

**British-American Insurance  
Company (Trinidad) Limited**  
Audited Financial Statements

For the year ended December 31, 2023

# British-American Insurance Company (Trinidad) Limited

## Audited Financial Statements For the year ended December 31, 2023 *(Expressed in Trinidad and Tobago Dollars)*

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# British-American Insurance Company (Trinidad) Limited

## Statement of Management’s Responsibilities For the year ended December 31, 2023

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Management is responsible for the following:

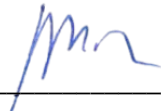
- Preparing and fairly presenting the accompanying financial statements of British-American Insurance Company (Trinidad) Limited, (the “Company”) which comprise the statement of financial position as at December 31, 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company’s assets, detection/prevention of fraud, and the achievement of the Company’s operational efficiencies;
- Ensuring that the system of Internal Control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.


In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Further to the Central Bank’s exit in December 2022, the Company continued to maintain its operations in servicing its closed book of insurance business.

Management do not believe the going concern basis to be appropriate for the preparation of these financial statements. Please refer to Note 2 for full information.

Management affirms that it has carried out its responsibilities as outlined above.

  
\_\_\_\_\_  
Director  
July 19, 2024

  
\_\_\_\_\_  
Director  
July 19, 2024

## Independent Auditor's Report

To the shareholders of  
British-American Insurance Company (Trinidad) Limited

### Qualified Opinion

We have audited the financial statements of British-American Insurance Company (Trinidad) Limited (the "Company"), which comprise the statement of financial position as at December 31, 2023 and the statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements, including material accounting policy information for the year then ended.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### Basis for Qualified Opinion

Mortgages on real estate is carried at \$18,595,257 as at December 31, 2023. Included within this balance are two impaired project financing facilities, with a total carrying value of \$17,671,646 as at December 31, 2023. As explained in Note 7 to the financial statements, there is a high estimation uncertainty relating to the recoverable amounts from impaired project financing facilities as independent valuations were not carried out on the valuation of the collateral expected to be realised for the project financing facilities. In the absence of such valuations as well as subsequent settlement evidence by the borrowers, we are unable to satisfy ourselves as to the carrying value of mortgages on real estate.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code.

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

### Emphasis of Matter

We draw attention to Note 2 to these financial statements, which indicates the dates and steps taken to illustrate that the Company is in the process of winding down its operations. Further, the Company is currently under emergency compliance directions of the Central Bank of Trinidad and Tobago. These financial statements have been prepared on a basis other than going concern in the current and prior years. Our opinion is not qualified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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



## Independent Auditor's Report (continued)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The logo for BDO, featuring the letters 'BDO' in a blue, stylized, cursive font.

July 30, 2024

*Port of Spain  
Trinidad and Tobago*

# British-American Insurance Company (Trinidad) Limited

## Statement of Financial Position

As at December 31, 2023


(Expressed in Trinidad and Tobago Dollars)

	Notes	December 31, 2023	December 31, 2022 (restated)	January 1, 2022 (restated)
<b>Assets</b>				
Property, plant and equipment	5	16,587,549	16,719,295	16,126,507
Investment properties	6	125,075,000	120,525,000	118,900,000
Mortgages on real estate	7	18,595,257	44,118,874	44,308,969
Financial assets	8	838,114,579	841,489,000	928,825,741
Reinsurance contract assets	9	1,751,844	2,025,822	1,288,517
Other receivables	10	6,378,176	10,185,730	6,931,011
Cash and cash equivalents		63,649,836	56,484,121	64,616,367
<b>Total assets</b>		<b>\$1,070,152,241</b>	<b>\$1,091,547,842</b>	<b>\$1,180,997,112</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	11	17,869,554	17,869,554	17,869,554
Cash received on application for shares		-	-	100,171,392
Other reserves	12	9,371,051	9,371,051	9,413,657
Accumulated deficit		(901,509,005)	(888,578,787)	(871,871,544)
<b>Total shareholders' deficit</b>		<b>(874,268,400)</b>	<b>(861,338,182)</b>	<b>(744,416,941)</b>
<b>Liabilities</b>				
Insurance contract liabilities	13	115,751,394	114,148,024	118,831,985
Investment contract liabilities	14	206,125,382	219,832,086	236,877,827
Borrowings from GORTT	15	877,150,685	862,150,685	847,150,685
Other payables	16	745,393,180	756,755,229	722,553,556
<b>Total liabilities</b>		<b>1,944,420,641</b>	<b>1,952,886,024</b>	<b>1,925,414,053</b>
<b>Total equity and liabilities</b>		<b>\$1,070,152,241</b>	<b>\$1,091,547,842</b>	<b>\$1,180,997,112</b>

The notes on pages 8 to 87 are an integral part of these financial statements.

On July 19, 2024, the Board of Directors of British-American Insurance Company (Trinidad) Limited authorised these financial statements for issue.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# British-American Insurance Company (Trinidad) Limited

## Statement of Comprehensive Income For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

	Notes	2023	2022 (restated)
Insurance revenue	13	15,858,837	15,765,605
Insurance service expenses	13	(14,688,285)	(18,650,205)
Net income from reinsurance contracts held	13	490,036	2,908,972
<b>Insurance service result</b>		<b>1,660,588</b>	<b>24,372</b>
Investment income	17	17,754,976	11,652,984
Fair value (loss)/gain on revaluation of property	6	(500,000)	1,547,376
Other operating income	18	32,074	35,635
Net change in investment contract liabilities	14	10,226,450	915,942
<b>Net investment income</b>		<b>27,513,500</b>	<b>14,151,937</b>
Finance expenses from insurance contracts issued	13	(8,881,718)	(682,139)
<b>Net insurance finance expenses</b>		<b>(8,881,718)</b>	<b>(682,139)</b>
<b>Net insurance &amp; investment result</b>		<b>20,292,370</b>	<b>13,494,170</b>
Operating expenses	19	(17,970,988)	(13,565,481)
Finance cost	15	(15,000,000)	(15,000,000)
<b>Loss before taxation</b>		<b>(12,678,618)</b>	<b>(15,071,311)</b>
Taxation	20	(251,600)	(1,635,932)
<b>Loss for the year</b>		<b>(12,930,218)</b>	<b>(16,707,243)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation loss on freehold property	5	-	(42,606)
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>(42,606)</b>
<b>Total comprehensive loss for the year</b>		<b>\$(12,930,218)</b>	<b>\$(16,749,849)</b>

The notes on pages 8 to 87 are an integral part of these financial statements.

# British-American Insurance Company (Trinidad) Limited

## Statement of Changes in Equity For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share Capital	Cash received on application for shares	Other reserves	Accumulated deficit	Total shareholders' deficit
<b>Year ended December 31, 2023</b>						
Balance as at January 1, 2023 (restated)		17,869,554	-	9,371,051	(888,578,787)	(861,338,182)
Comprehensive loss for the year						
Loss for the year		-	-	-	(12,930,218)	(12,930,218)
<b>Balance as at December 31, 2023</b>		<b>\$17,869,554</b>	<b>\$-</b>	<b>\$9,371,051</b>	<b>\$(901,509,005)</b>	<b>\$(874,268,400)</b>
<b>Year ended December 31, 2022</b>						
Balance as at January 1, 2022						
As previously reported		17,869,554	100,171,392	67,354,148	(1,049,861,953)	(864,466,859)
Impact of IFRS 17 on initial recognition at January 1, 2022		-	-	-	120,049,918	120,049,918
Impact of IFRS 9 on initial recognition at January 1, 2022				(57,940,491)	57,940,491	-
<b>Restated balance at January 1, 2022</b>		<b>17,869,554</b>	<b>100,171,392</b>	<b>9,413,657</b>	<b>(871,871,544)</b>	<b>(744,416,941)</b>
Comprehensive income for the year						
Loss for the year	-	-	-	-	(16,707,243)	(16,707,243)
Other comprehensive loss						
Revaluation loss on freehold property	5	-	-	(42,606)	-	(42,606)
Refund of cash received on application for shares		-	(100,171,392)	-	-	(100,171,392)
<b>Total other comprehensive loss for the year</b>		<b>-</b>	<b>(100,171,392)</b>	<b>(42,606)</b>	<b>-</b>	<b>(100,213,998)</b>
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>(100,171,392)</b>	<b>(42,606)</b>	<b>(16,707,243)</b>	<b>(116,921,241)</b>
<b>Balance as at December 31, 2022 (restated)</b>		<b>\$17,869,554</b>	<b>\$-</b>	<b>\$9,371,051</b>	<b>\$(888,578,787)</b>	<b>\$(861,338,182)</b>

The notes on pages 8 to 87 are an integral part of these financial statements.



# British-American Insurance Company (Trinidad) Limited

## Statement of Cash Flows

For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

	Notes	2023	2022 (restated)
<b>Cash flows from operating activities</b>			
Cash used in operations	21	(67,531,184)	(52,037,534)
Taxes paid		(251,600)	(1,398,248)
Interest received		36,846,459	37,361,490
Dividends received		255,148	1,205,148
<b>Net cash used in operating activities</b>		<b>(30,681,177)</b>	<b>(14,869,144)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(295,277)	(895,248)
Additions to investment properties		-	(77,624)
Repayments from mortgage loans		29,002,144	190,096
Purchases of financial assets		(25,830,964)	(74,768,877)
Proceeds from disposal of financial assets		34,970,989	182,459,943
<b>Net cash generated from investing activities</b>		<b>37,846,892</b>	<b>106,908,290</b>
<b>Cash flows from financing activities</b>			
Repayment of cash received on application for shares		-	(100,171,392)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(100,171,392)</b>
Net increase/(decrease) in cash and cash equivalents		7,165,715	(8,132,246)
Cash and cash equivalents at beginning of year		56,484,121	64,616,367
<b>Cash and cash equivalents at end of year</b>		<b>\$63,649,836</b>	<b>\$56,484,121</b>

The notes on pages 8 to 87 are an integral part of these financial statements.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

*(Expressed in Trinidad and Tobago Dollars)*

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### 1. General information

British-American Insurance Company (Trinidad) Limited (the “Company”) is incorporated in the Republic of Trinidad and Tobago and is registered in accordance with Section 23 of the Insurance Act 2018 with effect from January 1, 2023, to carry on Long-term insurance business for the purpose of operating a closed portfolio. The classes include Accident and Sickness, Disability Income, Industrial Life and Life insurance in Trinidad and Tobago.

As of December 31, 2023, the Company is a 99.93% subsidiary of British-American Insurance Company Limited (BAICO), a company incorporated in Bahamas. The ultimate parent company is CL Financial Limited which is incorporated in Trinidad and Tobago. The Company’s registered office is located at 11-13 Fifth Street, Barataria.

Effective January 30, 2009, the Central Bank of Trinidad and Tobago (CBTT) assumed control of the Company pursuant to the exercise of its emergency powers under Section 44(d) of the Central Bank Act.

On September 8, 2009, Juan Lopez of KPMG Restructuring Limited in Bahamas was appointed Judicial Manager for BAICO.

On December 22, 2022, CBTT relinquished control of the Company.

On May 25, 2023, the CBTT issued emergency compliance directions under Sections 155(1) and (6) of the Insurance Act, 2018. These emergency compliance directions continue to be effective up to the date that these financial statements were available to be issued.

### 2. Basis of measurement

These financial statements have been prepared on a non-going concern basis in accordance with the accounting policies described in Note 3.

The going concern basis has not been used because the Company is in the process of winding down its operations as outlined:

- CBTT announced in 2014 that the traditional insurance portfolio will be transferred at fair value in an arm’s length transaction to an acquiring insurance company.
- The Company ceased selling interest sensitive products on October 31, 2014, and all other traditional business on March 16, 2015.
- The property portfolio was closed on December 31, 2014.
- All administrative staff were severed on January 31, 2015, and some personnel were rehired on a contractual basis from February 1, 2015. The sales force was terminated on March 13, 2015.
- As part of the restructuring exercise, the Company exited the Group Insurance Business on May 13, 2016 at which date all Group Insurance policies were terminated.

By way of letter dated December 3, 2013, CBTT authorised the Company to commission an independent actuarial appraisal of the traditional business of the Company on both the total business and separate segments, as agreed with CBTT. The Company engaged the consulting firm of Towers Watson to perform this appraisal which was completed and submitted to CBTT in September 2015.

The Company is expected to be liquidated in an orderly manner which will take place over a period of time that is currently not ascertainable.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

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### 2. Basis of measurement (continued)

*Financial support from the Government of the Republic of Trinidad and Tobago (GORTT)*

On March 27, 2015, CBTT advised of its resolution plan for the Company as set out below:

- a. GORTT shall inject \$750 million into the Company to be utilised to:
  - provide the assets necessary to enable the potential transfer of the Company's traditional insurance portfolio;
  - meet statutory fund of remaining Short-Term Investment Products (STIP) holder liabilities save that, given the financial condition of the Company, STIP holders are only to be paid the principal balance without interest; and
  - meet other creditor liabilities outside of the statutory fund, where possible
- b. The payments to the Company's statutory fund STIP holders are to be disbursed by way of a First Partial Distribution of cash (85% of the principal balance) to commence upon receipt of funds from GORTT and thereafter a Second Partial Distribution (of the remaining 15% payment) to commence on a date specified by the CBTT.
- c. A Third Distribution from assets to meet creditor liabilities (outside of the statutory fund) to commence on a date specified by the CBTT.
- d. GORTT shall subordinate its claim as assignee of the rights of STIP holders in the statutory fund to allow payment of all other statutory fund STIP holder liabilities in priority to GORTT in accordance with the terms of the First and Second Partial Distributions referred to above.

The Company received \$750 million from GORTT on July 10, 2015, of which \$650 million were invested in bonds which were pledged to the statutory fund. The remaining \$100 million was used to pay non-assenting STIP holders and other creditor liabilities outside of the statutory fund.

On March 16, 2016, Oliver, Wyman Limited was contracted by CBTT and the Company to find an appropriate buyer for the Company's traditional insurance contracts portfolio. Bids were received, analysed and a preferred bidder was selected in 2018. On September 30, 2019, the Company entered into a Sale and Purchase Agreement ("SPA") with Sagicor Life Inc. for the sale of the Company's Traditional Insurance Portfolio subject to the Regulator's approval of the Scheme of Transfer. Further to this Agreement an Application for Leave to make a claim for Judicial Review of the SPA was filed against the Central Bank of Trinidad & Tobago. On April 6, 2020, CBTT was served with an Order of the Court whereby an Interim Injunction was made prohibiting CBTT from taking any steps to provide regulatory approval or to otherwise progress or finalise the transfer of the Company's portfolio to Sagicor Life Inc. CBTT filed a Notice of Appeal on May 4, 2020, together with an application for the appeal to be expedited and for a stay of execution of the Order dated April 6, 2020. On February 17, 2021, the Court of Appeal's judgement was not in CBTT's favour and CBTT submitted an application for leave to appeal the matter in the Privy Council, which was approved. On October 20, 2022, the Privy Council dismissed the Appeal made by CBTT and the injunction was discharged in September 2023.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies

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

#### a. *Basis of preparation*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations. Refer to Note 2 for basis of measurement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### (i) *Standards, amendments and interpretations to existing standards applicable to the Company from January 1, 2023 which were adopted by the Company.*

The Company adopted the following new Standard and amendments with a transition date of January 1, 2023.

From its adoption of IFRS 17, the standard has brought significant changes to the accounting for insurance and reinsurance contracts. The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 are summarised below.

#### Recognition, measurement and presentation of insurance contracts

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

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company 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.

PAA is mainly applied to short duration contracts where the policy's contract boundary is one year or less. This includes contracts, such as home service non-life and ordinary non-life business. Under PAA, insurance contracts are measured based on unearned premiums and the accounting is broadly similar to the Company's historical approach under IFRS 4. Contracts which are not eligible to be measured under the PAA are measured under the GMM.

#### Changes to presentation and disclosure

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 *(Expressed in Trinidad and Tobago Dollars)*

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### 3. Summary of Material Accounting Policies (continued)

a. *Basis of preparation (continued)*

(i) *Standards, amendments and interpretations to existing standards applicable to the Company from January 1, 2023 which were adopted by the Company (continued)*

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

Previously, line items presented in the statement of financial position were:

- Insurance receivables
- Insurance contracts
- Other policyholders' funds

Instead, IFRS 17 requires separate presentation of:

- Insurance contract assets
- Reinsurance contract assets
- Insurance contract liabilities
- Investment contract liabilities
- Reinsurance contract liabilities

The line-item descriptions in the statement of comprehensive income have been changed when compared with the prior year. Previously, the Company reported the following line items:

- Net insurance premium revenue
- Net insurance benefits
- Change in insurance contracts liabilities
- Change in assumptions for insurance contracts liabilities

Instead, IFRS 17 requires separate presentation of:

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

The Company provides information about:

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

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

#### Transition

The Company adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The Company applied the fair value approach in IFRS 17 to identify, recognise and measure groups of contracts at January 1, 2022.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

a. *Basis of preparation (continued)*

(i) *Standards, amendments and interpretations to existing standards applicable to the Company from January 1, 2023 which were adopted by the Company (continued)*

Transition (continued)

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

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.
  - The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight.
  - The Company identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.
  - The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the financial statements at January 1, 2022 are presented in the statement of changes in equity.
- In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023.
  - In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.
  - In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.
  - In December 2021, the Organisation for Economic Co-operation and Development (OECD) published Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two model rules). In March 2022, the OECD released commentary and illustrative examples that elaborate on the application and operation of the rules and clarify certain terms.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### a. *Basis of preparation (continued)*

##### (i) *Standards, amendments and interpretations to existing standards applicable to the Company from January 1, 2023 which were adopted by the Company (continued)*

- The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

##### (ii) *New standards, amendments and interpretations issued but not effective and not early adopted*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

- The IFRS Interpretations Committee issued an agenda decision in June 2020 - Sale and leaseback with Variable Payments. The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after January 1, 2024.
- Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.
- On May 25, 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

a. *Basis of preparation (continued)*

(ii) *New standards, amendments and interpretations issued but not effective and not early adopted (continued)*

- On August 15, 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

Other standards, amendments and interpretations to existing standards in issue but not yet effective are not considered to be relevant to the Company and have not been disclosed.

(iii) Standards and amendments to published standards early adopted by the Company

The Company did not early adopt any new, revised or amended standards.

b. Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency').

The financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

c. Property, plant and equipment

Freehold properties are shown at fair value, based on periodic, but at least triennial valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in other comprehensive income. Decreases that offset previous increases in the same asset are charged against the other reserves directly in other comprehensive income; all other decreases are charged to the statement of comprehensive income. Land is not depreciated. Depreciation of buildings is determined on a straight-line basis over an estimated useful life of fifty years.

Furniture, equipment and vehicles are stated at historical cost less depreciation provided on a straight-line basis over the assets' estimated useful lives which range from four to eight years. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

c. Property, plant and equipment (continued)

The asset's residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in other operating income. When revalued assets are sold, the amounts included in the other reserves are transferred to retained earnings/accumulated deficit.

d. *Investment properties*

Property held for long-term rental yields that is not substantially occupied by the Company is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the statement of comprehensive income.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income in other reserves. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income. Upon the disposal of such investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

e. *Financial assets*

(i) Initial recognition and measurement

Financial assets are recognized when Company entities become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on settlement date, the date on which the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income. The Company's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, receivables arising from insurance contracts and reinsurance contracts and mortgages on real estate.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### e. *Financial assets (continued)*

##### (ii) Classification and subsequent measurement

###### *Debt instruments*

Subsequent to initial recognition, the Company's debt instruments are measured in accordance with the business models determined by the Company's respective business units for managing the asset and the cash flow characteristics of the asset. There was one measurement category into which the Company classified its debt instruments i.e. fair value through other comprehensive income.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.

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

###### Impact of IFRS 17 adoption

The Company elected to reassess its classification of eligible financial assets upon the initial application of IFRS 17 - *Insurance Contracts*. These redesignations are based on facts and circumstances that exist at the date of initial application of IFRS 17 and are applied retrospectively using IFRS 17's transition requirements.

For a majority of debt investments, the objective of the Company's business model is to fund insurance contract liabilities. The Company undertakes buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Company determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Previously, certain debt securities were held in separate portfolios for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Company considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. They were classified as fair value through comprehensive income. Given the re-designation option made available through the transition provisions of IFRS 17, these assets are now designated as fair value through profit and loss to mitigate accounting mismatches that would arise given the accounting choices made by the Company.

The impact of the change to the classification of financial instruments can be found in Note 25.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### e. *Financial assets (continued)*

##### (ii) Classification and subsequent measurement (continued)

###### Business model assessment

The Company's business units determine their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- how performance of the group of assets is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

###### The solely payment of principal and interest (SPPI) test

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Company's business units assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

###### *Equity instruments*

Subsequent to initial recognition, the Company measures all equity investments at fair value, and changes in the fair value of equity instruments are recognized in the statement of comprehensive income.

###### *Receivables*

Subsequent to initial recognition, the Company measures all receivables at amortised cost.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### e. *Financial assets (continued)*

##### (iii) Derecognition of financial assets (continued)

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'passthrough' arrangement.
- The Company has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risk and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in the statement of comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the statement of comprehensive income.

##### (iv) Modifications of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different from that of the original asset. If the terms are substantially different, the Company derecognises the original financial asset and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the modification was driven by the debtor being unable to make the originally agreed payments.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Company recalculates the gross carrying amount of the financial asset based on revised cash flows, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of comprehensive income.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### *f. Financial liabilities*

##### *(i) Classification and subsequent measurement*

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost, except for investment contracts without DPF, which are measured at FVTPL.

Investment contracts without DPF are financial liabilities whose fair value is dependent on the fair value of underlying financial assets and are designated at inception at FVTPL. The Company designates these investment contracts to be measured at FVTPL because it eliminates or significantly reduces a measurement or recognition inconsistency (i.e. an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

Changes in the fair value of financial liabilities measured at FVTPL related to own credit risk are presented in OCI, while all other fair value changes are presented in the statement of profit or loss.

##### *Investment Contract*

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The Company's investment contracts are classified as Flexible Premium Annuity (FPA) policies. This is a flexible premium accumulation annuity product. The interest accruing to policyholders is recorded as an investment contract expense.

The Company discontinued the sale of these products in 2015.

The Company classifies FPA policies as investment contracts under IFRS 9. To ensure the adequacy of the liability to cover the minimum guarantees, the liability is calculated using a market consistent approach, based on the account value plus any additional provisions held to cover the cost of the guarantee. In addition, the account value is reviewed to ensure it is greater than the aggregate present value of projected benefits assuming the account value continues to accumulate under contractual minimum guaranteed credited rate until maturity.

Retail FPA policies over the maximum contractual maturity age have been matured and the account value reallocated to outstanding claims. The outstanding balance will not accrue any further interest at the minimum guaranteed contractual rates after maturity.

The accumulated balance continues to be available for payment to non-related party policyholders.

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### *g. Impairment*

##### *Financial assets*

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments). The Company measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognized is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Loss allowances for ECL are presented in the financial statements as follows:

- Financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognized in the statement of comprehensive income.
- Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognized in the statement of comprehensive income with the corresponding entry recognized in other comprehensive income.

Significant increase in credit risk in assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- the remaining lifetime probability of default as at the reporting date; with
- the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### *g. Impairment (continued)*

- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor;
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrated otherwise.

Despite the aforementioned, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments carried at fair value through comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract, such as a default or past due event;
- The disappearance of an active market for a financial asset because of financial difficulties;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganization; or
- Rating agencies' assessments of creditworthiness.

#### Definition of default

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the debtor is past due more than 90 days unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In assessing whether a debtor is in default, the Company considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### *g. Impairment (continued)*

##### Write-off

The Company writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

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.

##### Measurement of expected credit losses

The measurement of expected credit losses is a function of:

- (i) Probability of default - an estimate of the likelihood of default over a given time horizon;
- (ii) Loss given default - an estimate of the loss arising in the case where a default occurs at a given time; and
- (iii) Exposure of default - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Company includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organizations such as the Organization for Economic Cooperation and Development and the International Monetary Fund, and selected private sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The mechanics of the expected credit losses method are summarized below:

- A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- When a financial instrument has shown a significant increase in credit risk since initial recognition, the Company records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Company records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- Purchased or credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### g. Impairment (continued)

##### Measurement of expected credit losses (continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

##### *Non-financial assets*

Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

#### h. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### i. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Consideration received for shares that the Company has not issued is presented as a separate line item in equity called cash received on application for shares.

#### j. Insurance contracts - classification

The Company issues contracts which transfer insurance risk. This may also include financial risk. Insurance risk is the possibility of having to pay benefits on the occurrence of an insured event that are more than the benefits payable if the insured event did not occur.

Insurance contracts are those contracts that transfer significant insurance risk with or without financial risk.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts

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

Contracts Issued	Product Classification	Measurement Model
Home Service Life	Insurance contract	GMM
Ordinary Life - Permanent	Insurance contract	GMM
Ordinary Life - Term	Insurance contract	GMM
Universal Life	Insurance contracts without direct participation features (DPF)	GMM
Annuity	Insurance contract	GMM
Home Service Non-Life	Insurance contract	PAA
Ordinary Non-Life	Insurance contract	PAA

For underlying direct insurance contracts measured under GMM the following applies.

#### i. Definition and classification

The Company issues insurance contracts that transfer significant insurance risk from the policyholder. The Company defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time.

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

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses.

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

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in these financial statements apply to insurance and reinsurance contracts issued or acquired, and reinsurance contracts held unless specifically stated otherwise.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### ii. Unit of account

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

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

For contracts measured under the GMM model, the Company develops rates or prices for the range of insurance contracts that may be issued under a given product form.

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

Similar to the treatment of the direct (underlying) contracts, the Company divides reinsurance contracts held into contracts with similar insurance risk. The risks for reinsurance contracts in the life business are mortality and longevity risks which correspond to portfolios of direct contracts.

The Company manages all reinsurance treaties on the same basis as it does for line of business reporting described above for direct contracts. Applying the grouping requirements to reinsurance contracts held, the Company's policy is to aggregate reinsurance contracts held concluded within a calendar year (annual cohorts) into groups limited to reinsurance contracts arising from a single treaty. IFRS 17 requires that reinsurance contracts be placed in groups of:

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

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

1. cash flows relating to distinct investment components; and
2. promises to transfer distinct goods or distinct services other than insurance contract services.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### (ii) Unit of account (continued)

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

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

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

Groups of reinsurance contracts are recognised at the earlier of:

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

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

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

##### (iii) Measurement

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

- a) Fulfilment cash flows which comprise:
  - the present value of future cash flows (including the provisions of financial risk), and
  - the risk adjustment for non-financial risk; and
- b) A CSM, representing the unearned profit that will be recognised in income as insurance contract services are provided.

Under the PAA, insurance contracts are measured based on unearned profits and do not include a CSM. These measurement components are outlined below, along with insurance acquisition costs which are allocated to groups of contracts.

##### Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### (iii) Measurement (continued)

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

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

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

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

#### Contract boundary

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

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### iii. Measurement (continued)

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

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

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

##### Risk adjustment for non-financial risk

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

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

#### iv. Initial measurement - Groups of contracts not measured under the PAA

##### Contractual service margin

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

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

- a) the initial recognition of the FCF;
- b) cash flows arising from the contracts in the group at that date; and

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### v. Initial measurement - Groups of contracts not measured under the PAA (continued)

A loss from onerous insurance contracts is recognised in net income / (loss) immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised.

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

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

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

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

##### vi. Subsequent measurement - Groups of contracts not measured under the PAA

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### vi. Subsequent measurement - Groups of contracts not measured under the PAA (continued)

###### Changes in fulfilment cash flows

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

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

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

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

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

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

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

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



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### vi. Subsequent measurement - Groups of contracts not measured under the PAA (continued)

##### Changes to the contractual service margin

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

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

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

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

- a) Interest accreted on the carrying amount of the CSM.
- b) Income recognised in the statement of income when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
- c) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
- d) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
- e) The amount recognised in net income / (loss) for insurance contract services received during the period, determined after all other adjustments above.

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### vi. Subsequent measurement - Groups of contracts not measured under the PAA (continued)

###### Interest accretion on the CSM

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

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

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

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

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

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### vi. Subsequent measurement - Groups of contracts not measured under the PAA (continued)

The Company determines coverage units as follows:

Contracts Issued	Coverage Unit
Home Service Life	Sum assured
Ordinary Life - Permanent	Sum assured
Ordinary Life - Term	Sum assured
Universal Life	Sum assured plus fund value
Annuity	Payout annuities
Home Service Non-Life	Sum assured
Ordinary Non-Life	Sum assured

The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

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

#### Onerous contracts - Loss component

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

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### vi. Subsequent measurement - Groups of contracts not measured under the PAA (continued)

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

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

##### vii. Initial and subsequent measurement - Groups of contracts measured under the PAA

The Company has determined that contracts for home services non-life and ordinary non-life lines of business almost always have a coverage period of one year or less and are therefore automatically eligible for PAA. Where contracts measured under the PAA have a coverage period of more than one year, the Company expects that the LRC under PAA will not be materially different from what would be expected using the GMM.

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

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

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

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company discounts the cash flows within the LIC for certain groups of contracts where the cash flows are expected to be paid within a year of the date on which the claim is incurred. For all groups of contracts, the Company includes an explicit risk adjustment for non-financial risk.

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

#### vi. Initial and subsequent measurement - Groups of contracts measured under the PAA (continued)

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

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

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

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

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

##### vii. Amounts recognised in the statement of income within the insurance service result

##### Insurance revenue

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

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

- Amounts relating to the changes in the LRC:
  - a. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. amounts allocated to the loss component;
    - ii. repayments of investment components and policyholder rights to withdraw an amount;
    - iii. insurance acquisition expenses; and
    - iv. amounts related to the risk adjustment for non-financial risk (see (b));
  - b. changes in the risk adjustment for non-financial risk, excluding:
    - i. changes included in insurance finance income / (expenses);
    - ii. changes that relate to future coverage (which adjust the CSM); and
    - iii. amounts allocated to the loss component; and
  - c. amounts of the CSM recognised for the services provided in the period.

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

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

##### Insurance service expenses

Insurance service expenses include the following:

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. Insurance contracts (continued)

#### vi. Amounts recognised in the statement of income within the insurance service result (continued)

##### Net income / (expenses) from reinsurance contracts held

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

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

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

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

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

#### k. *Insurance contracts (continued)*

##### vii. **Amounts recognised in the statement of comprehensive income within net insurance finance income / expenses Insurance finance income or expenses**

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

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

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

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

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

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

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

#### l. *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### m. *Taxation*

The taxation charge is determined as follows:

##### (i) *Life insurance business*

In accordance with the Income Tax Act of Trinidad and Tobago, corporation tax at 15% is payable on the chargeable income derived from investments. When profits from the long-term business are transferred to the shareholders' account an additional 10% corporation tax is payable on the amounts transferred.

##### (ii) *Insurance business other than life*

Corporation tax at 30% is payable on the chargeable income derived from other business.



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 3. Summary of Material Accounting Policies (continued)

*m. Taxation (continued)*

*(iii) Deferred income tax*

Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred income tax is provided using the liability method on all temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

*n. Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

*o. Offsetting financial instruments*

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

*p. Revenue recognition*

Revenue comprises the fair value for services, net of value added tax. Revenue is recognised as follows:

*(i) Premiums*

Refer to Note 3 k. (i) for details.

*(ii) Interest income*

Interest income for all interest-bearing financial instruments is recognised within investment income in the statement of comprehensive income using the effective interest method.

*(iii) Dividend income*

Dividend income for equity financial assets at fair value through other comprehensive income is recognised when the Company's right to receive payments is established - that is the ex-dividend date.

### 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions that affect the future. The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 4. Critical accounting estimates and judgements (continued)

#### a. Critical accounting estimates and assumptions

##### *Insurance and reinsurance contracts*

- Areas of judgement which broadly impact the Company's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, the level of aggregation applied for measurement and reporting purposes and determination of the IFRS 17 transition amount.
- The Group primarily uses deterministic projections to estimate the present value of future cash flows. The assumptions used when estimating future cash flows are Mortality and morbidity rates, longevity, expenses and lapse and surrender rates.
- The present value of future cash flows for insurance contract liabilities is determined using discount rates.

Since there are no contracts whose cash flows vary based on the returns on underlying items, the spot discount rates were developed using a single liquidity category (the most illiquid) and identical Bottom-Up methodologies.

The risk-free spot rates were developed for years 1 to 15 from CBTT's standardized yield curve for the valuation date. An ultimate rate, considered applicable for years 70 and later, was developed using the methodology promulgated by the Canadian Institute of Actuaries (CIA). The risk-free rates for years 16 to 69 were linearly interpolated. A liquidity premium was developed following CIA guidelines with a spread ratio of 70%, a constant of 0.50% and an ultimate liquidity premium of 1.50%. Due to the lack of observable corporate rates in Trinidad and Tobago, the underlying basis of the liquidity premium derivation was the excess, over the Canadian par curve, of the average of Canadian Corporate A and Corporate BBB curves.

The table below set out the IFRS 17 spot rates used to discount the cash flows of insurance contracts for estimates of cash flows that do not vary based on the returns of the underlying items.

	2023					2022				
	1 yr.	5 yrs.	10 yrs.	15 yrs.	20 yrs.	1 yr.	5 yrs.	10 yrs.	15 yrs.	20 yrs.
<b>All products</b>	1-2%	4-5%	5-6%	6-7%	6-7%	1-2%	4-5%	5-6%	6-7%	6-7%

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 4. Critical accounting estimates and judgements (continued)

#### a. Critical accounting estimates and judgements (continued)

##### *Investment component*

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Universal life, accumulation deferred annuity and non-participating whole-life and endowment contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges. Annuity payments within the guaranteed certain period are also investment components and are excluded from insurance revenue.

The Company's other contracts do not contain investment components.

##### *Fair Value of insurance contracts*

The Company has measured the fair value of insurance contracts when it applied the fair value approach on transition to IFRS 17.

The Company has measured the fair value of insurance contracts as the sum of:

- a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and
- b) an additional margin, determined using a confidence level technique

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.

The Company's approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition. In measuring fair value, the Company considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants.

Adjustments made to reflect market participants' view:

- a) expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;
- b) uses the discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of the Group's non-performance risk; and
- c) includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, the Group allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants e.g. general operational risk.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 4. Critical accounting estimates and judgements (continued)

#### a. Critical accounting estimates and judgements (continued)

##### *Fair value approach*

Under the fair value approach, the CSM (or the loss component) at January 1, 2022 is determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Company measures the fair value of the contracts as defined under IFRS 13, as the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The cash flows considered in the fair value measurement is consistent with those that are within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts will not be considered in determining the fair value of those contracts if they are outside the contract boundary. The present value of the future cash flows considered in measuring fair value is broadly consistent with that determined in measuring the fulfilment cash flows.

Differences in the Company's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows gave rise to a CSM at January 1, 2022. In particular, in measuring fair value the Company includes what market participants would demand as compensation to assume the obligations to service the insurance contracts.

In determining this compensation, the Company considers certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain risks that were not reflected in the fulfilment cash flows (e.g. general operational risk), among other factors that a market participant would consider.

For all contracts measured under the fair value approach, the Company used reasonable and supportable information available at January 1, 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract;
- how to identify discretionary cash flows for contracts without direct participation features; and
- whether an investment contract meets the definition of an investment contract with DPF.

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition will be determined at January 1, 2022 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at January 1, 2022 is determined to be zero.

For groups of reinsurance contracts covering onerous underlying contracts, the Company established a loss-recovery component at January 1, 2022. The Company determined the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at January 1, 2022.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 4. Critical accounting estimates and judgements (continued)

#### a. *Critical accounting estimates and judgements (continued)*

##### *Fair value of financial and non-financial assets*

The Company places the fair values that it measures in the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair values of assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other assets the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. These valuation techniques rely on certain assumptions and inputs, and therefore uncertainty is inherent in the fair value estimated. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have an orderly disposal of assets.

##### *Valuation Framework*

The Company has an established control framework for the measurement of fair values. This framework includes the Board Committees which report to the Board of Directors and have an overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- review of the performance of model valuations;
- a review and approval process for contracting external valuation specialists;
- analysis and investigation of significant monthly valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with prior year.

The Company also uses prices readily available on the relevant stock exchanges or broker information. Significant valuation issues are reported to the Board Audit and Risk Committee.

##### *Fair value of investment properties and property, plant and equipment*

The fair value of investment properties and property, plant and equipment is determined by independent valuation experts in accordance with the Company's accounting policy. The valuers use a variety of methods and make assumptions that are mainly based on current market conditions. The independent valuations are based on current prices in an active market for similar properties.

##### *Impairment losses on mortgages on real estate*

Judgement is required in the estimation of future cash flows when determining impairment. In making this judgement, the Company evaluates, among other factors, the fair value of the collateral held against the property.

#### b. *Critical judgements in applying the Company's accounting policies*

##### *Going concern*

Management do not believe the going concern basis to be appropriate for the preparation of these financial statements. Refer to Note 2 for information regarding this.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 5. Property, plant, and equipment

	Freehold Land and Building	Motor Vehicles	Furniture and Equipment	Total
Opening net book amount	16,000,000	-	719,295	16,719,295
Additions	-	-	295,277	295,277
Depreciation charge	(227,000)	-	(200,023)	(427,023)
<b>Closing net book amount</b>	<b>\$15,773,000</b>	<b>\$-</b>	<b>\$814,549</b>	<b>\$16,587,549</b>
<b>At December 31, 2023</b>				
Cost or valuation	16,000,000	57,568	25,905,711	41,963,279
Accumulated depreciation	(227,000)	(57,568)	(25,091,162)	(25,375,730)
<b>Net book amount</b>	<b>\$15,773,000</b>	<b>\$-</b>	<b>\$814,549</b>	<b>\$16,587,549</b>
<b>Year ended December 31, 2022</b>				
Opening net book amount	16,000,000	-	126,507	16,126,507
Additions	250,689	-	644,559	895,248
Revaluation	(42,606)	-	-	(42,606)
Depreciation charge	(208,083)	-	(51,771)	(259,854)
<b>Closing net book amount</b>	<b>\$16,000,000</b>	<b>\$-</b>	<b>\$719,295</b>	<b>\$16,719,295</b>
<b>At December 31, 2022</b>				
Cost or valuation	16,000,000	57,568	25,610,433	41,668,001
Accumulated depreciation	-	(57,568)	(24,891,138)	(24,948,706)
<b>Net book amount</b>	<b>\$16,000,000</b>	<b>\$-</b>	<b>\$719,295</b>	<b>\$16,719,295</b>

The Company's freehold land and building located at 11-13 Fifth Street, Barataria was revalued by independent valuer, G.A. Farrell & Associates Limited, to determine its fair value at December 31, 2022. The Company's accounting policy for property included in property, plant and equipment is to carry them at fair value based on periodic valuations by independent valuation experts in accordance with the revaluation model of IAS 16 - Property, Plant and Equipment.

Depreciation expense of \$427,023 (2022: \$259,854) on building and contents has been charged in 'operating expenses'. No adjustments have been made to the useful lives of assets used to compute the depreciation expense to recognise the orderly disposal of assets as described in Note 2 on the basis that no firm plan has been determined to date.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 5. Property, plant and equipment (continued)

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2023	2022
Cost	10,612,892	10,612,892
Accumulated depreciation	(5,325,374)	(5,135,117)
<b>Net book amount</b>	<b>\$5,287,518</b>	<b>\$5,477,775</b>

### 6. Investment properties

	2023	2022
Beginning of the year	120,525,000	118,900,000
Additions	17,850,000	77,624
Disposals	(12,800,000)	-
Fair value (losses)/gains on revaluation of investment properties	(500,000)	1,547,376
<b>Balance at end of year</b>	<b>\$125,075,000</b>	<b>\$120,525,000</b>
Rental income from investment properties - included in investment income	\$176,217	\$256,164
Expenses relating to investment properties - included in operating expenses	\$3,039,220	\$1,749,490

Investment properties were revalued by independent valuer, G.A. Farrell & Associates Limited to determine its fair value at December 31, 2023.

The Company's accounting policy for investment properties is to carry them at fair value based on periodic valuations by independent valuation experts in accordance with IAS 40 - Investment Property.

### 7. Mortgages on real estate

a. Loan type	Number of Loans	2023	Number of Loans	2022
Staff	1	264,745	1	318,870
Residential	3	491,664	5	711,619
Commercial	3	36,393,362	4	65,121,426
	<u>7</u>	<u>37,149,771</u>	<u>10</u>	<u>66,151,915</u>
Less: provision for impairment		(18,554,514)		(22,033,041)
<b>Net mortgages on real estate</b>		<b>\$18,595,257</b>		<b>\$44,118,874</b>
Current		139,690		281,543
Non-current		18,455,567		43,837,331
		<u>\$18,595,257</u>		<u>\$44,118,874</u>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 7. Mortgages on real estate (continued)

#### a. Loan type

Mortgage loans are for periods of up to 30 years on residential loans and up to 15 years on commercial loans which are secured by first liens on the related properties. Interest rates on these facilities are fixed and range from 7% to 15% per annum.

#### b. The maturity profile of mortgages on real estate is as follows:

	Number of Loans	2023	Number of Loans	2022
Within 1 year	1	13,179	2	138,218
More than 1 year to 5 years	4	36,658,107	5	65,161,745
More than 5 years to 10 years	1	412,479	2	783,118
More than 10 years	1	66,006	1	68,834
	<b>7</b>	<b>\$37,149,771</b>	<b>10</b>	<b>\$66,151,915</b>

#### c. The movement in the mortgages on real estate is as follows:

	2023	2022
Beginning of the year	66,151,915	66,342,010
Repayments	(29,002,144)	(190,095)
End of the year	<b>\$37,149,771</b>	<b>\$66,151,915</b>

#### d. The movement in the provision for impairment is as follows:

	2023	2022
Beginning of the year	22,033,041	22,033,041
Reversal of provision	(3,478,527)	-
End of the year	<b>\$18,554,514</b>	<b>\$22,033,041</b>

Included within the category more than 1 year to 5 years in Note 7 b. above are two impaired project financing facilities. In determining the recoverable amount of these impaired facilities, management used the expected cash flows from the realisation of collateral and discounted these cash flows to the present value based on when the cash flows are expected to be realised. There is a high estimation uncertainty relating to the recoverable amount from impaired project financing as independent valuations were not carried out for these project financing facilities with a total carrying value of \$17,671,646 as at December 31, 2023 (2022: \$42,921,184).

### 8. Financial assets

#### a. The Company's financial assets are summarised below by measurement category:

	2023	2022
Financial assets at fair value through profit or loss	838,114,579	841,489,000
Current	767,998,561	771,237,619
Non-current	70,116,018	70,251,381
	<b>\$838,114,579</b>	<b>\$841,489,000</b>



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 8. Financial assets (continued)

b. The assets comprised in the above category are detailed below

	2023	2022
Government debt securities	772,119,299	775,794,772
Corporate debt securities	9,288,228	8,760,521
Quoted equity securities	5,994,515	323,076
Mutual funds	50,712,537	56,610,631
<b>Financial assets at fair value through profit or loss</b>	<b>\$838,114,579</b>	<b>\$841,489,000</b>

c. The table below illustrates the movements in other financial assets:

	2023	2022
Beginning of the year	841,489,000	928,825,741
Additions	27,319,784	75,923,779
Maturities/disposals	(33,264,708)	(151,178,197)
Fair value gains/(losses)	2,570,503	(12,082,323)
<b>End of year</b>	<b>\$838,114,579</b>	<b>\$841,489,000</b>

### 9. Reinsurance contract assets

	2023	2022 (restated)
Universal Life	1,333,644	1,513,165
Ordinary Life	418,200	512,657
	<b>\$1,751,844</b>	<b>\$2,025,822</b>
Current	521,844	1,160,822
Non-current	1,230,000	865,000
	<b>\$1,751,844</b>	<b>\$2,025,822</b>

### 10. Other receivables

	2023	2022 (restated)
Accrued investment income	6,188,977	6,212,019
Unsettled trade - disposal of SFC shares	-	3,612,187
Miscellaneous receivables	189,199	361,524
	<b>\$6,378,176</b>	<b>\$10,185,730</b>
Current	6,375,176	10,182,730
Non-current	3,000	3,000
	<b>\$6,378,176</b>	<b>\$10,185,730</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 11. Share capital

	2023	2022
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
17,869,554 ordinary shares of no par value	<u>\$17,869,554</u>	<u>\$17,869,554</u>

### 12. Other reserves

	Investments fair value reserve	Property revaluation surplus	Total other reserves
<b>Year ended December 31, 2023</b>			
Balance at January 1, 2023	-	9,371,051	9,371,051
	<u>\$-</u>	<u>\$9,371,051</u>	<u>\$9,371,051</u>
<b>Year ended December 31, 2022</b>			
<b>As previously reported</b>	57,940,491	9,413,657	67,354,148
Impact of IFRS 9 on initial recognition at January 1, 2022	(57,940,491)	-	(57,940,491)
Restated balance at January 1, 2022	-	9,413,657	9,413,657
Revaluation loss on freehold property	-	(42,606)	(42,606)
	<u>\$-</u>	<u>\$9,371,051</u>	<u>\$9,371,051</u>

### 13. Insurance and Reinsurance contracts

The following table represents insurance contract liabilities and summaries for those contracts which are measured under the premium allocation approach (PAA) and those which are not measured under the PAA (GMM).

	2023	2022 (restated)
<b>Insurance contract liabilities issued</b>		
Insurance contracts measured under PAA	64,554	67,641
Insurance contracts not measured under PAA (GMM)	115,686,840	114,080,383
	<u>\$115,751,394</u>	<u>\$114,148,024</u>

The table below sets out the carrying amounts of portfolios of insurance contract liabilities at the end of reporting date per class of business.

	2023	2022 (restated)
Ordinary Life - Permanent	10,778,961	11,077,719
Ordinary Life - Term	6,526,052	7,537,107
Universal Life	63,673,131	60,885,161
Annuity	31,394,566	30,985,259
Home service life	3,314,130	3,595,137
Home service non-life	11,051	12,011
Ordinary non-life	53,503	55,630
	<u>\$115,751,394</u>	<u>\$114,148,024</u>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

Insurance contract liabilities not measured under PAA (GMM)

Ordinary Life - Permanent	2023					2022				
	Insurance contracts issued					Insurance contracts issued				
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total
Fair Value Approach			Post Transition	Fair Value Approach				Post Transition		
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	9,264,884	234,569	1,578,266	-	11,077,719	10,929,016	267,898	862,769	-	12,059,683
<b>Net Opening balance</b>	<b>9,264,884</b>	<b>234,569</b>	<b>1,578,266</b>	<b>-</b>	<b>11,077,719</b>	<b>10,929,016</b>	<b>267,898</b>	<b>862,769</b>	<b>-</b>	<b>12,059,683</b>
<b>Changes that relate to current services</b>	<b>525,863</b>	<b>(33,976)</b>	<b>(321,659)</b>	<b>-</b>	<b>170,228</b>	<b>533,016</b>	<b>(32,283)</b>	<b>(287,277)</b>	<b>-</b>	<b>213,456</b>
CSM recognized for services provided	-	-	(321,659)	-	(321,659)	-	-	(287,277)	-	(287,277)
Change in risk adjustment for non-financial risk for risk expired	-	(33,976)	-	-	(33,976)	-	(32,283)	-	-	(32,283)
Experience adjustments not related to future service	525,863	-	-	-	525,863	533,016	-	-	-	533,016
Restatement and Other Changes	-	-	-	-	-	-	-	-	-	-
<b>Changes that relate to future services</b>	<b>(301,283)</b>	<b>(4,391)</b>	<b>305,673</b>	<b>-</b>	<b>(1)</b>	<b>(999,346)</b>	<b>5,528</b>	<b>993,818</b>	<b>-</b>	<b>-</b>
Changes in estimates that adjust the CSM	(301,283)	(4,391)	305,673	-	(1)	(999,346)	5,528	993,818	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
<b>Changes that relate to past services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Insurance Service result</b>	<b>224,580</b>	<b>(38,367)</b>	<b>(15,986)</b>	<b>-</b>	<b>170,227</b>	<b>(466,330)</b>	<b>(26,755)</b>	<b>706,541</b>	<b>-</b>	<b>213,456</b>
<b>Insurance Finance Income or Expense</b>										
The effect of and changes in time of time value of money and financial risk	609,010	6,760	36,947	-	652,717	148,475	(6,574)	8,956	-	150,857
<b>Total Insurance Finance Income or Expense</b>	<b>609,010</b>	<b>6,760</b>	<b>36,947</b>	<b>-</b>	<b>652,717</b>	<b>148,475</b>	<b>(6,574)</b>	<b>8,956</b>	<b>-</b>	<b>150,857</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Changes in the Statement of Financial Performance</b>	<b>833,590</b>	<b>(31,607)</b>	<b>20,961</b>	<b>-</b>	<b>822,944</b>	<b>(317,855)</b>	<b>(33,329)</b>	<b>715,497</b>	<b>-</b>	<b>364,313</b>
<b>Cash flows (Actual cashflows in the period)</b>										
Premiums and premium tax received	445,934	-	-	-	445,934	566,527	-	-	-	566,527
Claims and other insurance service expenses paid, including investment components	(1,567,636)	-	-	-	(1,567,636)	(1,912,804)	-	-	-	(1,912,804)
<b>Total Cash flows</b>	<b>(1,121,702)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,121,702)</b>	<b>(1,346,277)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,346,277)</b>
<b>Net Closing balance</b>	<b>8,976,772</b>	<b>202,962</b>	<b>1,599,227</b>	<b>-</b>	<b>10,778,961</b>	<b>9,264,884</b>	<b>234,569</b>	<b>1,578,266</b>	<b>-</b>	<b>11,077,719</b>
Closing Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing Insurance contract liabilities	8,976,772	202,962	1,599,227	-	10,778,961	9,264,884	234,569	1,578,266	-	11,077,719
<b>Net Closing balance</b>	<b>8,976,772</b>	<b>202,962</b>	<b>1,599,227</b>	<b>-</b>	<b>10,778,961</b>	<b>9,264,884</b>	<b>234,569</b>	<b>1,578,266</b>	<b>-</b>	<b>11,077,719</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### Insurance contract liabilities not measured under PAA (GMM)- (continued)

Ordinary Life - Term	2023					2022				
	Insurance contracts issued					Insurance contracts issued				
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total
Fair Value Approach			Post Transition	Fair Value Approach				Post Transition		
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	(660,811)	677,015	7,520,903	-	7,537,107	(1,769,648)	776,143	8,753,875	-	7,760,370
<b>Net Opening balance</b>	<b>(660,811)</b>	<b>677,015</b>	<b>7,520,903</b>	<b>-</b>	<b>7,537,107</b>	<b>(1,769,648)</b>	<b>776,143</b>	<b>8,753,875</b>	<b>-</b>	<b>7,760,370</b>
Changes that relate to current services	(561,364)	(98,631)	(1,126,699)	-	(1,786,694)	2,600,139	(101,234)	(1,321,904)	-	1,177,001
CSM recognized for services provided	-	-	(1,126,699)	-	(1,126,699)	-	-	(1,321,904)	-	(1,321,904)
Change in risk adjustment for non-financial risk for risk expired	-	(98,631)	-	-	(98,631)	-	(101,234)	-	-	(101,234)
Experience adjustments not related to future service	(561,364)	-	-	-	(561,364)	2,600,139	-	-	-	2,600,139
Restatement and Other Changes	-	-	-	-	-	-	-	-	-	-
Changes that relate to future services	360,701	35,156	(395,857)	-	-	(2,355)	4,288	(1,933)	-	-
Changes in estimates that adjust the CSM	360,701	35,156	(395,857)	-	-	(2,355)	4,288	(1,933)	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services	-	-	-	-	-	-	-	-	-	-
<b>Total Insurance Service result</b>	<b>(200,663)</b>	<b>(63,475)</b>	<b>(1,522,556)</b>	<b>-</b>	<b>(1,786,694)</b>	<b>2,597,784</b>	<b>(96,946)</b>	<b>(1,323,837)</b>	<b>-</b>	<b>1,177,001</b>
Insurance Finance Income or Expense	-	-	-	-	-	-	-	-	-	-
The effect of and changes in time of time value of money and financial risk	(60,195)	65,370	176,064	-	181,240	(85,189)	(2,182)	90,865	-	3,494
<b>Total Insurance Finance Income or Expense</b>	<b>(60,195)</b>	<b>65,370</b>	<b>176,064</b>	<b>-</b>	<b>181,240</b>	<b>(85,189)</b>	<b>(2,182)</b>	<b>90,865</b>	<b>-</b>	<b>3,494</b>
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
<b>Total Changes in the Statement of Financial Performance</b>	<b>(260,858)</b>	<b>1,895</b>	<b>(1,346,491)</b>	<b>-</b>	<b>(1,605,454)</b>	<b>2,512,595</b>	<b>(99,128)</b>	<b>(1,232,972)</b>	<b>-</b>	<b>1,180,495</b>
Cash flows (Actual cashflows in the period)										
Premiums and premium tax received	1,883,073	-	-	-	1,883,073	1,986,708	-	-	-	1,986,708
Claims and other insurance service expenses paid, including investment components	(1,288,674)	-	-	-	(1,288,674)	(3,390,466)	-	-	-	(3,390,466)
<b>Total Cash flows</b>	<b>594,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>594,399</b>	<b>(1,403,758)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,403,758)</b>
<b>Net Closing balance</b>	<b>(327,270)</b>	<b>678,910</b>	<b>6,174,412</b>	<b>-</b>	<b>6,526,052</b>	<b>(660,811)</b>	<b>677,015</b>	<b>7,520,903</b>	<b>-</b>	<b>7,537,107</b>
Closing Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing Insurance contract liabilities	(327,270)	678,910	6,174,412	-	6,526,052	(660,811)	677,015	7,520,903	-	7,537,107
<b>Net Closing balance</b>	<b>(327,270)</b>	<b>678,910</b>	<b>6,174,412</b>	<b>-</b>	<b>6,526,052</b>	<b>(660,811)</b>	<b>677,015</b>	<b>7,520,903</b>	<b>-</b>	<b>7,537,107</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

Insurance contract liabilities not measured under PAA (GMM)- (continued)

Universal Life	2023					2022				
	Insurance contracts issued					Insurance contracts issued				
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total
Fair Value Approach			Post Transition	Fair Value Approach				Post Transition		
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	35,100,780	4,937,925	20,846,457	-	60,885,162	38,039,560	5,233,888	19,693,697	-	62,967,145
<b>Net Opening balance</b>	<b>35,100,780</b>	<b>4,937,925</b>	<b>20,846,457</b>	<b>-</b>	<b>60,885,162</b>	<b>38,039,560</b>	<b>5,233,888</b>	<b>19,693,697</b>	<b>-</b>	<b>62,967,145</b>
Changes that relate to current services	2,913,486	(576,450)	(3,293,016)	-	(955,980)	2,958,284	(569,257)	(3,258,010)	-	(868,983)
CSM recognized for services provided	-	-	(3,293,016)	-	(3,293,016)	-	-	(3,258,010)	-	(3,258,010)
Change in risk adjustment for non-financial risk for risk expired	-	(576,450)	-	-	(576,450)	-	(569,257)	-	-	(569,257)
Experience adjustments not related to future service	2,913,486	-	-	-	2,913,486	2,958,284	-	-	-	2,958,284
Changes that relate to future services	(1,868,211)	(14,256)	1,882,467	-	-	(4,245,502)	39,153	4,206,349	-	-
Changes in estimates that adjust the CSM	(1,868,211)	(14,256)	1,882,467	-	-	(4,245,502)	39,153	4,206,349	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past services	-	-	-	-	-	-	-	-	-	-
<b>Total Insurance Service result</b>	<b>1,045,275</b>	<b>(590,706)</b>	<b>(1,410,549)</b>	<b>-</b>	<b>(955,980)</b>	<b>(1,287,218)</b>	<b>(530,104)</b>	<b>948,339</b>	<b>-</b>	<b>(868,983)</b>
Insurance Finance Income or Expense	-	-	-	-	-	-	-	-	-	-
The effect of and changes in time of time value of money and financial risk	4,472,080	269,947	488,016	-	5,230,043	(555,374)	234,141	204,421	-	(116,812)
<b>Total Insurance Finance Income or Expense</b>	<b>4,472,080</b>	<b>269,947</b>	<b>488,016</b>	<b>-</b>	<b>5,230,043</b>	<b>(555,374)</b>	<b>234,141</b>	<b>204,421</b>	<b>-</b>	<b>(116,812)</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Changes in the Statement of Financial Performance</b>	<b>5,517,355</b>	<b>(320,759)</b>	<b>(922,533)</b>	<b>-</b>	<b>4,274,063</b>	<b>(1,842,592)</b>	<b>(295,963)</b>	<b>1,152,760</b>	<b>-</b>	<b>(985,795)</b>
Cash flows (Actual cashflows in the period)	-	-	-	-	-	-	-	-	-	-
Premiums and premium tax received	9,766,451	-	-	-	9,766,451	10,027,008	-	-	-	10,027,008
Claims and other insurance service expenses paid, including investment components	(11,252,545)	-	-	-	(11,252,545)	(11,123,197)	-	-	-	(11,123,197)
<b>Total Cash flows</b>	<b>(1,486,094)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,486,094)</b>	<b>(1,096,189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,096,189)</b>
<b>Net Closing balance</b>	<b>39,132,041</b>	<b>4,617,166</b>	<b>19,923,924</b>	<b>-</b>	<b>63,673,131</b>	<b>35,100,779</b>	<b>4,937,925</b>	<b>20,846,457</b>	<b>-</b>	<b>60,885,161</b>
Closing Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing Insurance contract liabilities	39,132,041	4,617,166	19,923,924	-	63,673,131	35,100,779	4,937,925	20,846,457	-	60,885,161
<b>Net Closing balance</b>	<b>39,132,041</b>	<b>4,617,166</b>	<b>19,923,924</b>	<b>-</b>	<b>63,673,131</b>	<b>35,100,779</b>	<b>4,937,925</b>	<b>20,846,457</b>	<b>-</b>	<b>60,885,161</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

Insurance contract liabilities not measured under PAA (GMM)- (continued)

Annuity	2023					2022				
	Insurance contracts issued					Insurance contracts issued				
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total
Fair Value Approach			Post Transition	Fair Value Approach				Post Transition		
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	28,344,691	116,085	2,157,865	366,618	30,985,259	28,725,656	116,366	3,297,576	-	32,139,598
<b>Net Opening balance</b>	<b>28,344,691</b>	<b>116,085</b>	<b>2,157,865</b>	<b>366,618</b>	<b>30,985,259</b>	<b>28,725,656</b>	<b>116,366</b>	<b>3,297,576</b>	<b>-</b>	<b>32,139,598</b>
<b>Changes that relate to current services</b>	<b>122,871</b>	<b>(10,876)</b>	<b>(190,578)</b>	<b>(37,203)</b>	<b>(115,786)</b>	<b>141,197</b>	<b>(9,715)</b>	<b>(255,753)</b>	<b>-</b>	<b>(124,271)</b>
CSM recognized for services provided	-	-	(190,578)	(37,203)	(227,781)	-	-	(255,753)	-	(255,753)
Change in risk adjustment for non-financial risk for risk expired	-	(10,876)	-	-	(10,876)	-	(9,715)	-	-	(9,715)
Experience adjustments not related to future service	122,871	-	-	-	122,871	141,197	-	-	-	141,197
<b>Changes that relate to future services</b>	<b>195,630</b>	<b>7,818</b>	<b>(482,839)</b>	<b>279,391</b>	<b>-</b>	<b>542,369</b>	<b>9,200</b>	<b>(918,187)</b>	<b>366,618</b>	<b>-</b>
Changes in estimates that adjust the CSM	195,630	7,818	(482,839)	279,391	-	542,369	9,200	(918,187)	366,618	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
<b>Changes that relate to past services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Insurance Service result</b>	<b>318,501</b>	<b>(3,058)</b>	<b>(673,417)</b>	<b>242,188</b>	<b>(115,786)</b>	<b>683,566</b>	<b>(515)</b>	<b>(1,173,940)</b>	<b>366,618</b>	<b>(124,271)</b>
<b>Insurance Finance Income or Expense</b>										
The effect of and changes in time of time value of money and financial risk	2,477,077	14,038	50,516	8,469	2,550,100	559,868	234	34,229	-	594,331
<b>Total Insurance Finance Income or Expense</b>	<b>2,477,077</b>	<b>14,038</b>	<b>50,516</b>	<b>8,469</b>	<b>2,550,100</b>	<b>559,868</b>	<b>234</b>	<b>34,229</b>	<b>-</b>	<b>594,331</b>
<b>Other Comprehensive Income</b>										
<b>Total Changes in the Statement of Financial Performance</b>	<b>2,795,578</b>	<b>10,980</b>	<b>(622,901)</b>	<b>250,657</b>	<b>2,434,314</b>	<b>1,243,434</b>	<b>(281)</b>	<b>(1,139,711)</b>	<b>366,618</b>	<b>470,060</b>
<b>Cash flows (Actual cashflows in the period)</b>										
Premiums and premium tax received	1,315,789	-	-	-	1,315,789	1,669,532	-	-	-	1,669,532
Claims and other insurance service expenses paid, including investment components	(3,340,796)	-	-	-	(3,340,796)	(3,293,931)	-	-	-	(3,293,931)
<b>Total Cash flows</b>	<b>(2,025,007)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,025,007)</b>	<b>(1,624,399)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,624,399)</b>
<b>Net Closing balance</b>	<b>29,115,262</b>	<b>127,065</b>	<b>1,534,964</b>	<b>617,275</b>	<b>31,394,566</b>	<b>28,344,691</b>	<b>116,085</b>	<b>2,157,865</b>	<b>366,618</b>	<b>30,985,259</b>
Closing Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing Insurance contract liabilities	29,115,262	127,065	1,534,964	617,275	31,394,566	28,344,691	116,085	2,157,865	366,618	30,985,259
<b>Net Closing balance</b>	<b>29,115,262</b>	<b>127,065</b>	<b>1,534,964</b>	<b>617,275</b>	<b>31,394,566</b>	<b>28,344,691</b>	<b>116,085</b>	<b>2,157,865</b>	<b>366,618</b>	<b>30,985,259</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

Insurance contract liabilities not measured under PAA (GMM)- (continued)

Home Service Life	2023					2022				
	Insurance contracts issued					Insurance contracts issued				
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM		Total
Fair Value Approach			Post Transition	Fair Value Approach				Post Transition		
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	3,415,346	179,791	-	-	3,595,137	3,554,664	183,868	81,201	-	3,819,733
<b>Net Opening balance</b>	<b>3,415,346</b>	<b>179,791</b>	-	-	<b>3,595,137</b>	<b>3,554,664</b>	<b>183,868</b>	<b>81,201</b>	-	<b>3,819,733</b>
<b>Changes that relate to current services</b>	<b>(411,000)</b>	<b>(28,296)</b>	-	-	<b>(439,296)</b>	<b>(355,946)</b>	<b>(25,429)</b>	-	-	<b>(381,375)</b>
CSM recognized for services provided	-	-	-	-	-	-	-	-	-	-
Change in risk adjustment for non-financial risk for risk expired	-	(28,296)	-	-	(28,296)	-	(25,429)	-	-	(25,429)
Experience adjustments not related to future service	(411,000)	-	-	-	(411,000)	(355,946)	-	-	-	(355,946)
Restatement and Other Changes	-	-	-	-	-	-	-	-	-	-
<b>Changes that relate to future services</b>	<b>(45,062)</b>	<b>15,151</b>	-	-	<b>(29,911)</b>	<b>312,881</b>	<b>22,200</b>	<b>(82,044)</b>	-	<b>253,037</b>
Changes in estimates that adjust the CSM	-	-	-	-	-	72,623	9,421	(82,044)	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(45,062)	15,151	-	-	(29,911)	240,258	12,779	-	-	253,037
<b>Changes that relate to past services</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>
<b>Total Insurance Service result</b>	<b>(456,062)</b>	<b>(13,145)</b>	-	-	<b>(469,207)</b>	<b>(43,065)</b>	<b>(3,229)</b>	<b>(82,044)</b>	-	<b>(128,338)</b>
<b>Insurance Finance Income or Expense</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>
The effect of and changes in time of time value of money and financial risk	250,166	17,452	-	-	267,617	50,277	(848)	843	-	50,272
<b>Total Insurance Finance Income or Expense</b>	<b>250,166</b>	<b>17,452</b>	-	-	<b>267,617</b>	<b>50,277</b>	<b>(848)</b>	<b>843</b>	-	<b>50,272</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>
<b>Total Changes in the Statement of Financial Performance</b>	<b>(205,896)</b>	<b>4,307</b>	-	-	<b>(201,590)</b>	<b>7,212</b>	<b>(4,077)</b>	<b>(81,201)</b>	-	<b>(78,066)</b>
<b>Cash flows (Actual cashflows in the period)</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>
Premiums and premium tax received	35,133	-	-	-	35,133	36,942	-	-	-	36,942
Claims and other insurance service expenses paid, including investment components	(114,550)	-	-	-	(114,550)	(183,472)	-	-	-	(183,472)
<b>Total Cash flows</b>	<b>(79,417)</b>	<b>-</b>	-	-	<b>(79,417)</b>	<b>(146,530)</b>	<b>-</b>	<b>-</b>	-	<b>(146,530)</b>
<b>Net Closing balance</b>	<b>3,130,033</b>	<b>184,097</b>	-	-	<b>3,314,130</b>	<b>3,415,346</b>	<b>179,791</b>	<b>-</b>	-	<b>3,595,137</b>
Closing Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing Insurance contract liabilities	3,130,033	184,097	-	-	3,314,130	3,415,346	179,791	-	-	3,595,137
<b>Net Closing balance</b>	<b>3,130,033</b>	<b>184,097</b>	-	-	<b>3,314,130</b>	<b>3,415,346</b>	<b>179,791</b>	<b>-</b>	-	<b>3,595,137</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### Insurance contract liabilities measured under PAA

	2023					2022				
	Liability for Remaining Coverage		Liability for Incurred Claims		Total	Liability for Remaining Coverage		Liability for Incurred Claims		Total
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk		Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	
<b>Home Service Non-Life</b>										
Opening Balance	6,403	-	5,608	-	12,011	10,218	-	6,936	-	17,154
Insurance Revenue										
Insurance Revenue - Fair Value Approach	-	-	-	-	-	-	-	-	-	-
Insurance Revenue - Post Transition	(71,504)	-	-	-	(71,504)	(83,204)	-	-	-	(83,204)
<b>Total Insurance Revenue</b>	<b>(71,504)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,504)</b>	<b>(83,204)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,204)</b>
Insurance Service Expenses										
Incurred Insurance service expenses	-	-	10,627	-	10,627	-	-	12,356	-	12,356
Claims	-	-	4,595	-	4,595	-	-	6,552	-	6,552
Expenses	-	-	6,032	-	6,032	-	-	5,804	-	5,804
<b>Total Insurance Service Expenses</b>	<b>-</b>	<b>-</b>	<b>10,627</b>	<b>-</b>	<b>10,627</b>	<b>-</b>	<b>-</b>	<b>12,356</b>	<b>-</b>	<b>12,356</b>
Investment Components	-	-	-	-	-	-	-	-	-	-
<b>Total Insurance Service Result</b>	<b>(71,504)</b>	<b>-</b>	<b>10,627</b>	<b>-</b>	<b>(60,877)</b>	<b>(83,204)</b>	<b>-</b>	<b>12,356</b>	<b>-</b>	<b>(70,848)</b>
Insurance Finance Income or Expense	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
<b>Total Changes in the Statement of Financial Performance</b>	<b>(71,504)</b>	<b>-</b>	<b>10,627</b>	<b>-</b>	<b>(60,877)</b>	<b>(83,204)</b>	<b>-</b>	<b>12,356</b>	<b>-</b>	<b>(70,848)</b>
Cash Flows (actual cash flows in the period)										
Premiums received	71,149	-	-	-	71,149	79,389	-	-	-	79,389
Claims and other insurance service expenses paid	-	-	(11,232)	-	(11,232)	-	-	(13,684)	-	(13,684)
Insurance acquisition cash flows	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flows</b>	<b>71,149</b>	<b>-</b>	<b>(11,232)</b>	<b>-</b>	<b>59,917</b>	<b>79,389</b>	<b>-</b>	<b>(13,684)</b>	<b>-</b>	<b>65,705</b>
Closing Balance	6,408	-	5,003	-	11,051	6,403	-	5,608	-	12,011



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

*Insurance contract liabilities measured under PAA (continued)*

Ordinary Non-Life	2023					2022				
	Liability for Remaining Coverage		Liability for Incurred Claims		Total	Liability for Remaining Coverage		Liability for Incurred Claims		Total
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk		Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	
Opening Balance	34,657	-	20,973	-	55,630	44,224	-	24,078	-	68,302
Insurance Revenue										
Insurance Revenue - Fair Value Approach	(34,657)	-	-	-	(34,657)	(156,100)	-	-	-	(156,100)
Insurance Revenue - Post Transition	(95,436)	-	-	-	(95,436)	-	-	-	-	-
<b>Total Insurance Revenue</b>	<b>(130,093)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(130,093)</b>	<b>(156,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(156,100)</b>
Insurance Service Expenses										
Incurred Insurance service expenses	-	-	17,703	-	17,703	-	-	8,783	-	8,783
Claims	-	-	5,357	-	5,357	-	-	(3,105)	-	(3,105)
Expenses	-	-	12,346	-	12,346	-	-	11,888	-	11,888
<b>Total Insurance Service Expenses</b>	<b>-</b>	<b>-</b>	<b>17,703</b>	<b>-</b>	<b>17,703</b>	<b>-</b>	<b>-</b>	<b>8,783</b>	<b>-</b>	<b>8,783</b>
Investment Components	-	-	-	-	-	-	-	-	-	-
<b>Total Insurance Service Result</b>	<b>(130,093)</b>	<b>-</b>	<b>17,703</b>	<b>-</b>	<b>(112,390)</b>	<b>(156,100)</b>	<b>-</b>	<b>8,783</b>	<b>-</b>	<b>(147,317)</b>
Insurance Finance Income or Expense	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
<b>Total Changes in the Statement of Financial Performance</b>	<b>(130,093)</b>	<b>-</b>	<b>17,703</b>	<b>-</b>	<b>(112,390)</b>	<b>(156,100)</b>	<b>-</b>	<b>8,783</b>	<b>-</b>	<b>(147,317)</b>
Cash Flows (actual cash flows in the period)										
Premiums received	128,913	-	-	-	128,913	146,533	-	-	-	146,533
Claims and other insurance service expenses paid	-	-	(18,650)	-	(18,650)	-	-	(11,888)	-	(11,888)
Insurance acquisition cash flows	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flows</b>	<b>128,913</b>	<b>-</b>	<b>(18,650)</b>	<b>-</b>	<b>110,263</b>	<b>146,533</b>	<b>-</b>	<b>(11,888)</b>	<b>-</b>	<b>134,645</b>
Closing Balance	33,477	-	20,026	-	53,503	34,657	-	20,973	-	55,630

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### b. Insurance contract liabilities for incurred claims not measured under PAA (GMM)

2023					2022			
Insurance contracts issued					Insurance contracts issued			
Ordinary Life - Permanent	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	915,905	-	823,000	1,738,905	1,245,969	-	1,224,659	2,470,628
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	833,592	41,378	534,406	1,409,376	875,891	40,525	264,665	1,181,081
Roll-Forward of Fulfilment Cash Flows	(541,000)	(41,378)	(985,258)	(1,567,636)	(1,205,955)	(40,525)	(666,324)	(1,912,804)
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	1,208,497	-	372,148	1,580,646	915,905	-	823,000	1,738,905

Insurance contracts issued					Insurance contracts issued			
Ordinary Life - Term	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	1,649,334	-	-	1,649,334	1,199,334	-	-	1,199,334
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	600,000	72,674	-	672,674	3,775,000	65,465	-	3,840,465
Roll-Forward of Fulfilment Cash Flows	(1,216,000)	(72,674)	-	(1,288,674)	(3,325,000)	(65,465)	-	(3,390,465)
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	1,033,334	-	-	1,033,334	1,649,334	-	-	1,649,334

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### *b. Insurance contract liabilities for incurred claims not measured under PAA (GMM) (continued)*

2023					2022			
Insurance contracts issued					Insurance contracts issued			
Universal Life	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	5,132,406	-	633,436	5,765,842	4,403,084	-	454,681	4,857,765
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	6,365,870	1,237,925	4,060,055	11,663,850	6,340,687	1,119,852	4,570,734	12,031,273
Roll-Forward of Fulfilment Cash Flows	(5,893,371)	(1,237,925)	(4,121,249)	(11,252,545)	(5,611,365)	(1,119,852)	(4,391,979)	(11,123,196)
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	5,604,905	-	572,242	6,177,148	5,132,406	-	633,436	5,765,842

Insurance contracts issued					Insurance contracts issued			
Annuity	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	-	-	-	-	-	-	-	-
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	3,265,009	75,787	-	3,340,796	3,230,261	63,670	-	3,293,931
Roll-Forward of Fulfilment Cash Flows	(3,265,009)	(75,787)	-	(3,340,796)	(3,230,261)	(63,670)	-	(3,293,931)
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### b. Insurance contract liabilities for incurred claims not measured under PAA (GMM) (continued)

2023					2022			
Insurance contracts issued					Insurance contracts issued			
Home Service Life	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	21,982	-	324,289	346,271	47,991	-	408,229	456,220
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	70,440	4,281	(130,656)	(55,935)	26,827	3,952	42,745	73,524
Roll-Forward of Fulfilment Cash Flows	(68,410)	(4,281)	(41,859)	(114,550)	(52,836)	(3,952)	(126,685)	(183,473)
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	24,012	-	151,774	175,786	21,982	-	324,289	346,271

Insurance contracts issued					Insurance contracts issued			
All GMM Portfolios	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	7,719,627	-	1,780,725	9,500,352	6,896,378	-	2,087,569	8,983,947
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	11,134,911	1,432,045	4,463,805	17,030,761	14,248,666	1,293,464	4,878,144	20,420,274
Roll-Forward of Fulfilment Cash Flows	(10,983,790)	(1,432,045)	(5,148,364)	(17,564,199)	(13,425,417)	(1,293,464)	(5,184,988)	(19,903,869)
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	7,870,748	-	1,096,166	8,966,914	7,719,627	-	1,780,725	9,500,352

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### c. Reinsurance contract liabilities for incurred claims not measured under PAA (GMM)

2023					2022			
Reinsurance contracts held					Reinsurance contracts held			
Reinsurance	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims	Present Value of Benefits	Present Value of Expenses	Present Value of Investment Component	Liability for Incurred Claims
Opening Balance	(1,820,000)	-	-	(1,820,000)	(975,205)	-	-	(975,205)
Changes in Estimates at Period Start	-	-	-	-	-	-	-	-
New Claims Incurred in the Period	(490,036)	-	-	(490,036)	(2,908,972)	-	-	(2,908,972)
Roll-Forward of Fulfilment Cash Flows	902,536	-	-	902,536	2,064,177	-	-	2,064,177
Changes in Estimates at Period End	-	-	-	-	-	-	-	-
Movements in Exchange Rates	-	-	-	-	-	-	-	-
Closing Balance	(1,407,500)	-	-	(1,407,500)	(1,820,000)	-	-	(1,820,000)

### Recognition of the Contractual Service Margin (CSM)

	2023								2022							
	Insurance contracts issued								Insurance contracts issued							
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
Ordinary Life - Permanent	260,213	222,761	188,388	160,128	134,939	401,398	231,400	1,599,227	251,628	213,681	183,394	155,471	132,485	-	641,606	1,578,265
Ordinary Life - Term	959,772	824,663	698,241	601,976	517,475	1,618,187	954,098	6,174,412	1,139,959	971,111	840,994	717,443	621,546	-	3,229,851	7,520,904
Universal Life	2,807,684	2,425,787	2,082,487	1,810,696	1,570,596	5,062,360	4,164,313	19,923,923	2,897,416	2,492,936	2,169,772	1,870,821	1,632,451	-	9,783,061	20,846,457
Annuity	237,743	220,900	202,277	183,662	164,252	589,273	554,131	2,152,238	280,394	256,476	236,376	214,886	194,764	-	1,341,587	2,524,483
Home Service Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,265,412</b>	<b>3,694,111</b>	<b>3,171,393</b>	<b>2,756,462</b>	<b>2,387,262</b>	<b>7,671,218</b>	<b>5,903,942</b>	<b>29,849,800</b>	<b>4,569,397</b>	<b>3,934,204</b>	<b>3,430,536</b>	<b>2,958,621</b>	<b>2,581,246</b>	<b>-</b>	<b>14,996,105</b>	<b>32,470,109</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### Recognition of the Contractual Service Margin (CSM) (continued)

	Reinsurance contracts held								Reinsurance contracts held							
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
Reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### Sensitivity Analysis

The following table presents the sensitivity of the Best Estimate Liability (BEL) and Risk Adjustment (RA) under the GMM Approach to changes in the assumptions. In each case, the change is that which increases the combined liability on a grouped basis.

Variable	Change in Variable	2023			2022		
		Change in BEL \$	Change in RA \$	Combined Change \$	Change in BEL \$	Change in RA \$	Combined Change \$
Change in insured mortality	10%	5,109,549	(106,495)	5,003,054	4,850,935	(105,870)	4,745,065
Improvement in annuitant mortality	1%	67,005	(230)	66,775	59,924	(235)	59,689
Reduction in discount rates	1%	8,826,731	(68,764)	8,757,967	8,704,976	(33,587)	8,671,389
Increase in expenses	5%	487,753	12,227	499,980	493,380	12,134	505,514
Change in lapse rates	10%	2,887,332	(20,804)	2,866,528	3,129,171	(37,026)	3,092,145

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

#### Insurance Service Result & Net insurance Finance Expenses

December 31, 2023

By Class of Business	Home Service Life	Annuities	Universal Life	Ordinary Life - Permanent	Ordinary Life - Term	Ordinary Non-Life	Home Service Non-Life	Total
<b>Insurance Revenue</b>								
CSM recognized for services provided	-	227,781	3,293,016	321,659	1,126,699	-	-	4,969,155
Change in risk adjustment for non-financial risk for risk expired	26,246	10,876	576,450	33,976	98,631	-	-	746,178
<b>Expected insurance service expenses incurred:</b>	<b>450,526</b>	<b>3,217,925</b>	<b>4,690,309</b>	<b>349,108</b>	<b>1,234,038</b>	-	-	<b>9,941,906</b>
Claims	89,807	3,149,951	3,680,516	251,860	1,114,729	-	-	8,286,863
Expenses	360,719	67,974	1,009,793	97,248	119,309	-	-	1,655,043
Expected premium receipts allocation under the PAA	-	-	-	-	-	130,093	71,504	201,597
<b>Total Insurance Revenue</b>	<b>476,772</b>	<b>3,456,582</b>	<b>8,559,775</b>	<b>704,743</b>	<b>2,459,368</b>	<b>130,093</b>	<b>71,504</b>	<b>15,858,837</b>
<b>Insurance Service Expenses</b>								
<b>Incurred insurance service expenses:</b>	<b>(54,342)</b>	<b>(3,340,796)</b>	<b>(9,353,133)</b>	<b>(1,104,041)</b>	<b>(837,554)</b>	<b>(17,703)</b>	<b>(10,627)</b>	<b>(14,718,196)</b>
Claims	(78,240)	(3,265,009)	(8,115,208)	(1,062,663)	(764,880)	(5,357)	(4,595)	(13,295,952)
Expenses	23,898	(75,787)	(1,237,925)	(41,378)	(72,674)	(12,346)	(6,032)	(1,422,244)
<b>Changes that relate to future service:</b>	<b>29,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,911</b>
Losses and reversal of losses on onerous contracts - subsequent measurement	29,911	-	-	-	-	-	-	29,911
<b>Total Insurance Service Expenses</b>	<b>(24,431)</b>	<b>(3,340,796)</b>	<b>(9,353,134)</b>	<b>(1,104,041)</b>	<b>(837,554)</b>	<b>(17,703)</b>	<b>(10,627)</b>	<b>(14,688,285)</b>
<b>Net Expenses from Reinsurance Contracts</b>								
<b>Amounts recovered from reinsurance:</b>								
<b>Incurred insurance service expenses:</b>								<b>490,036</b>
Claims	-	-	-	-	-	-	-	490,036
<b>Total Net Expenses from Reinsurance Contracts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>490,036</b>
<b>Insurance Service Result</b>	<b>452,341</b>	<b>115,786</b>	<b>(793,359)</b>	<b>(399,298)</b>	<b>1,621,813</b>	<b>112,390</b>	<b>60,877</b>	<b>1,660,588</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

*Insurance Service Result & Net insurance Finance Expenses (continued)*

**December 31, 2022**

By Class of Business	Home Service Life	Annuities	Universal Life	Ordinary Life - Permanent	Ordinary Life - Term	Ordinar y Non- Life	Home Service Non-Life	Total
<b>Insurance Revenue</b>								
CSM recognized for services provided	-	255,753	3,258,010	287,277	1,321,904	-	-	5,122,944
Change in risk adjustment for non-financial risk for risk expired	25,429	9,715	569,257	32,283	101,234	-	-	737,918
<b>Expected insurance service expenses incurred:</b>	<b>386,725</b>	<b>3,152,734</b>	<b>4,502,255</b>	<b>383,399</b>	<b>1,240,326</b>	-	-	<b>9,665,439</b>
Claims	49,935	3,097,176	3,581,720	293,961	1,129,300	-	-	8,152,092
Expenses	336,790	55,558	920,535	89,438	111,026	-	-	1,513,347
Expected premium receipts allocation under the PAA	-	-	-	-	-	156,100	83,204	239,304
<b>Total Insurance Revenue</b>	<b>412,154</b>	<b>3,418,202</b>	<b>8,329,522</b>	<b>702,959</b>	<b>2,663,464</b>	<b>156,100</b>	<b>83,204</b>	<b>15,765,605</b>
<b>Insurance Service Expenses</b>								
<b>Incurring insurance service expenses:</b>	<b>(37,679)</b>	<b>(3,293,931)</b>	<b>(9,091,345)</b>	<b>(1,141,690)</b>	<b>(4,811,384)</b>	<b>(8,783)</b>	<b>(12,356)</b>	<b>(18,397,168)</b>
Claims	(33,727)	(3,230,261)	(7,971,493)	(1,101,165)	(4,745,919)	3,105	(6,552)	(17,086,012)
Expenses	(3,952)	(63,670)	(1,119,852)	(40,525)	(65,465)	(11,888)	(5,804)	(1,311,156)
<b>Changes that relate to future service:</b>	<b>(253,037)</b>	-	-	-	-	-	-	<b>(253,037)</b>
Losses and reversal of losses on onerous contracts - subsequent measurement	(253,037)	-	-	-	-	-	-	(253,037)
<b>Total Insurance Service Expenses</b>	<b>(290,716)</b>	<b>(3,293,931)</b>	<b>(9,091,345)</b>	<b>(1,141,690)</b>	<b>(4,811,384)</b>	<b>(8,783)</b>	<b>(12,356)</b>	<b>(18,650,205)</b>
<b>Net Expenses from Reinsurance Contracts</b>								
<b>Amounts recovered from reinsurance:</b>								
<b>Incurring insurance service expenses:</b>								<b>2,908,972</b>
Claims	-	-	-	-	-	-	-	2,908,972
<b>Total Net Expenses from Reinsurance Contracts</b>	-	-	-	-	-	-	-	<b>2,908,972</b>
<b>Insurance Service Result</b>	<b>121,438</b>	<b>124,271</b>	<b>(761,823)</b>	<b>(438,731)</b>	<b>(2,147,920)</b>	<b>147,317</b>	<b>70,848</b>	<b>24,372</b>



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 13. Insurance and Reinsurance contracts (continued)

*Insurance Service Result & Net insurance Finance Expenses (continued)*

#### December 31, 2023

Insurance Finance Income or Expense from Insurance Contracts	Home Service Life	Annuities	Universal Life	Ordinary Life - Permanent	Ordinary Life - Term	Ordinary Non-Life	Home Service Non-Life	Total
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:	(68,962)	(684,684)	(1,268,470)	(200,745)	(144,790)	-	-	(2,367,652)
Interest accreted on the carrying amount of the CSM	-	(58,984)	(488,016)	(36,947)	(176,064)	-	-	(760,011)
Interest accreted on present value cash flows	(64,763)	(622,962)	(668,882)	(158,466)	47,076	-	-	(1,467,997)
Interest accreted on risk adjustment	(4,199)	(2,738)	(111,572)	(5,332)	(15,802)	-	-	(139,643)
The effect of financial risk and changes in financial risk	(198,656)	(1,865,415)	(3,961,573)	(451,973)	(36,449)	-	-	(6,514,066)
<b>Net Insurance Finance Expenses from Insurance Contracts</b>	<b>(267,617)</b>	<b>(2,550,100)</b>	<b>(5,230,043)</b>	<b>(652,718)</b>	<b>(181,240)</b>	<b>-</b>	<b>-</b>	<b>(8,881,718)</b>

#### December 31, 2022

Insurance Finance Income or Expense from Insurance Contracts	Home Service Life	Annuities	Universal Life	Ordinary Life - Permanent	Ordinary Life - Term	Ordinary Non-Life	Home Service Non-Life	Total
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:	(32,660)	(318,081)	(574,237)	(90,646)	(71,017)	-	-	(1,086,641)
Interest accreted on the carrying amount of the CSM	(843)	(34,229)	(204,421)	(8,955)	(90,865)	-	-	(339,313)
Interest accreted on present value cash flows	(29,941)	(282,647)	(315,417)	(79,077)	27,778	-	-	(679,304)
Interest accreted on risk adjustment	(1,876)	(1,205)	(54,399)	(2,614)	(7,930)	-	-	(68,024)
The effect of financial risk and changes in financial risk	(17,613)	(276,250)	691,050	(60,208)	67,523	-	-	404,502
<b>Total Insurance Finance Income or Expense from Insurance Contracts</b>	<b>(50,272)</b>	<b>(594,331)</b>	<b>116,812</b>	<b>(150,857)</b>	<b>(3,494)</b>	<b>-</b>	<b>-</b>	<b>(682,139)</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 14. Reconciliation of investment contract liabilities

Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values. The movements in the liabilities arising from Investment contracts are summarised below:

	2023	2022
Balance at beginning of the year	219,832,086	236,877,827
Contributions received	1,315,789	1,669,532
Benefits paid	(24,025,491)	(25,770,580)
Other movements	(1,223,452)	(6,139,365)
Investment return from underlying assets	10,226,450	915,942
<b>Balance at end of year</b>	<b>\$206,125,382</b>	<b>\$219,832,086</b>

### 15. Borrowings from GORTT

Financing was received from GORTT which is secured by a Promissory Note issued on July 10, 2015, at a rate of 2% per annum (TT\$15M). The principal sum of \$750,000,000 and interest are payable at maturity which is one year after the transfer of the traditional portfolio.

	2023	2022
Principal	750,000,000	750,000,000
Accrued interest	127,150,685	112,150,685
	<b>\$877,150,685</b>	<b>\$862,150,685</b>
<b>Non-current</b>	<b>\$877,150,685</b>	<b>\$862,150,685</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 16. Other payables

	2023	2022 (restated)
Liability to GORTT (see Note 16 a. below)	738,484,328	751,363,779
Provision for termination benefits	2,033,836	2,033,836
Accrued taxes	-	237,684
Stale dated cheques	623,297	687,658
Accrued expenses	961,868	604,466
Matured STIPs not assigned to GORTT (see Note 16 b. below)	792,435	792,435
Advance repayments on mortgages on real estate	12,198	648,196
Payroll liabilities	1,832	1,302
Due to BAICO-matured bond	1,973,050	-
Miscellaneous payables	510,336	385,873
	<b>\$745,393,180</b>	<b>\$756,755,229</b>
Current	744,757,233	755,959,983
Non-current	635,947	795,246
	<b>\$745,393,180</b>	<b>\$756,755,229</b>

#### a. Liability to GORTT

The liability to GORTT relates to STIP holders who have executed a deed of assignment and declaration of trust in favour of GORTT and the third-party declaration on or before December 31, 2023. The liability to GORTT is recognised at payout values (that is, the full amount of the STIP holder capital investment as of September 8, 2010, less the carrying value of any EFPA loans) and there are no repayment terms included within the STIPs agreements for this liability to GORTT (see Note 2). Two investment properties valued at \$12.8M were transferred to GORTT and applied to GORTT's liability in July 2023. Transfer fees of \$78,451 were also applied to the liability.

#### b. Matured STIPs

Matured STIPs relate to STIPs policies that matured on or before December 31, 2023, and the STIP holder did not execute the deed of assignment and declaration of trust in favour of GORTT and the third-party declaration on or before December 31, 2023. Matured STIPs are recognised at payout values.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 17. Investment income

	2023	2022 (restated)
Debt securities interest income	37,215,624	36,847,751
Dividend income	255,148	1,131,005
Income from fixed deposits	-	352,153
Income from mutual funds	1,035,515	696,395
Rental income from investment properties	176,217	256,164
Mortgages on real estate interest income	82,888	81,322
Policyowners' loan interest income	56,538	65,790
Currency translation losses	(434,321)	(325,501)
Gain on disposal of investments	1,706,281	31,281,746
Unrealised gain on financial assets	1,586,391	(44,915,652)
	<b>41,680,281</b>	<b>25,471,172</b>
Income allocated to investment contracts	(23,925,305)	(13,818,189)
	<b>\$17,754,976</b>	<b>\$11,652,984</b>

### 18. Other operating income

	2023	2022 (restated)
Interest income on cash at bank	11,672	7,353
Policy fees	84,300	102,440
	<b>95,972</b>	<b>109,793</b>
Other income allocated to Investment contracts	63,898	74,158
	<b>\$32,074</b>	<b>\$35,635</b>

### 19. Operating expenses

	2023	2022 (restated)
Employee benefit expense	8,482,585	8,964,400
Accommodation expenses	1,389,146	1,598,326
Office expenses	3,580,555	2,632,534
Depreciation	427,023	259,854
Legal and professional fees	5,788,785	7,220,141
Write-back of other receivables	6,624,818	(44,984)
Other expenses	225,481	435,322
	<b>26,518,393</b>	<b>\$21,065,593</b>
Expense allocated to insurance contracts	1,422,244	1,311,156
Expense allocated to investment contracts	7,125,161	6,188,956
	<b>\$17,970,988</b>	<b>\$13,565,481</b>
Employee benefit expense comprises:		
Salaries	7,934,117	8,404,011
Staff benefits	548,468	560,389
	<b>\$8,482,585</b>	<b>\$8,964,400</b>

The average number of persons employed during the year	43	41
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# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

20. Taxation	2023	2022
Current year charge	62,411	1,635,932
Prior year under provision	189,189	-
	<b>\$251,600</b>	<b>\$1,635,932</b>
a. Life insurance business:		
<u>Ordinary Life</u>		
Gross investment income	9,771,412	21,145,663
Allowable expenses	(11,403,418)	(11,126,913)
Net income	(1,632,006)	10,018,750
Tax losses utilised	-	-
Chargeable income	-	10,018,750
Tax calculated at 15%	<b>\$-</b>	<b>\$1,502,813</b>
<u>Industrial Life</u>		
Gross investment income	420,701	1,367,283
Allowable expenses	(476,159)	(479,821)
Net income	(55,458)	887,462
Tax calculated at 15%	<b>\$-</b>	<b>\$133,119</b>
b. Insurance business other than life:		
Net taxable income	272,286	91,077
Allowable expenses	(186,981)	(41,800)
Net income	90,305	49,277
Tax losses utilised	(90,305)	(49,277)
Chargeable income	<b>\$-</b>	<b>\$-</b>
Tax calculated at 30%	<b>\$-</b>	<b>\$-</b>
c. Business levy		
Taxable revenue	\$10,401,760	\$22,597,089
Business levy calculated at 0.6%	<b>\$62,411</b>	<b>\$135,583</b>

The Company did not recognise a deferred income tax asset in respect of accumulated tax losses amounting to \$14,718,158 (2022: \$14,805,886) that can be carried forward against future taxable income due to going concern issues as described in Note 2.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 21. Cash used in operations

	2023	2022
(Loss)/profit before taxation	(12,678,618)	(15,071,311)
Adjustments for:		
Depreciation	427,023	259,854
Interest income	(38,390,565)	(38,043,410)
Dividend income	(255,148)	(1,131,005)
Interest expense	15,000,000	15,000,000
Decrease in mortgage provision	(3,478,527)	-
Fair value losses/(gains) on investment properties	500,000	(1,547,376)
Gain on disposal of financial assets at fair value through profit or loss	(1,706,281)	(31,281,746)
Unrealised gain/(loss) on financial assets through profit or loss	(2,570,503)	12,082,323
	<b>(43,152,619)</b>	<b>(59,732,671)</b>
Changes in operating assets and liabilities:		
Decrease/(increase) in reinsurance contract assets	273,978	(737,305)
Decrease/(increase) in other receivables	3,862,840	(3,801,847)
Increase/(decrease) in insurance contract liabilities	1,603,370	(4,683,960)
Decrease in investment contract liabilities	(13,706,704)	(17,045,741)
(Decrease)/increase in other payables	(16,412,049)	33,963,990
<b>Cash used in operations</b>	<b>\$(67,531,184)</b>	<b>\$(52,037,534)</b>

### 22. Related party transactions

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

Transactions entered into with related parties in the normal course of business were carried out on commercial terms and conditions at market rates.

Prior to January 30, 2009, the Company was controlled by British-American Insurance Company Limited. Effective January 30, 2009, CBTT assumed control of the Company pursuant to the exercise of its emergency powers under Section 44(d) of the Central Bank Act.

On December 22, 2022 CBTT relinquished control of the Company.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 22. Related party transactions (continued)

The significant related party balances at the year end, and the related income and expenses for the year are as follows:

#### Statement of financial position

*Financial assets at fair value through other comprehensive income with related parties:*

	2023	2022
Loans to directors and key management	264,745	318,869
<b>Total related party assets</b>	<b>\$264,745</b>	<b>\$318,869</b>

#### Statement of comprehensive income

##### Investment income

##### Interest income

- Debt securities	-	36,635,412
- Loans to directors and key management	20,606	24,255

##### Key management compensation

##### Interest expense (Note 15)

	20,606	36,659,667
	(2,427,900)	(2,279,400)
	-	(14,589,041)

<b>Impact on statement of comprehensive income</b>	<b>\$(2,407,294)</b>	<b>\$19,791,226</b>
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### 23. Management of insurance and financial risk

The Company issues contracts which transfer insurance and financial risk. This section summarises this risk and the way the Company manages it.

#### a. Insurance risk

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

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

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 23. Management of insurance and financial risk (continued)

#### a. *Insurance risk (continued)*

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of occupation covered.

The Company's life insurance portfolio comprises risks associated with death, survival and personal accident only on policies issued within Trinidad and Tobago and almost entirely in Trinidad and Tobago dollars.

#### (i) *Casualty insurance risk*

##### (a) *Frequency and severity of claims*

The frequency and severity of claims can be affected by several factors. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (i.e. subrogation).

The Company's reinsurance arrangements include excess, stop loss and catastrophe coverage.

##### (b) *Sources of uncertainty in the estimation of future claim payments*

Claims on casualty contracts are payable on a claims occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. In an effort to minimise the Company's exposure, all claims on casualty contracts must be submitted within three months of the event in order to be payable.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of recoveries.



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 23. Management of insurance and financial risk (continued)

#### a. Insurance risk (continued)

##### (ii) Long-term insurance contracts

##### (a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS) or widespread changes in lifestyle such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

For traditional life insurance contracts, there are no mitigating terms and conditions that reduce the insurance risk accepted. For universal life contracts, a significant portion of the insurance risk is shared with the insured party, in that the Company charges for mortality risk on a monthly basis and has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk. For annuity contracts, the primary insurance risk is that contract holders who exercise an annuity option will live longer than anticipated in the assumptions underlying the annuity option rates.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. Medical selection is included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company uses excess of loss reinsurance contracts with retention limits that vary by product.

Insurance risk for contracts disclosed in this note is also affected by the contract holder's right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour.

##### (b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience for the Company is carried out periodically and the results compared to that used in the policyholder liability and value of in-force figures. No adjustment for future mortality improvements is made for contracts that insure survival.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 23. Management of insurance and financial risk (continued)

#### b. *Financial risk*

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

The Company's activities expose it to a variety of financial risk; liquidity risk, market risk (including interest rate risk, currency risk and price risk) and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's objective is to manage liquidity in order to meet its payment obligations associated with its financial liabilities when they fall due.

The Company has separate independent bodies responsible for managing and monitoring risks.

#### *Board of directors*

The Board of Directors of the Company has the overall responsibility and oversight for corporate governance and specifically, investment policy approval and limits of authority. In February 2009, GORTT appointed a Board of Directors to the Company. The Board of Directors has delegated authority to the Investment Committee. The Board held three meetings in 2023 and four in 2022. CBTT relinquished control on December 22, 2022 and the Board continues to operate in the same manner.

#### *Investment committee*

The Investment Committee is responsible for investment policy formulation, risk management, performance review and investment strategy development. The Committee oversees the development, interpretation and implementation of policies for identifying, evaluating, monitoring and measuring the significant risks to which the investment portfolio is exposed. The Committee meets on a weekly basis.

There were no changes in the policies and procedures in managing financial risks compared to the prior year.

#### (i) *Liquidity risk*

The Company is exposed to daily calls on its available cash resources mainly from claims arising from deaths, maturities, and surrenders. Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay contract holders.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (i) Liquidity risk (continued)

In order to manage liquidity risk, management seeks to maintain levels of cash and short-term deposits in each of its operating currencies. The liquidity position is monitored on a daily basis.

The table below analyses the Company's financial liabilities by contractual maturity dates. Insurance contract liabilities and assets are presented by expected maturities at the statement of financial position date. No adjustments have been made to recognise the orderly disposal of assets and the settlement of liabilities as described in Note 2 on the basis that no firm plan has been determined to date.

	Up to one year	One to five years	Over five years	No stated maturity date	Total
<b>At December 31, 2023</b>					
Insurance contracts	10,641,051	5,073,248	99,972,541	64,554	115,751,394
Investment contracts	25,179,008	39,178,710	141,767,664	-	206,125,382
Borrowings	-	877,150,685	-	-	877,150,685
Other payables	745,380,530	-	-	12,650	745,393,180
<b>Total liabilities</b>	<b>781,200,589</b>	<b>921,402,643</b>	<b>241,740,205</b>	<b>77,204</b>	<b>1,944,420,641</b>
Assets used to manage liquidity risk	85,199,001	414,829,207	371,751,432	56,710,052	928,489,692
<b>Liquidity gap</b>	<b>\$(696,001,588)</b>	<b>\$(506,573,436)</b>	<b>\$130,011,227</b>	<b>\$56,632,848</b>	<b>\$(1,015,930,949)</b>
<b>At December 31, 2022 (restated)</b>					
Insurance contracts	11,477,468	5,700,811	96,902,104	67,641	114,148,024
Investment contracts	27,352,487	41,380,828	151,098,771	-	219,832,086
Borrowings	-	862,150,685	-	-	862,150,685
Other payables	756,647,642	-	-	107,587	756,755,229
<b>Total liabilities</b>	<b>795,477,597</b>	<b>909,232,324</b>	<b>248,000,875</b>	<b>175,228</b>	<b>1,952,886,024</b>
Assets used to manage liquidity risk	82,148,565	437,014,908	378,203,367	56,936,707	954,303,547
<b>Liquidity gap</b>	<b>\$(713,329,032)</b>	<b>\$(472,217,416)</b>	<b>\$130,202,492</b>	<b>\$56,761,479</b>	<b>\$(998,582,477)</b>

The Company is no longer under the control of CBTT. Included within other payables (Note 16) is a liability to GORTT amounting to \$738,484,328 (2022: \$751,363,779). Also, refer to Note 2 for details of financial support from GORTT. No interest is payable on these amounts.

##### (ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (ii) Market risk (continued)

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rate and equity prices. The Investment Committee moderates this risk through a careful selection of securities and other financial instruments within specified limits. In order to manage the risk associated with movements in currency exchange rates, the Company seeks to maintain investments and cash in each operating currency, which are sufficient to match liabilities denominated in the same currency.

##### (a) Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Exposure is managed largely by the use of natural hedges that arise by matching interest sensitive assets with liabilities of similar nature.

The following table summarises the Company's exposure to interest rate risks. Included in the table are the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to one year	One to five years	Over five years	Non-interest bearing	Total
At December 31, 2023					
<b>Assets</b>					
Mortgages on real estate	13,179	18,103,593	478,485	-	18,595,257
Financial assets	13,408,966	396,725,614	371,272,947	56,707,052	838,114,579
Reinsurance contract assets	-	-	-	1,751,844	1,751,844
Other receivables	5,961,101	-	-	417,075	6,378,176
Cash and cash equivalents	23,209,030	-	-	40,440,806	63,649,836
<b>Total assets</b>	<b>\$42,592,276</b>	<b>\$414,829,207</b>	<b>\$371,751,432</b>	<b>\$99,316,777</b>	<b>\$928,489,692</b>
<b>Liabilities</b>					
Insurance contract liabilities	10,641,051	5,073,248	99,972,541	64,554	115,751,394
Investment contract liabilities	25,179,008	39,178,710	141,767,664	-	206,125,382
Borrowings	-	877,150,685	-	-	877,150,685
Other payables	739,402,863	-	-	5,990,317	745,393,180
<b>Total liabilities</b>	<b>\$775,222,922</b>	<b>\$921,402,643</b>	<b>\$241,740,205</b>	<b>\$6,054,871</b>	<b>\$1,944,420,641</b>
<b>Interest sensitivity gap</b>	<b>\$(732,630,646)</b>	<b>\$(506,573,436)</b>	<b>\$130,011,227</b>		

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (ii) Market risk (continued)

##### (a) Interest rate risk (continued)

The following table summarises the Company's exposure to interest rate risks. Included in the table are the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

At December 31, 2022

	Up to one year	One to five years	Over five years	Non-interest bearing	Total
Total assets	38,552,166	437,014,908	378,203,367	100,533,106	954,303,547
Total liabilities	791,144,694	909,232,324	248,000,875	4,508,131	1,952,886,024
<b>Interest sensitivity gap</b>	<b>\$(752,592,528)</b>	<b>\$(472,217,416)</b>	<b>\$130,202,492</b>		

#### *Sensitivity of possible movements in interest rates*

Stress testing is used as a market risk measurement technique which provides an indication of the potential size of losses that could arise in extreme conditions. The stress tests conducted by the Company include risk factor testing, where stress movements are applied to each risk category. An analysis was conducted to demonstrate the sensitivity to reasonable possible movements in interest rates in respect of the Company's fixed income portfolio.

The majority of the assets has fixed rates and there is no exposure to cash flow interest rate risk. For assets carried at amortised cost there is no exposure to fair value interest rate risk, however, if there was 100 basis points change the impact on the debt securities would be \$41,388,841 (2022: \$46,010,956).

#### (b) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate. The Company holds assets denominated in currencies other than TT\$, the functional currency. The Company is therefore exposed to currency risk as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any currency hedging transactions but to manage the risk by offsetting foreign currency liabilities with assets denominated in the same currency.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (ii) Market risk (continued)

##### (b) Currency risk (continued)

The table below summarises the Company's exposure to foreign currency exchange rate risk as at December 31. The Company's financial assets and liabilities are included in the table, categorised by currency at their carrying amounts.

	Trinidad & Tobago	United States Canadian	Total
At December 31, 2023			
Assets			
Mortgages on real estate	18,595,257	-	18,595,257
Financial assets	797,406,453	40,708,126	838,114,579
Reinsurance contracts	1,751,844	-	1,751,844
Other receivables	5,787,012	591,164	6,378,176
Cash and cash equivalents	40,418,220	23,231,616	63,649,836
<b>Total assets</b>	<b>\$863,958,786</b>	<b>\$64,530,906</b>	<b>\$928,489,692</b>
Liabilities			
Insurance contracts	115,751,394	-	115,751,394
Investment contracts	206,125,382	-	206,125,382
Borrowings	877,150,685	-	877,150,685
Other payables	745,393,180	-	745,393,180
<b>Total liabilities</b>	<b>\$1,944,420,641</b>	<b>\$-</b>	<b>\$1,944,420,641</b>
<b>Net on statement of financial position</b>	<b>\$(1,080,461,855)</b>	<b>\$64,530,906</b>	<b>\$(1,015,930,949)</b>
At December 31, 2022			
Total assets	890,670,793	63,632,754	954,303,547
Total liabilities	1,952,886,024	-	1,952,886,024
<b>Net on statement of financial position</b>	<b>\$(1,062,215,231)</b>	<b>\$63,632,754</b>	<b>\$(998,582,477)</b>

In 2023 there were no assets denominated in Canadian dollars (2022: Sagicor Financial Corporation shares of \$323,076).

There are no liabilities denominated in Canadian dollars.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (ii) Market risk (continued)

##### (b) Currency risk (continued)

###### *Sensitivity of possible movements in select currencies*

Stress testing is used as a market risk measurement technique which provides an indication of the potential size of losses that could arise in extreme conditions. The stress tests conducted by the Company include risk factor testing, where stress movements are applied to each risk category. An analysis was conducted to demonstrate the sensitivity to reasonable possible movements of the various currencies.

As of December 31, 2023, had the exchange rate between the US\$/CA\$ and the TT\$ increased or decreased by 5% with all other variables held constant, the increase or decrease in total equity and profit or loss for the year would amount to \$3,226,545 (2022: \$3,181,638).

##### (c) Price risk

Price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instruments or issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity and bond price risk.

The Investment Committee moderates this risk through a careful selection of securities and other financial instruments within specific limits. The Company's overall market positions are reviewed on a quarterly basis by the Investment Committee and Board of Directors.

As of December 31, 2023, had equity securities prices increased/decreased by 5% with all variables held constant, total equity and profit or loss for the year would have increased/decreased by \$299,726 (2022: \$16,154).

As of December 31, 2023, had bond prices increased/decreased by 5% with all variables held constant, total equity and profit or loss for the year would have increased/decreased by \$39,070,376 (2022: \$39,227,765).

##### (iii) Credit risk

The Company takes on exposure to credit risk, which is risk that a counterparty will be unable to pay amounts in full when due. Credit exposure arises principally in investment activities that bring debt securities and other bills into the investment portfolio.

Credit risk is mitigated to some extent by limiting the Company's total exposure to a single credit.

The Company also reduces this risk by prudent credit analysis of issuers to restrict questionable credits in the investment portfolio. The Company also manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, by monitoring exposures in relation to such limits and placing deposits with financial institutions with a strong capital base.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (iii) Credit risk (continued)

Exposure to credit risk is further managed through regular analysis of the ability of borrowers to meet capital and interest repayment obligations and by changing these lending limits when appropriate. In addition, collateral, corporate, state and personal guarantees are obtained.

##### *Impairment and provisioning policies*

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment (see Note 3 f.).

The Company's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at statement of financial position date on a case-by-case basis, and are applied to all individually significant accounts.

##### (a) Maximum exposure to credit risk before collateral held

The table below represents a worst case scenario of credit risk exposure to the Company at December 31, 2023 and 2022 without taking into account any collateral held.

	2023	2022
Mortgages on real estate	18,595,257	44,118,874
Financial assets	832,120,064	841,165,924
Reinsurance contracts	1,751,844	2,025,822
Other receivables	6,378,176	10,185,732
Cash and cash equivalents	63,649,836	56,484,121
	<u>\$922,495,177</u>	<u>\$953,980,473</u>

The Company maintains credit risk exposure within acceptable parameters through the use of collateral as a risk-mitigation tool. The main types of collateral obtained are mortgages over staff, residential and commercial properties and charges over insurance contracts.

Management monitors the market value of collateral and cash surrender values of insurance contracts and request additional collateral in accordance with the underlying agreement.



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (iii) Credit risk (continued)

(b) The maximum exposure to credit risk is summarised as follows:

December 31, 2023					
	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for impairment	Net
Mortgages on real estate	330,751	592,860	36,226,160	(18,554,514)	18,595,257
Financial assets	832,120,064	-	-	-	832,120,064
Reinsurance contracts	1,751,844	-	-	-	1,751,844
Other receivables	6,378,176	-	908,018	(908,018)	6,378,176
Cash and cash equivalents	63,649,836	-	-	-	63,649,836
	<b>\$904,230,671</b>	<b>\$592,860</b>	<b>\$37,134,178</b>	<b>\$(19,462,532)</b>	<b>\$922,495,177</b>
December 31, 2022					
	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for impairment	Net
Mortgages on real estate	823,436	374,254	64,954,225	(22,033,041)	44,118,874
Financial assets	841,165,924	-	-	-	841,165,924
Reinsurance contracts	2,025,822	-	-	-	2,025,822
Other receivables	10,185,732	-	911,018	(911,018)	10,185,732
Cash and cash equivalents	56,484,121	-	-	-	56,484,121
	<b>\$910,685,035</b>	<b>\$374,254</b>	<b>\$65,865,243</b>	<b>\$(22,944,059)</b>	<b>\$953,980,473</b>

The Company has no internal rating system for mortgages and assets that are classified as neither past due nor impaired.

#### (c) Past due but not impaired - mortgages on real estate

	2023	2022
Past due up to 30 days	425,658	74,589
Past due 31 - 90 days	-	-
Over 181 days	167,202	299,665
	<b>\$592,860</b>	<b>\$374,254</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

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### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (iii) Credit risk (continued)

##### (d) Individually impaired assets

The gross amount of individually impaired assets held by the Company is as follows:

	2023	2022
Mortgages on real estate	36,226,160	64,954,225
Due from agents	908,018	911,018
	<u>\$37,134,178</u>	<u>\$65,865,243</u>

##### (iv) Capital management

The Company's objective when managing capital is to comply with the insurance capital requirement under Section 22 of the Insurance Act, 2018 of Trinidad and Tobago which prescribes a minimum stated capital of fifteen million to be maintained at all times throughout the year, for companies engaged in long-term insurance business. The Company manages its capital position as follows:

Stated capital of the Company	\$17,869,554	\$17,869,554
Minimum regulatory stated capital	\$15,000,000	\$15,000,000

Throughout the financial year, the Company met its capital requirement. There were no changes in the policies and procedures in managing capital risk compared to the prior year.

##### (v) Fair value hierarchy of financial and non-financial assets

The following analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (v) Fair value hierarchy of financial and non-financial assets (continued)

##### Financial assets

	Level 1	Level 2	Level 3	Total
<b>At December 31, 2023</b>				
Equity securities	5,994,515	-	-	5,994,515
Mutual funds	-	50,712,537	-	50,712,537
Debt securities	-	776,438,630	4,968,897	781,407,527
	<b>\$5,994,515</b>	<b>\$827,151,167</b>	<b>\$4,968,897</b>	<b>\$838,114,579</b>
	0.72%	98.69%	0.59%	100%
<b>At December 31, 2022</b>				
Equity securities	323,076	-	-	323,076
Mutual funds	-	56,610,631	-	56,610,631
Debt securities	-	780,110,031	4,445,262	784,555,293
	<b>\$323,076</b>	<b>\$836,720,662</b>	<b>\$4,445,262</b>	<b>\$841,489,000</b>
	0.04%	99.43%	0.53%	100%

There were no transfers between levels 1 and 2 during the year.

##### Financial instruments where carrying value is equal to fair value

Due to the liquidity and short-term maturity, the carrying values of other financial instruments approximate their fair values.

The table below summarises the level in the IFRS 13 fair value hierarchy in which the fair value measurement is categorised and a description of the valuation technique and the inputs used in the fair value measurement.

	Fair value measurement in IFRS 13 fair value hierarchy	Categorisation of methodology used to determine fair value	Valuation Key assumptions in valuation methodology
Financial assets at fair value through profit or loss	Level 1	Fair value	n/a - quoted prices equals fair value
Unquoted equity securities	Level 3	Net asset-based approach	n/a - net asset value equals fair value
Government debt securities	Level 2	Discounted cash flow	Future cash flows Current market interest rate at year end Future cash flows
Corporate debt securities	Level 3	Discounted cash flow	Current market interest rate at year end

An observable input is an input that is developed using market data such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (v) Fair value hierarchy of financial and non-financial assets (continued)

##### Financial assets (continued)

An unobservable input is an input for which market data is not readily available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

##### Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments.

##### Corporate debt securities

At December 31,	2023	2022
Opening balance	4,445,261	4,232,718
Additions	417,624	209,361
Gains included in other comprehensive income	106,012	3,183
Closing balance	<u>\$4,968,897</u>	<u>\$4,445,262</u>

##### Non-financial assets

	Level 1	Level 2	Level 3	Total
<b>At December 31, 2023</b>				
Freehold land and building	-	15,773,000	-	15,773,000
Investment properties	-	125,075,000	-	125,075,000
	<u>\$-</u>	<u>\$140,848,000</u>	<u>\$-</u>	<u>\$140,848,000</u>

There were no transfers between levels 1 and 2 during the year.

<b>At December 31, 2022</b>				
Freehold land and building	-	16,000,000	-	16,000,000
Investment properties	-	120,525,000	-	120,525,000
	<u>\$-</u>	<u>\$136,525,000</u>	<u>\$-</u>	<u>\$136,525,000</u>

There were no transfers between levels 1 and 2 during the year.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 23. Management of insurance and financial risk (continued)

#### b. Financial risk (continued)

##### (v) Fair value hierarchy of financial and non-financial assets (continued)

##### Fair value measurements using significant unobservable inputs (level 2)

The following table presents the changes in level 2 instruments.

	Freehold land and building	Investment Properties
Opening balance	16,000,000	120,525,000
Additions	-	17,850,000
Disposals	-	(12,800,000)
Depreciation expense recorded in other operating expenses	(227,000)	-
Fair value losses recorded in income	-	(500,000)
<b>Closing balance</b>	<b>\$15,773,000</b>	<b>\$125,075,000</b>

##### Freehold land and building

Freehold land and building comprise of the Company's head office located at 11-13 Fifth Street, Barataria. The property was revalued as at December 16, 2022 by an external independent appraiser using the open market basis.

##### Non-financial assets

##### Investment properties

Level 2 includes fifteen properties located at various locations which are available for sale or held for rental.

Valuations were obtained from external independent appraisers on the basis of open market value as at December 31, 2023.

##### Valuation processes of the Company

For freehold land and buildings, the Company engages external, independent and qualified appraisers to determine its fair value on a periodic or at least triennial basis; and on an annual basis for investment properties. If annual valuations are not available, management uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets.

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 24. Financial instruments by category

At December 31, 2023

	Amortised cost	Fair value through P&L	Total
Assets as per statement of financial position			
Mortgages on real estate	18,595,257	-	18,595,257
Financial assets at fair value through profit or loss	-	838,114,579	838,114,579
Reinsurance contracts	1,751,844	-	1,751,844
Other receivables excluding prepayments	6,365,664	-	6,365,664
Cash and cash equivalents	63,649,836	-	63,649,836
	<b>\$90,362,601</b>	<b>\$838,114,579</b>	<b>\$928,477,180</b>

	Other financial liabilities	Insurance contracts liabilities	Total
Liabilities as per statement of financial position			
Insurance contracts	-	115,751,394	115,751,394
Investment contracts	-	206,125,382	206,125,382
Borrowings	877,150,685	-	877,150,685
Other payables	745,393,180	-	745,393,180
	<b>\$1,622,543,865</b>	<b>\$321,876,776</b>	<b>\$1,944,420,641</b>

At December 31, 2022

	Amortised cost	Fair value through P&L	Total
Assets as per statement of financial position			
Mortgages on real estate	44,118,874	-	44,118,874
Financial assets at fair value through profit or loss	-	841,489,000	841,489,000
Reinsurance contracts	2,025,822	-	2,025,822
Other receivables excluding prepayments	10,173,220	-	10,173,220
Cash and cash equivalents	56,484,121	-	56,484,121
	<b>\$112,802,037</b>	<b>\$841,489,000</b>	<b>\$954,291,037</b>

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 (Expressed in Trinidad and Tobago Dollars)

### 24. Financial instruments by category (continued)

	Other financial liabilities	Insurance & Investment contracts liabilities	Total
Liabilities as per statement of financial position			
Insurance contracts	-	114,148,025	114,148,025
Investment contracts	-	219,832,086	219,832,086
Borrowings	862,150,685	-	862,150,685
Other payables	756,755,229	-	756,755,229
	<b>\$1,618,905,914</b>	<b>\$333,980,111</b>	<b>\$1,952,886,025</b>

### 25. Restatement of prior period balances

The Company applied IFRS 17, effective from January 1, 2023. The implementation of this new standard has brought material changes to the accounting for and presentation of insurance and reinsurance contracts. The initial application adjustments arise principally from:

- The introduction of the CSM.
- The measurement of the risk adjustment, which is similar to the margins for adverse deviation previously estimated under IFRS 4, but with some differences in measurement under IFRS 17.
- Changes in the determination of discount rates under IFRS 17.
- Other measurement changes, such as the manner in which contracts are aggregated for measurement purposes and how contract boundaries are defined.
- Presentation changes, resulting in several assets and liabilities being reclassified from other areas of the financial statements, and now included within insurance contract liabilities or reinsurance contract assets.

As a result, the Company restated certain comparative amounts as summarised in the tables below:

#### Statement of financial position as at January 1, 2022

	As previously reported	Restatement	As restated
<b>Assets</b>			
Policyowners' loans	27,903,929	(27,903,929)	-
Insurance receivables	1,748,660	(1,748,660)	-
Reinsurance contract assets	-	1,288,517	1,288,517
Other receivables	6,506,601	424,410	6,931,011
<b>Equity and liabilities</b>			
Other reserves	(67,354,148)	57,940,491	(9,413,657)
Accumulated deficit	1,049,861,953	(177,990,409)	871,871,544
<b>Liabilities</b>			
Insurance contracts	(473,063,468)	473,063,468	-
Insurance contract liabilities	-	(118,831,985)	(118,831,985)
Investment contract liabilities	-	(236,877,827)	(236,877,827)
Other policyowners' funds	(745,671,689)	745,671,689	-
Other payables	(7,517,791)	(715,035,765)	(722,553,556)

# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023

(Expressed in Trinidad and Tobago Dollars)

### 25. Restatement of prior period balances (continued)

#### Statement of financial position as at December 31, 2022

	As previously reported	Restatement	As restated
<b>Assets</b>			
Policyowners' loans	28,465,090	(28,465,090)	-
Insurance receivables	2,260,299	(2,260,299)	-
Reinsurance contract assets	-	2,025,822	2,025,822
Other receivables	10,048,469	137,261	10,185,730
<b>Equity and liabilities</b>			
Opening other reserves	(67,354,148)	57,940,491	(9,413,657)
Accumulated deficit	1,049,861,953	(177,990,409)	871,871,544
<b>Liabilities</b>			
Insurance contracts	(455,858,531)	455,858,531	-
Insurance contract liabilities	-	(114,148,024)	(114,148,024)
Investment contract liabilities	-	(219,832,086)	(219,832,086)
Other policyowners' funds	(778,171,131)	778,171,131	-
Other payables	(5,391,451)	(751,403,778)	(756,775,229)

#### Statement of comprehensive income as at December 31, 2022

	As previously reported	Restatement	As restated
<b>Net insurance premium revenue</b>			
Net insurance premium revenue	(17,031,795)	17,031,795	-
Investment income	(70,386,825)	58,733,841	(11,652,984)
Other operating income	(109,793)	74,158	(35,635)
Net insurance benefits	39,851,787	(39,851,787)	-
Change in insurance contracts liabilities	(16,261,554)	16,261,554	-
Change in assumptions for insurance contracts liabilities	(943,383)	943,383	-
Other operating expenses	21,065,592	(7,500,111)	13,565,481
Expected credit losses	592,556	(592,556)	-
Insurance revenue	-	(15,765,605)	(15,765,605)
Insurance service expense	-	18,650,205	18,650,205
Net income from reinsurance contracts held	-	(2,908,972)	(2,908,972)
Net change in investment contract liabilities	-	(915,942)	(915,942)
Finance expenses from insurance contracts issued	-	682,139	682,139
Transfer to profit or loss on the disposal of financial assets at fair value through other comprehensive income	32,833,329	(32,833,329)	-
Fair value loss on financial assets at fair value through other comprehensive income	12,082,323	(12,082,323)	-



# British-American Insurance Company (Trinidad) Limited

## Notes to the Financial Statements For the year ended December 31, 2023 *(Expressed in Trinidad and Tobago Dollars)*

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### 26. Capital commitments

The Company has no capital commitments.

### 27. Contingencies

The Company is not a party to any material pending legal proceedings other than ordinary routine litigation incidental to the business. It is not expected that the disposition of such litigation will have a material effect on the Company's financial position.

### 28. Subsequent events

The Company evaluated all events that occurred from January 1, 2024, through July 30, 2024, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements.