-	6,614
Reinsurance contract liabilities	-	(398)	-	(398)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.1 Significant judgements

Fulfilment cash flows

Fulfilment cash flows comprise:

• estimates of future cash flows;
• an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
• a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

a. Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Group's view of current conditions at the reporting date.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include: i) claims handling, maintenance and administration costs, (ii) recurring commissions payable on instalment premiums receivable within the contract boundary, (iii) costs that the Group will incur in providing investment services, (iv) costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs, and (v) income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

The Insurance acquisition cash flows and other costs attributable to a group of contracts comprise of both direct costs and an allocation of fixed and variable overheads. The Group allocates insurance acquisition cash flows using methods that are systematic and rational. The methods used are consistently applied to all costs that have similar characteristics.

b. Actuarial assumptions – long duration contracts

Long duration insurance contracts issued by the Group refer to insurance contracts with coverage period greater than one year and which are not eligible for the Premium Allocation. Approach under IFRS 17. This comprises of non-investment individual life annuities and domestic life contracts issued by the Group. The risks associated with long duration insurance contracts are complex and subject to several variables that complicate quantitative sensitivity analysis.

To determine the present value of future cashflow for in-force policies, the Group makes assumptions about mortality rate, morbidity rate, lapse and surrender rate, and expenses.

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.1 Significant judgements (continued)

Mortality

Mortality refers to the likelihood of death. The mortality assumptions are generally developed using a blend of national mortality data, industry trends and the Group's recent experiences. For the annuity business the Group uses the RP- 2014 table produced by the Society of Actuaries' (SOA's) Retirement Plans Experience Committee (RPEC). While for the individual life business, the 1997-04 Canadian Institute of Actuaries (CIA) Mortality Table is used.

To better reflect the Group's own risk pool, both tables' rates are modified using historical company experience.

Morbidity

Morbidity refers to the incidence of accident and sickness as well as the recovery from the incidence. The morbidity assumptions are based on industry standard morbidity tables for the long-term disability business. The frequency of claims is low, and the risk is substantially reinsured.

Lapse and surrender

Policyholders may allow their policies to lapse prior to the end of the contractual coverage period by choosing not to continue to pay premiums or by surrendering their policy for the cash surrender value. Annuities are assumed to have no surrenders. The surrender rates for the individual life product line are based on industry and the Group's experience. The surrender rates vary by plan, policy duration and method of premium payment.

Expenses

Operating expense assumptions reflect the projected costs of servicing and maintaining the in-force policies. The assumptions are derived from internal reviews of operating costs and include an allowance for inflation. The Group prices its products to cover the expected costs of servicing and maintaining them. In addition, the Group monitors expenses quarterly, including comparisons of actual expenses to expense allowances used in pricing and valuation.

c. Actuarial assumptions – short duration contracts

Short duration insurance contracts issued by the Group refer to insurance contracts with the coverage period of the liabilities being 12 months or less. Other contracts, which have longer period of coverage, but which qualify for the PAA through the PAA eligibility test, are also considered short duration. The Group issues Long-Term Disability ('LTD') short duration contracts: Group Long-Term Disability ("LTD"), Group Life and Accidental Death and Dismemberment ("AD&D"), and Group Health

The Group based its assumptions and estimates on parameters available at the reporting date. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. When measuring LRC, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring, LIC the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.1 Significant judgements (continued)

d. Discount rate (continued)

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group uses a risk free curve developed internally from market data and a liquidity premium determined by applying a liquidity spread ratio to the total spread on the reference portfolio. An internally generated risk-free discount curve can be transparently developed from market data, ensuring consistency with IFRS 17. It also allows the liquidity premium to reflect the Groups' benchmark reference portfolio, consisting of assets that best reflect the characteristics of insurance contracts and ensuring compliance with the standard.

The tables below set out the yield curves used to discount the cash flows of immediate fixed annuity and non- life contracts for major currencies:

2024	1 year	5 years	10 years	15 years	20 years	30 years
USD	**5.37%**	**4.77%**	**5.04%**	**5.25%**	**5.39%**	**5.19%**

2023	1 year	5 years	10 years	15 years	20 years	30 years
USD	5.03%	4.50%	4.70%	5.00%	5.15%	4.87%

e. Risk adjustment for non-financial risk

Risk adjustment for non-financial risk reflects the compensation the Group would require for bearing non-financial risk. The risk adjustment for non-financial risk is determined using the cost of capital technique. Using this technique, the Group determines the risk adjustment for nonfinancial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using the discount curves described above. The required capital is determined by using the Bermuda Solvency Capital Requirement (BSCR) as a basis.

The cost-of-capital rate is the additional reward that investors would require for exposure to the non-financial risk. The Group's weighted-average cost-of-capital rate is 11.5% (2023: 10.5%). The risk adjustments for non-financial risk for all contracts correspond to a confidence level of approximately 89.7%.

f. Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of the benefits provided under each contract as follows:

Product	Basis for determining quality of benefits provided
Annuities	Present value of expected future claims
Individual Life	Present value of expected future claims

An analysis of the expected timing of the allocation of the CSM to the Consolidated Statements of Comprehensive Income is disclosed in Note 10.4

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts

Movements in insurance and reinsurance contract balances

(i) Annuities

An analysis of the liability for remaining coverage and liability for incurred claims for insurance contract issued by the Annuities line of business measured under the GMM were as follows:

	March 31, 2024			March 31, 2023		
	Liabilities for remaining coverage			Liabilities for remaining coverage		
	Excluding loss component	Liabilities for Incurred claims	Total	Excluding loss component	Liabilities for Incurred claims	Total
Opening insurance contract liabilities	156,873	1,502	158,375	171,747	1,025	172,772
Insurance revenue						
Contracts under the full retrospective transition approach	(200)	-	(200)	(191)	-	(191)
Contracts under the fair value transition approach	(9,411)	-	(9,411)	(9,539)	-	(9,539)
Post transition	(690)	-	(690)	(229)	-	(229)
Total insurance revenue	(10,301)	-	(10,301)	(9,959)	-	(9,959)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	8,664	8,664	-	8,706	8,706
Adjustments to liabilities for incurred claims	-	(59)	(59)	-	574	574
Total insurance service expenses	-	8,605	8,605	-	9,280	9,280
Total insurance service result	(10,301)	8,605	(1,696)	(9,959)	9,280	(679)
Net finance expenses from insurance contracts	4,394	-	4,394	3,546	-	3,546
Other comprehensive income	451	-	451	(12,731)	-	(12,731)
Total changes in the consolidated statements of comprehensive income	(5,456)	8,605	3,149	(19,144)	9,280	(9,864)
Investment components and premium refunds	(6,034)	6,034	-	(5,601)	5,601	-
Cash flows						
Premiums received	16,721	-	16,721	9,871	-	9,871
Claims and other insurance service expenses paid, including investment components	-	(14,849)	(14,849)	-	(14,404)	(14,404)
Total cash flows	16,721	(14,849)	1,872	9,871	(14,404)	(4,533)
CLOSING INSURANCE CONTACT LIABILITIES	162,104	1,292	163,396	156,873	1,502	158,375

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(i) Annuities (continued)

Analysis by measurement component – contracts measured under GMM.

March 31, 2024			CSM			
	Estimates of present value of future cash flows	Risk adjustment for non-financial Risk	Full retrospective approach	Fair value approach	Post transition	Total
Opening insurance contract liabilities	145,622	6,137	1,496	3,194	1,926	158,375
Changes that relate to current services						
CSM recognised for services provided	-	-	(101)	(305)	(155)	(561)
Change in risk adjustment for non-financial risk for risk expired	-	(610)	-	-	-	(610)
Experience adjustments not related to future service	(1,196)	-	-	-	-	(1,196)
Changes that relate to future services						-
Contracts initially recognised in the year	(2,274)	571	-	-	1,703	-
Changes in estimates that adjust the CSM	(68)	(1,038)	232	1,407	198	731
Changes that relate to past services						-
Adjustments to liabilities for incurred claims	(60)	-	-	-	-	(60)
Total Insurance service result	(3,598)	(1,077)	131	1,102	1,746	(1,696)
Net finance expenses from insurance contracts	4,021	158	17	81	117	4,394
Other comprehensive income	324	127	-	-	-	451
Total changes in the consolidated statements of comprehensive income	747	(792)	148	1,183	1,863	3,149
Cash flows						
Premiums received	16,721	-	-	-	-	16,721
Claims and other insurance service expenses paid, including investment components	(14,849)	-	-	-	-	(14,849)
Total cash flows	1,872	-	-	-	-	1,872
CLOSING INSURANCE CONTACT LIABILITIES	148,241	5,345	1,644	4,377	3,789	163,396

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(i) Annuities (continued)

March 31, 2023			CSM			
	Estimates of present value of future cash flows	**Risk adjustment for non-financial risk**	**Full retrospective approach**	**Fair value approach**	**Post transition**	**Total**
Opening insurance contract liabilities	160,823	6,719	2,154	3,076	-	172,772
Changes that relate to current services						
CSM recognised for services provided	-	-	(90)	(211)	(42)	(343)
Change in risk adjustment for non-financial risk for risk expired	-	(624)	-	-	-	(624)
Experience adjustments not related to future service	(410)	-	-	-	-	(410)
Changes that relate to future services						-
Contracts initially recognised in the year	(2,020)	330	-	-	1,690	-
Changes in estimates that adjust the CSM	92	96	(580)	266	249	123
Changes that relate to past services						-
Adjustments to liabilities for incurred claims	575	-	-	-	-	575
Total insurance service result	(1,763)	(198)	(670)	55	1,897	(679)
Net finance expenses from insurance contracts	3,302	140	12	63	29	3,546
Other comprehensive Income	(12,207)	(524)	-	-	-	(12,731)
Total changes in the consolidated statements of comprehensive income	(10,668)	(582)	(658)	118	1,926	(9,864)
Cash flows						
Premiums and premium tax received	9,871	-	-	-	-	9,871
Claims and other insurance service expenses paid, including investment components	(14,404)	-	-	-	-	(14,404)
Total Cash Flows	(4,533)	-	-	-	-	(4,533)
CLOSING INSURANCE CONTACT LIABILITIES	145,622	6,137	1,496	3,194	1,926	158,375

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD

An analysis of the LRC and LIC for insurance contracts issued by the health and GLLTD operating segment measured under PAA were as follows:

March 31, 2024	Liabilities for Remaining Coverage	Liabilities for Incurred claims		Total
		Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-Financial risk	
Opening Insurance contract liabilities	657	16,443	79	17,179
Insurance Revenue	(117,297)	-	-	(117,297)
Insurance Service Expenses				
Incurred claims and other insurance service expenses	-	95,890	30	95,920
Amortisation of insurance acquisition cash flows	1,415	-	-	1,415
Adjustments to liabilities for incurred claims	-	1,440	(3)	1,437
Total Insurance Service Expenses	1,415	97,330	27	98,772
Total Insurance Service Result	(115,882)	97,330	27	(18,525)
Total changes in the consolidated statements of comprehensive income	(115,882)	97,330	27	(18,525)
Cash flows				
Premiums received	115,261	-	-	115,261
Claims and other insurance service expenses paid	-	(95,558)	-	(95,558)
Insurance acquisition cash flows	(1,415)	-	-	(1,415)
Total Cash flows	113,846	(95,558)	-	18,288
Net Closing balance	(1,379)	18,215	105	16,941
CLOSING INSURANCE CONTRACT LIABILITIES	(1,379)	18,215	105	16,941

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

March 31, 2023	Liabilities for Remaining Coverage	Liabilities for Incurred claims		Total
		Estimates of Present Value of	Risk Adjustment for Non-financial	
Opening insurance contract liabilities	120	15,156	48	15,324
Insurance revenue	(103,974)	-	-	(103,974)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	77,028	13	77,041
Amortisation of insurance acquisition cash flows	1,950	-	-	1,950
Adjustments to liabilities for incurred claims	-	2,426	18	2,444
Total insurance service expenses	1,950	79,454	31	81,435
Total insurance service result	(102,024)	79,454	31	(22,539)
Total changes in the consolidated statements of comprehensive income	(102,024)	79,454	31	(22,539)
Cash flows				
Premiums received	104,511	-	-	104,511
Claims and other insurance service expenses paid	-	(78,167)	-	(78,167)
Insurance acquisition cash flows	(1,950)	-	-	(1,950)
Total cash flows	102,561	(78,167)	-	24,394
CLOSING INSURANCE CONTRACT LIABILITIES	657	16,443	79	17,179

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

Reinsurance

Reinsurance contracts held measured under the PAA - analysis by remaining coverage and incurred claims.

March 31, 2024		Assets for Incurred Claims		
	Assets for Remaining Coverage	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Opening reinsurance contract assets	-	6,608	6	6,614
Allocation of reinsurance premiums paid	(11,146)	-	-	(11,146)
Amounts recoverable from reinsurance				
Recoveries of incurred claims	-	8,087	-	8,087
Adjustment to Asset for Incurred Claims	-	1,835	4	1,839
	-	9,922	4	9,926
Effect of changes in Non-performance risk of reinsurers	-	(28)	-	(28)
Net expenses from reinsurance contracts	(11,146)	9,894	4	(1,248)
Cash flows				
Premiums and premium tax paid	10,360	-	-	10,360
Amounts recovered	-	(8,905)	-	(8,905)
Total cash flows	10,360	(8,905)	-	1,455
NET CLOSING BALANCE	(786)	7,597	10	6,821
Closing reinsurance contract assets	-	7,597	10	7,607
Closing reinsurance contract liabilities	(786)	-	-	(786)
NET CLOSING BALANCE	(786)	7,597	10	6,821

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

Reinsurance (continued)

March 31, 2023		Assets for Incurred Claims		
	Assets for Remaining Coverage	**Estimates of Present Value of Future Cash Flows**	**Risk Adjustment for Non-financial risk**	**Total**
Opening reinsurance contract assets	278	8,129	7	8,414
Allocation of reinsurance premiums paid	(7,876)	-	-	(7,876)
Amounts recoverable from reinsurance				
Recoveries of incurred claims	-	4,977	-	4,977
Adjustment to Asset for Incurred Claims	-	(559)	(1)	(560)
	-	4,418	(1)	4,417
Net Expenses from Reinsurance Contracts	(7,876)	4,418	(1)	(3,459)
Cash flows	-	-	-	
Premiums paid	7,598	-	-	7,598
Amounts recovered	-	(5,939)	-	(5,939)
Total cash flows	7,598	(5,939)	-	1,659
CLOSING REINSURANCE CONTRACT ASSETS	-	6,608	6	6,614

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

Insurance contracts

An analysis of the liability for remaining coverage and liability for incurred claims for insurance contract issued by the Health and GLLTD segment measured under the GMM were as follows:

	March 31, 2024			March 31, 2023		
	Liabilities for Remaining Coverage Excluding loss component	Liabilities for Incurred claims	Total	Liabilities for Remaining Coverage Excluding loss component	Liabilities for Incurred claims	Total
Opening insurance contract liabilities	702	-	702	607	-	607
Insurance Revenue						
Contracts under the fair value transition approach	(91)	-	(91)	(16)	-	(16)
Total Insurance revenue	(91)	-	(91)	(16)	-	(16)
Insurance Service Expenses						
Incurred claims and other insurance service expenses	-	21	21	-	68	68
Total Insurance Service Expenses	-	21	21	-	68	68
Total Insurance Service Result	(91)	21	(70)	(16)	68	52
Total Insurance Finance Income or Expense	25	-	25	-	-	-
Other Comprehensive Income	(3)	-	(3)	(109)	-	(109)
Total changes in the consolidated statements of comprehensive income	(69)	21	(48)	(125)	68	(57)
Cash flows						
Premiums received	34	-	34	220	-	220
Claims and other insurance service expenses paid, including investment components	-	(21)	(21)	-	(68)	(68)
Insurance acquisition cash flows	(1)	-	(1)		-	-
Total Cash flows	33	(21)	12	220	(68)	152
CLOSING INSURANCE CONTRACT LIABILITIES	666	-	666	702	-	702

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

Insurance contracts (continued)
Analysis by measurement component – contracts measured under GMM.

March 31, 2024			CSM	
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Fair value approach	Total
Opening insurance contract liabilities	529	19	154	702
Changes that relate to current services				
CSM recognised for services provided	-	-	(11)	(11)
Change in risk adjustment for non-financial risk for risk expired	-	(1)	-	(1)
Experience adjustments not related to future service	(73)	-	-	(73)
Changes that relate to future services				
Changes in estimates that adjust the CSM	106	(11)	(80)	15
Total Insurance service result	33	(12)	(91)	(70)
Net finance expenses from insurance contracts	20	-	5	25
Other comprehensive income	(3)	-	-	(3)
Total changes in the consolidated statements of comprehensive income	50	(12)	(86)	(48)
Cash flows				
Premiums received	34	-	-	34
Claims and other insurance service expenses paid, including investment components	(21)	-	-	(21)
Insurance acquisition cash flows	(1)	-	-	(1)
Total Cash Flows	12	-	-	12
CLOSING INSURANCE CONTRACT LIABILITIES	591	7	68	666

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

Insurance contracts (continued)

March 31, 2023	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM Fair Value Approach	Total
Opening insurance contract liabilities	572	13	22	607
Changes that relate to current services				
CSM recognised for services provided	-	-	(13)	(13)
Change in risk adjustment for non-financial risk for risk expired	-	(1)	-	(1)
Experience adjustments not related to future service	(30)	-	-	(30)
Changes that relate to future services				
Contracts initially recognised in the year	(27)	-	27	-
Changes in estimates that adjust the CSM	(31)	9	118	96
Total Insurance Service result	(88)	8	132	52
Other Comprehensive Income	(107)	(2)	-	(109)
Total changes in the consolidated Statements of comprehensive income	(195)	6	132	(57)
Cash flows				
Premiums received	220	-	-	220
Claims and other insurance service expenses	(68)	-	-	(68)
Total Cash flows	152	-	-	152
CLOSING INSURANCE CONTRACT LIABILITIES	529	19	154	702

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)
Reinsurance contracts

Reinsurance contracts held measured under the GMM. Analysis by remaining coverage and incurred claims.

March 31, 2024	Assets for remaining coverage	Assets for incurred claims	Total
Opening reinsurance contract liabilities	**(397)**	**(1)**	**(398)**
Effect of changes in non-performance risk of reinsurers	**(1)**	**-**	**(1)**
Net expenses from reinsurance contracts	**(1)**	**-**	**(1)**
Net finance income from reinsurance contracts	**(13)**	**-**	**(13)**
Other comprehensive income	**(10)**	**-**	**(10)**
Total changes in the consolidated statements of comprehensive income	**(24)**	**-**	**(24)**
			-
Cash flows			**-**
Premiums paid	**73**	**-**	**73**
Amounts recovered	**-**	**1**	**1**
Total cash flows	**73**	**1**	**74**
ENDING REINSURANCE CONTRACT LIABILITIES	**(348)**	**-**	**(348)**

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)
Reinsurance contracts

March 31, 2023	Assets for remaining coverage	Assets for incurred claims	Total
Opening reinsurance contract liabilities	(403)	84	(319)
Allocation of reinsurance premiums paid	(90)	-	(90)
Net expenses from reinsurance contracts	(90)	-	(90)
Other comprehensive income	51	-	51
Total changes in the consolidated statements of comprehensive income	**(39)**	**-**	**(39)**
Cash flows			
Premiums paid	45	-	45
Amounts recovered	-	(85)	(85)
Total cash flows	45	(85)	(40)
CLOSING REINSURANCE CONTRACT LIABILITIES	(397)	(1)	(398)

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)
Reinsurance contracts
Reinsurance contracts held measured under the GMM. Analysis by component.

March 31, 2024	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM Fair Value Approach	Total
Opening reinsurance contact liabilities	(386)	17	(29)	(398)
Changes that relate to current services				
CSM recognised for services received	-	-	1	1
Experience adjustments not related to future service	(60)	(1)	-	(61)
Changes that relate to future services				
Changes in estimates that adjust the CSM	29	(9)	40	60
Effect of changes in non-performance risk of reinsurance	-	-	(1)	(1)
Total net expenses from reinsurance contracts	(31)	(10)	40	(1)
Net finance income from reinsurance contracts	(12)	-	(1)	(13)
Other comprehensive income	(11)	1	-	(10)
Total changes in the consolidated statements of comprehensive income	(54)	(9)	39	(24)
Cash flows				
Premiums paid	73	-	-	73
Ammounts recovered	1	-	-	1
Total cash flows	74	-	-	74
CLOSING REINSURANCE CONTRACT LIABILITIES	(366)	8	10	(348)

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.2 Changes in insurance contracts (continued)

Movements in insurance and reinsurance contract balances (continued)

(ii) Health and GLLTD (continued)

Reinsurance contracts (continued)

March 31, 2023	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM Fair Value Approach	Total
Opening reinsurance contact liabilities	(332)	5	8	(319)
Changes that relate to current services				
CSM recognised for services received	-	-	3	3
Change in risk adjustment for non-financial risk for risk expired	-	(1)	-	(1)
Experience adjustments not related to future service	(66)	-	-	(66)
Changes that relate to future services				
Contracts initially recognised in the year	(18)	-	18	-
Changes in estimates that adjust the CSM	18	14	(58)	(26)
Total net expenses from reinsurance contracts	(66)	13	(37)	(90)
Other comprehensive income	52	(1)	-	51
Total changes in the consolidated statements of comprehensive income	(14)	12	(37)	(39)
Cash flows				
Premiums paid	45	-	-	45
Amounts recovered	(85)	-	-	(85)
Total cash flows	(40)			(40)
CLOSING REINSURANCE CONTRACT LIABILITIES	(386)	17	(29)	(398)

(Amounts in tables are expressed in thousands of Bermuda dollars)

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

10.3 Effect of Contracts Initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

(i) Health and GLLTD

	March 31, 2024	March 31, 2023
Claims and other insurance service expenses payable	**14,449**	7,831
Estimates of present value of cash inflows	**(16,723)**	(9,878)
Risk adjustment for non-financial risk	**571**	330
CSM	**1,703**	1,717
Losses for the net outflow recognised on initial recognition	**-**	-

10.4 Contractual service margin

The following tab sets out when the Group expects to recognise the remaining CSM in net income after the reporting date for contracts measured under the GMM

	Within 1 year	2- 5 years	6-10 years	Over 10 years	Total
March 31, 2024					
Insurance Contracts					
Annuities	**581**	**2,060**	**2,143**	**5,026**	**9,810**
Health and GLLTD	**2**	**7**	**7**	**52**	**68**
Reinsurance Contracts					
Health and GLLTD	**1**	**4**	**4**	**1**	**10**
March 31, 2023					
Insurance Contracts					
Annuities	219	833	1,067	4,497	6,616
Health and GLLTD	13	41	38	62	154
Reinsurance Contracts					
Health and GLLTD	(2)	(7)	(7)	(13)	(29)

(Amounts in tables are expressed in thousands of Bermuda dollars)

11. INVESTMENT CONTRACT LIABILITIES

Carrying values and estimated fair values of the investment contract liabilities are as follows:

As at March 31	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost:				
Deposit administration pension plans	**233,552**	**223,535**	233,231	220,422
Self-funded group health policies	**4,230**	**4,230**	10,417	10,417
	237,782	**227,765**	243,648	230,839
At FVTPL:				
Deposit administration pension plans	**3**	**3**	46	46
Total investment contract liabilities	**237,785**	**227,768**	243,694	230,885

11.1 Investment contract liabilities at amortised cost

The change in investment contract liabilities measured at amortised cost is a result of the following:

March 31	2024	2023
Balance, beginning of year	**243,648**	246,618
Deposits	**75,665**	87,960
Withdrawals	**(80,180)**	(81,612)
Transfer to Segregated Funds	**10**	22
Fees deducted	**(3,735)**	(3,484)
Interest	**3,193**	1,348
Other	**(819)**	(7,204)
Balance, end of year	**237,782**	243,648

For the year ended March 31, 2024, the net gain relating to Investment contract liabilities measured at amortised cost is $3.8 million (2023 - net gain of $5.5 million).

11.2 Investment contract liabilities at FVTPL

The change in Investment contract liabilities measured at FVTPL is a result of the following:

March 31	2024	2023
Balance, beginning of year	**46**	156
Included in net income	**(7)**	29
Deposits	**-**	4
Withdrawals	**(36)**	(143)
Balance, end of year	**3**	46

12. RISK MANAGEMENT

12.1 Governance framework

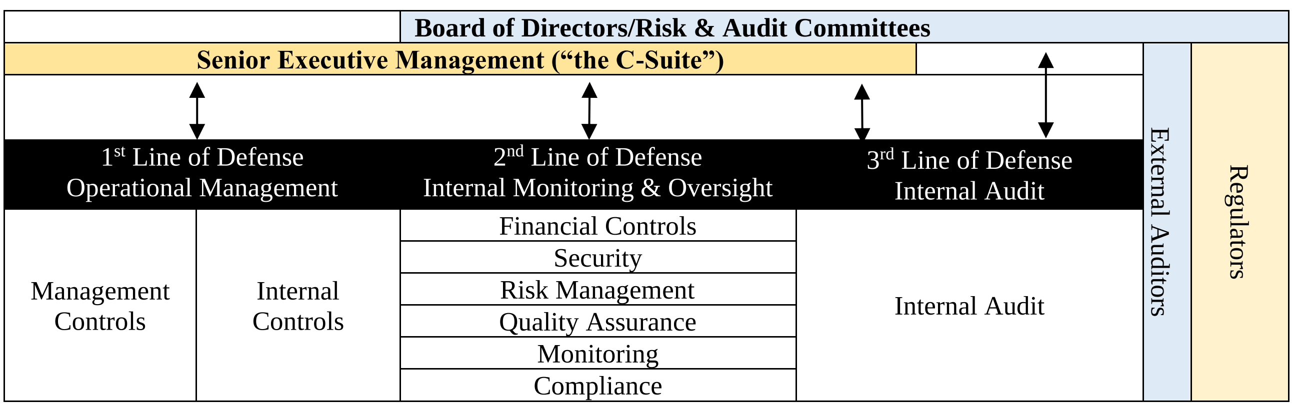
The Group aligns its risk management functions with that of its Parent, the Argus Group. The Group prioritises the development of a forward looking risk management framework to deal appropriately with changes in the economic, social and regulatory environment in which it operates. The risk management deployed by the Group is based on the principles set down below, which are aligned with the Group's strategy and take into account the regulatory requirements, as well as the best market practices.

- A comprehensive risk management policy, with a forward-looking approach.

  The Board of Directors approves the Group's risk management framework including related policies. The Board and meets regularly and provide oversight to the implementation of an effective risk management framework. The risk management framework defines the Group's identification of risk and its interpretation and sets out the risk profiles for the Group, to ensure the appropriate quality and diversification of assets and alignment of underwriting and reinsurance strategy to the corporate goals. The Group also ensures emerging risks and sustainability considerations are embedded within the risk management framework.

- Three lines of defense model.

  The Group has adopted the Three Lines of Defense model as shown below, which addresses how specific duties related to risks and controls are managed and coordinated within the Group.



12.2 Operational risk and capital management

The Group's capital base is structured to exceed regulatory targets, maintain satisfactory credit ratings, align the profile of assets and liabilities taking account of risks inherent in the businesses, 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 businesses. It is also managed at the business unit level under the principles appropriate to the jurisdiction in which it operates. The Group's capital base consists of Share capital, Contributed surplus, Retained earnings and Accumulated other comprehensive income/(loss)as disclosed on the Consolidated Balance Sheets.

The Bermuda Monetary Authority (the "BMA") is the regulator of the Group. The laws and regulations of Bermuda require that the Group maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As of March 31, 2024 and 2023, the amount of group statutory capital and surplus exceeds this regulatory requirement.

12. RISK MANAGEMENT (CONTINUED)

12.2 Operational risk and capital management (continued)

Management monitors the adequacy of the Group's capital from the perspective of Bermuda statutory requirements. The Bermuda Insurance Act 1978 and Related Regulations (the "Act") requires the Group to file an annual audited statutory financial return and meet minimum solvency margins and minimum liquidity ratios.

The Group holds general business and long-term business insurance licenses. The statutory capital and surplus for the Group as at March 31, 2024 was $89.5 million (2023 - $56.9 million) and the minimum solvency margin of the Group was $17.5 million (2023 - $21.8 million).

The Bermuda Solvency Capital Requirement (BSCR) is the prescribed form of capital and solvency reporting in Bermuda, which was revised under new legislation enacted in 2008. The BSCR includes a standardised model used to measure the risk associated with an insurance subsidiary's assets, liabilities and premiums, and a formula to take account of catastrophe risk exposure. The BMA requires all insurers to maintain their statutory capital and surplus at a target level which is 120 percent of the amount calculated in accordance with the BSCR. As of March 31, 2024 and 2023, the statutory capital and surplus of the insurance subsidiaries exceeded this regulatory requirement.

In addition, minimum liquidity ratios must be maintained by Bermuda entities writing general insurance business whereby relevant assets, as defined by the Act, must exceed 75 percent of relevant liabilities. The Bermuda Insurance Act 1978 and Related Regulations limits the maximum amount of annual dividends and distributions that may be paid by the Group's insurance subsidiaries. Before reducing statutory capital by 15 percent or more or statutory capital and surplus by 25 percent or more, as set out in the prior year's statutory financial statements, the Group shall request the approval of the BMA. In addition, the Bermuda Companies Act 1981 limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due, or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and contributed surplus accounts.

12.3 Financial instrument risk management

The Group has policies relating to the identification, measurement, monitoring, mitigation, and control of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risks, which include currency, interest rate and other price risks, including equity risk.

12.3.1 Investment risk

Investment policy is established by the Risk Committee of the Board of Directors to manage this risk. Investment policy sets parameters within which the Group's external investment managers must operate. Important parameters include guidelines on permissible asset classes, duration ranges, credit quality, currency, maturity, sectors, geographical, sovereign and issuer exposures. Compliance with guidelines is monitored on a quarterly basis. Any adjustments to the investment policy are approved by the Risk Committee of the Board of Directors.

The Group's fixed maturity portfolios are managed by an external investment manager. The Group also has a diversified low volatility multi-strategy portfolio of bond and equity funds, and a small equity portfolio. The performance of the managers is monitored on an ongoing basis.

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.1 Investment risk (continued)

All portfolios duration is matched to the duration of the insurance liabilities, within an agreed range. The portfolios are invested in fixed maturity securities, fixed maturity funds and cash and cash equivalents. The portfolios may, at times, contain assets significantly in excess of those required to meet insurance liabilities or other defined funding needs.

The Group reviews the composition, duration and asset allocation of its investment portfolio on a regular basis in order to respond to changes in interest rates and other market conditions. If certain asset classes are anticipated to produce a higher return within management's risk tolerance, an adjustment in asset allocation may be made. Conversely, if the risk profile is expected to move outside of tolerance levels, adjustments may be made to reduce the risks in the portfolio. The Risk committee of the Parent meets quarterly to ensure that the Group's strategic and tactical investment actions are consistent with investment risk preferences, appetite, risk and return objectives and tolerances.

12.3.2 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in perceived financial strength or be unable to pay amounts in full when due. The concentration of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of reinsurance markets and the extent of investments held in financial markets. By the nature of the business, reinsurers interact with similar customers in similar markets. However, the Group uses a panel of reinsurers with global operations and diversified portfolios and limits its exposure to any one reinsurer. Reinsurance is placed with counterparties that have a strong credit rating. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

12.3.2(a) Maximum exposure to credit risk

The following table summarises the Group's maximum exposure to credit risk related to financial instruments and insurance contracts. The maximum credit exposure is the carrying value of the financial assets and insurance assets net of any allowances for losses.

AS AT MARCH 31	Note	2024	2023
Cash and short-term investments	3	**16,946**	14,383
Interest and dividends receivable		**3,132**	3,061
Bonds – at Amortised FVTPL, and FVOCI	5	**421,562**	390,391
Mortgages and loans	5	**8,746**	9,715
Policy loans	5	**41**	41
Receivable for investments sold		**220**	-
Other financial assets included in Other assets	8	**3,708**	2,623
Reinsurance contract assets	10	**7,607**	6,614
TOTAL CONSOLIDATED BALANCE SHEET MAXIMUM CREDIT EXPOSURE		**461,962**	426,828

Credit risk is mitigated by entering into collateral agreements for mortgages and loans. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Management monitors the value of the collateral, requests additional collateral when needed and performs an impairment evaluation on a regular basis. The Group manages

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.2(a) Maximum exposure to credit risk (continued)

credit risk by its specific investment diversification requirements such as investing by asset class, geography and industry, review of credit quality ratings for portfolio investments and an active credit risk governance, including independent monitoring and review and reporting to senior management and the Board.

12.3.2(b) Concentration of credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or group of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due.

The following tables provide details of the carrying value of bonds and derivative financial instruments by industry sector and geographic distribution.

For the years ended March 31	2024	2023
Bonds issued or guaranteed by:		
Asset Backed Securities	**79,591**	79,574
Banking and Finance	**74,840**	76,271
Government and Agency	**116,137**	43,138
Communications	**45,270**	96,968
Oil and Gas	**11,998**	3,937
Pharmaceutical	**21,611**	9,463
Manufacturing	**14,964**	3,059
Utilities and Energy	**6,978**	12,620
Insurance	**3,382**	35,818
Transportation	**5,630**	17,130
Mining	**3,069**	6,073
Other(1)	**38,092**	6,340
Total bonds	**421,562**	390,391

(1) Includes investments with less than $2 million of concentration of credit risk by industry sector or geographical distribution.

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.2 Credit risk (continued)

12.3.2(b) Concentration of credit risk (continued)

As at March 31	2024	2023
Geographical distribution of bonds is as follows:		
United States of America	**335,937**	300,267
Cayman Islands	**39,181**	37,849
United Kingdom	**9,413**	11,216
Japan	**7,431**	6,740
France	**5,580**	5,543
Switzerland	**2,240**	4,811
Mexico	**2,663**	2,623
Netherlands	**4,530**	4,956
Canada	**3,169**	4,127
Ireland	**1,687**	1,649
Australia	**1,125**	889
Other(1)	**8,606**	9,721
Total bonds	**421,562**	390,391

(1) Includes investment with less than $2 million of concentrat ion of credit risk by industry sector or geographical distribution.

Mortgages comprise first mortgages on real property situated in Bermuda. Residential mortgages include mortgages for both single and multiple family dwellings. As at March 31, 2024, the Group's carrying value of mortgages and loans amount to $8.7 million (2023 – $9.7 million).

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.2 Credit risk (continued)

12.3.2(c) Asset quality

The following table provides an analysis of the carrying value of bonds and derivative financial instruments by rating.

March 31	2024	2023
Bond portfolio quality:		
AAA	**50,957**	138,417
AA	**116,573**	35,750
A	**128,649**	108,646
BBB	**120,101**	104,225
BB or lower	**5,282**	3,353
Not rated	**-**	-
TOTAL BONDS	**421,562**	390,391
Reinsurance contracts assets:		
AA	**5,298**	6,659
A	**2,335**	-
BBB	**(26)**	(45)
TOTAL REINSUANCE CONTRACT ASSETS	**7,607**	6,614

12.3.2(d) Expected credit loss (ECL) allowance on impaired investments

The impairment policy on financial assets is detailed in Note 2.7.1(a). Expected credit losses are calculated as the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the effective interest rate (EIR) determined at initial recognition. When estimating ECL, the Group uses information that is reasonably available, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions. ECL is calculated based on the value of collateral, internal and external rating history and the probabilities of default. ECL is essentially the product of the; probability of default (PD); loss given default (LGD); and exposure at default (EAD).

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.2 Credit risk (continued)

12.3.2(d) Expected credit loss (ECL) allowance on impaired investments (continued)

ECL Key inputs	PD	LGD	EAD
Measurement	Based on historical defaults covering a sufficient look-back period (24 months) and is estimated based on internal or external data, or a mix of both	**Bonds** Estimated using internal data sourced from rating agencies, based on seniority of the debt and credit rating. **Mortgages** Estimates are based on the time to maturity, number of delinquent days within the last 12 months, and gross debt service ratio.	**Bonds** Estimated by projecting outstanding balances based on amortisation schedules. **Mortgages** EAD is linked to the underlying real estate value or collateral.

Significant changes in the gross carrying amounts of financial instruments do not contribute to changes in the loss allowance, as these are based solely on the key inputs within the ECL model.

	Stage 1: 12-month ECL	Stage 2: Lifetime ECL (1)	Stage 3: Credit Impaired (1)
Recognition	All financial assets for which either the credit risk has not increased significantly since the initial recognition or the credit risk is low at the reporting date. 12-month ECL's are recognised and interest revenue is calculated on the gross carrying amount of the asset, without deducting the credit allowances.	All financial assets for which the credit risk has increased significantly since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. Lifetime ECL is recognised for these assets but interest revenue is still calculated on the gross carrying amount of the asset.	All financial assets that have the objective evidence of impairment at the reporting date. Lifetime ECL is recognised for these assets and interest revenue is calculated on the net carrying amount, net of credit allowance.
Timing/Duratio	It is the total asset weighted by the probability ECL's resulting from the default events that are likely to occur within 12 months after the reporting date.	ECLs resulting from all the possible default events occurring over the expected life of the financial instrument.	The method is similar to that for lifetime ECL assets, with the PD set at 100% over the expected life of the asset.

(1) A SICR event would constitute a credit rating downgrade/default from investment to sub-investment grade. The Group does not hold any Stage 2 or 3 (non-performing), credit impaired debt instruments as prescribed by the Group's Investment Policy.

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.2 Credit risk (continued)

12.3.2(d) Expected credit loss (ECL) allowance on impaired investments (continued)

Summary of Group's stage 1 ECL at March 31, 2024 are as follows:

	MARCH 31, 2024			
	Bonds at Amortised Cost	**Bonds at FVOCI**	**Mortgages**	**Total**
Balance, beginning of year	**(90)**	**(81)**	**(1)**	**(172)**
Movemnet during the year	**(7)**	**(8)**	**-**	**(15)**
BALANCE, END OF YEAR	**(97)**	**(89)**	**(1)**	**(187)**

12.3.2(e) Age analysis of financial assets past due

March 31, 2024	Past due but not impaired			
	Less than 90 days	90-179 days	180 days or more	Total
Mortgages and loans	**-**	**-**	**1,244**	**1,244**
Other receivables included in Other assets	**33**	**256**	**527**	**816**
BALANCE, END OF YEAR	**33**	**256**	**1,771**	**2,060**

March 31, 2023	Past due but not impaired			
	Less than 90 days	90-179 days	180 days or more	Total
Mortgages and loans	-	-	1,821	1,821
Other receivables included in Other assets	218	36	405	659
BALANCE, END OF YEAR	218	36	2,226	2,480

Past due financial assets have an allowance of $nil (2023 – $nil million) because the fair value of the collateral or the expected future cash flows are below the carrying value of these financial assets

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group's asset-liability management process allows it to maintain its good financial position by ensuring that sufficient liquid assets are available to cover its potential funding requirements. The Group invests in various types of assets with a view to matching them with its liabilities. To strengthen its liquidity further, the Group actively manages and monitors its capital and asset levels, diversification and credit quality of its investments and cash forecasts and actual amounts against established targets.

The short-term (less than one year) liquidity needs are adequately met by maturing bonds, mortgages and loans, the sale of equities, as well as by current operating cash flows. Historically, the Deposit administration pension plan liabilities renew for further periods upon maturity and remain within the Group. Longer duration cash flows are also backed by a broader range of asset classes including equity and other non-fixed income assets.

Reinvestment strategies and policies are in place for maturing assets backing long-term liabilities and are reflected in the life and annuity policy reserves. Based on the Group's historical cash flows and current financial performance, management believes that the cash flow from the Group's operating activities will continue to provide sufficient liquidity for the Group to meet its contractual obligations and to pay other expenses, as they fall due.

Liability maturity profile

The following is an analysis by liability type of the estimated timing of net cash flows based on the Group's liabilities. The settlement profile is based on current estimates and historical trends and the actual timing of future cash flows may differ materially from the following disclosure.

March 31, 2024	Within 1 year	2-5 years	6-10 years	over 10 years	Total
Insurance contract liabilities					
– net of reinsurance (1)	25,344	57,361	58,493	99,740	240,938
Investment contract liabilities	100,921	20,009	24,926	87,664	233,520
Accounts payable and accrued liabilities	15,121	-	-	-	15,121
TOTAL FROM GENERAL FUND LIABILITIES	**141,386**	**77,370**	**83,419**	**187,404**	**489,579**

(1) The amounts shown above are based on estimated net cash flows which differ from the amounts shown on the Consolidated Balance Sheet which are based on discounted cash flows.

(Amounts in tables are expressed in thousands of Bermuda dollars)

March 31, 2023	Within 1 year	2-5 years	6-10 years	over 10 years	Total
Insurance contract liabilities					
– net of reinsurance (1)	25,830	54,747	56,064	96,351	232,992
Investment contract liabilities	64,715	34,239	36,216	98,002	233,172
Accounts payable and accrued liabilities	10,319	-	-	-	10,319
TOTAL FROM GENERAL FUND LIABILITIES	100,864	88,986	92,280	194,353	476,483

1) The amounts shown above are based on estimated net cash flows which differ from the amounts shown on the Consolidated Balance Sheet which are based on discounted cash flows.

12.3.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The Group has minimal exposure to currency risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

12.3.4(a) Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Changes in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Investing in fixed income assets that closely match the life product liability cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The Group issues unit-linked investment policies in a number of its operations. The policyholder bears the investment risk on the assets held in the unit-linked fund. The value of the policy benefits is directly linked to the value of the assets in the fund. The Group’s exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The Group issues deposit administration pension plans with a short term guaranteed rate of return. To the extent that the actual rate of return on the underlying funds differs from the guaranteed rate, the risk and rewards are borne by the Group.

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.3 Financial instrument risk management (continued)

12.3.4 Market risk (continued)

12.3.4(a) Interest rate risk (continued)

The Group's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are, as follows:

		2024		2023	
At March 31	**Change in Interest rate**	**Impact on Net Income**	**Impact on equity**	**Impact on Net Income**	**Impact on equity**
Insurance and reinsurance contracts	+100bps	**-**	**10,331**	-	10,390
Insurance and reinsurance contracts	-100bps	**-**	**(11,812)**	-	(11,905)
Financial instruments	+100bps	**(4,045)**	**-**	-	-
Financial instruments	-100bps	**10,334**	**-**	-	-

12.3.4(b) Equity risk

Equity investments are held in accordance with the Group's investment policy as part of the well diversified asset portfolio that are appropriate for the Group. Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. If actual returns are lower than the expected returns, the Group's Life and annuity policy reserves will increase and will reduce the Group's net earnings. Overall, it is expected that the impact of an immediate ten percent increase in value across all equity markets would be an increase in Net Earnings and Other comprehensive income of $NIL and $0.2 million respectively (2023 - $Nil and $0.9 million respectively); conversely the impact of a ten percent decrease would have an equal but opposite effect. The direct exposure to equity markets generally falls within the risk-taking philosophy of the Group's investment policy and is regularly monitored by management.

12.3.5 Limitations of sensitivity analysis

The sensitivity information given above and in Note 11 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 rates fall towards zero.

12.4 Insurance risk management

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is monitored by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.4 Insurance risk management (continued)

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure to mitigate both risk frequency and risk severity of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

12.5 Sensitivity analysis

The table below analyses how the CSM, net income and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

		2024					
		CSM		**Net income**		**Equity**	
	Change in Assumption	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Annuities							
Mortality rates	+1%	**408**	**408**	-	-	-	-
Mortality rates	-1%	**(413)**	**(413)**	-	-	-	-
Expenses	+5%	**(225)**	**(225)**	-	-	-	-
Expenses	-5%	**225**	**225**	-	-	-	-
Individual Life							
Mortality rates	+1%	**(7)**	**(1)**	-	-	-	-
Mortality rates	-1%	**7**	**1**	-	-	-	-
Expenses	+5%	**(18)**	**(18)**	-	-	-	-
Expenses	-5%	**18**	**18**	-	-	-	-
Lapse rates	+5%	**(5)**	**10**	-	-	-	-
Lapse rates	-5%	**5**	**(11)**	-	-	-	-
Health							
Ultimate claims	+5%	-	-	**5,672**	**5,672**	**5,672**	**5,672**
Ultimate claims	-5%	-	-	**(2,661)**	**(2,661)**	**(2,661)**	**(2,661)**

(Amounts in tables are expressed in thousands of Bermuda dollars)

12. RISK MANAGEMENT (CONTINUED)

12.5 Sensitivity analysis (continued)

		2023					
		CSM		Net income		Equity	
	Change in Assumption	Gross	Net	Gross	Net	Gross	Net
						-	-
Annuities	+1%	348	348	-	-	-	-
Mortality rates	-1%	(352)	(352)	-	-	-	-
Mortality rates	+5%	(230)	(230)	-	-	-	-
Expenses	-5%	230	230	-	-	-	-
Expenses							
Individual Life		(9)	(2)	-	-	-	-
Mortality rates	+1%	6	1	-	-	-	-
Mortality rates	-1%	(21)	(20)	-	-	-	-
Expenses	+5%	21	20	-	-	-	-
Expenses	-5%	(7)	9	-	-	-	-
Lapse rates	+5%	7	(10)	-	-	-	-
Lapse rates	-5%						
Health							
Ultimate claims	+5%	-	-	4,985	4,985	4,985	4,985
Ultimate claims	-5%	-	-	(2,408)	(2,408)	(2,408)	(2,408)

(Amounts in tables are expressed in thousands of Bermuda dollars)

13. INSURANCE REVENUE

	Health and GLLTD	Annuities	Total
AS AT MARCH 31, 2024			
Contracts measured under GMM			
Amounts relating to changes in liabilities for remaining coverage			
CSM recognised for services provided	**11**	**561**	**572**
expired	**1**	**610**	**611**
Expected incurred claims and other insurance service expenses	**79**	**9,130**	**9,209**
Other	**(32)**	**-**	**(32)**
Recovery of insurance acquisition cash flows	**-**	**-**	**-**
Total Revenue from Contracts measured under GMM	**59**	**10,301**	**10,360**
Contracts Measured under the PAA	**117,297**	**-**	**117,297**
Total Insurance Revenue	**117,356**	**10,301**	**127,657**

	Health and GLLTD	Annuities	Total
AS AT MARCH 31, 2023			
Contracts measured under GMM			
Amounts relating to changes in liabilities for remaining coverage			
CSM recognised for services provided	13	342	355
Change in risk adjustment for non-financial risk for risk expired	2	624	626
expenses	1	8,993	8,994
Total Revenue from Contracts not measured Under PAA	16	9,959	9,975
Contracts Measured Under the PAA	103,974	-	103,974
Total Insurance Revenue	103,990	9,959	113,949

(Amounts in tables are expressed in thousands of Bermuda dollars)

14. NET FINANCIAL RESULT

AS AT MARCH 31, 2024	Health and GLLTD	Annuities	Total
Investment return			
Interest income(calculated using the effective interest rate method)	**-**	**12,682**	**12,682**
Other Interest income	**640**	**657**	**1,297**
Dividend income	**43**	**85**	**128**
Net realised and unrealised (losses)/gains on investments	**282**	**(110)**	**172**
Amortisation of premium on bonds	**-**	**410**	**410**
Change in the fair value of contingent liability	**-**	**-**	**-**
Net impairment loss on financial assets	**-**	**78**	**78**
Other investment revenue	**-**	**942**	**942**
Deduct: Investment income relating to Deposit administration pension plans	**-**	**(2,835)**	**(2,835)**
Total investment return	**965**	**11,909**	**12,874**
Net finance expenses from insurance contracts			
Interest accreted	**(25)**	**(4,394)**	**(4,419)**
Effect of changes in interest rates and other financial assumption	**-**	**-**	**-**
Total net finance expenses from insurance contracts	**(25)**	**(4,394)**	**(4,419)**
Net finance income from reinsurance contracts			
Interest accreted	**(5)**	**-**	**(5)**
Other	**(7)**	**-**	**(7)**
Total Insurance Finance Income or Expense from Reinsurance Contracts	**(12)**	**-**	**(12)**
Movement in investment contract liabiliities	**-**	**7**	**7**
Net Financial Result	**928**	**7,522**	**8,450**

(Amounts in tables are expressed in thousands of Bermuda dollars)

14. NET FINANCIAL RESULT (CONTINUED)

AS AT MARCH 31, 2023	Health and GLLTD	Annuities	Total
Investment return			
Other Interest income	301	11,438	11,739
Dividend income	112	85	197
Net realised and unrealised (losses)/gains on investments	(543)	670	127
Amortisation of premium on bonds	-	(420)	(420)
Change in the fair value of contingent liability	-	-	-
Other investment revenue	(2)	1,189	1,187
Deduct: Investment income relating to Deposit administration pension plans	-	(973)	(973)
Net impairment loss on financial assets	-	781	781
Total investment return	(132)	12,770	12,638
Net finance expenses from insurance contracts			
Interest accreted	-	(3,546)	(3,546)
Total net finance expenses from insurance contracts	-	(3,546)	(3,546)
Movement in investment contract liabiliities	-	(29)	(29)
Net Financial Result	(132)	9,195	9,063

(Amounts in tables are expressed in thousands of Bermuda dollars)

15. Fee income from service contracts

Commissions, management fees and other income recognised during the year are as follows:

AS AT MARCH 31, 2024	**Health and GLLTD**	**Annuities**	**Total**
Fee income from service contracts			
Pension and policyholder administration	**4,611**	**10,991**	**15,602**
Investment management	**-**	**(1,078)**	**(1,078)**
Total fee income from service contract	**4,611**	**9,913**	**14,524**

AS AT MARCH 31, 2023	Health and GLLTD	Annuities	Total
Fee income from service contracts			
Pension and policyholder administration	4,277	10,316	14,593
Investment management	-	(1,105)	(1,105)
Total fee income from service contract	4,277	9,211	13,488

(Amounts in tables are expressed in thousands of Bermuda dollars)

16. OPERATING EXPENSES

Operating expenses incurred during the year are as follows:

AS AT MARCH 31	2024	2023
Employee benefits expense *(see table below)*	**2,561**	2,572
Professional fees	**2,235**	1,871
IT related expenses	**207**	242
General and corporate expenses	**1,372**	1,213
Building related expenses	**-**	-
Marketing expenses	**129**	67
Depreciation and amortisation	**2,717**	2,725
Other expenses	**13,291**	12,295
TOTAL OPERATING EXPENSES	**22,512**	20,985
Amounts attributed to insurance acquisition cash flows incurred during the year	**(926)**	(461)
Amortisation of insurance acquisition cash flows	**926**	461
	22,512	20,985
Represented by:		
Insurance service expenses	**5,192**	5,698
Other operating expenses	**17,320**	15,287
	22,512	20,985

Employee benefits expense during the year is comprised of:

For the years ended March 31	2,024	2023
Salaries and other short-term benefits	2,434	2,450
Pension costs	108	109
Stock-based compensation	19	13
Total employee benefits expense	**2,561**	2,572

Pension costs arise from the Parent’s defined contribution pension plan covering all full-time employees in Bermuda.

17. RELATED PARTY TRANSACTIONS

Significant related party transactions are as follows:

Operating expenses include the Group’s allocation of overhead expenses of $12.4 million (2023 - $12.0 million).

Netted in Operating expenses is the management fee of $1.0 million (2023 - $1.0 million) which was charged to recover the allocated costs of administering the insurance policies of an affiliate.

Due from (to) parent includes surplus cash deposits with the Parent. These deposits are payable on demand and bears no interest.

(Amounts in tables are expressed in thousands of Bermuda dollars)

17. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key personnel

Key personnel have been identified as the Board of Directors of the Group. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group. Fees paid to directors for the reporting period totaled $ 0.02 million (2023 - $0.02 million).

Mortgage loans

The Group has extended mortgage loans to certain Officers. These loans were fully settled as of March 31, 2023.

18. INCOME TAXES

Under Bermuda law, the Group received an undertaking from the Bermuda government exempting the Group from all Bermuda local income, withholding and capital gains taxes until 2035. At the present time no such taxes are levied in Bermuda.

19. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE

For the years ended March 31	**2024**	**2023**
Available-for-sale investments – unrealised (losses)	**-**	(36,791)
Bonds investments at FVOCI	**(20,554)**	-
Re-measurement of post-employment medical benefit obligation	**530**	529
Equity investments at FVOCI	**480**	
Finance income on reinsurance contracts	**40**	51
Finance income on insurance contracts	**18,931**	19,380
Total accumulated other comprehensive loss	**(573)**	(16,831)

20. SEGREGATED FUNDS

The assets for contracts held under the Segregated funds are allocated to Separate Accounts as authorised by the Bermuda Life Insurance Company Limited (Separate Accounts) Consolidation and Amendment Act 1998.

(Amounts in tables are expressed in thousands of Bermuda dollars)

20. SEGREGATED FUNDS (CONTINUED)

Changes to Segregated funds are as follows:

For the year ended March 31	2024	2023
Additions to Segregated Funds		
Contributions and transfers	**145,244**	137,600
Net investment income	**15**	50
Net increase/(decrease) in fair value of investments	**131,980**	(70,551)
Segregated Funds acquired	**1,132**	1,017
	278,371	68,116
Deductions from Segregated Funds		
Withdrawals, benefit payments and transfers to the General Fund	**151,077**	131,751
Segregated funds released	**-**	879
Operating expenses	**11,334**	10,818
	162,411	143,448
Net additions/(deductions) to/(from) Segregated Funds for the year	**115,958**	(75,332)
Segregated funds, beginning of year	**1,128,406**	1,203,738
Segregated Funds, end of year	**1,244,364**	1,128,406

21. COMMITMENTS AND CONTINGENCIES

21.1 Group as a lessor

The Group has entered into non-cancellable commercial property leases on several floors of the Group's office building. These leases have remaining terms of between one and six years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

For the years ended March 31	2024	2023
Within one year	**1,066**	1,071
After one year but no more than five years	**2**	1,071
	1,068	2,142

21.2 Contingencies

The Group is contingently liable with respect to certain litigation and claims that arise in the normal course of business. There were no other contingent liabilities outside the normal course of business.

22. COMPARATIVES

Certain of the 2023 comparative figures in these consolidated financial statements and note disclosures have been reclassified to conform to the presentation adopted for the year ended March 31, 2024.