Ocean International Reinsurance Company Limited

Separate Financial Statements
December 31, 2022
(expressed in United States dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Ocean International Reinsurance Company Limited

Opinion

We have audited the accompanying separate financial statements of Ocean International Reinsurance Company Limited (the "Company"), which comprise the separate statement of financial position as at December 31, 2022, and the separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate 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") together with the ethical requirements that are relevant to our audit of the separate financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the separate 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.

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

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

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

- Identify and assess the risks of material misstatement of the separate 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Other Matter

This report is made solely to the Company's shareholders, as a body corporate, in accordance with Section 147 of the Company's Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders for our audit work, for this report, or for the opinion we have formed.

Grant Thornton Ltd

Chartered Accountants
July 21, 2023
Barbados

Ocean International Reinsurance Company Limited

Separate Statement of Financial Position

As at December 31, 2022

(expressed in United States dollars)

	2022 $	2021 $
Assets		
Cash (note 7)	**45,181,068**	22,313,062
Time deposits (note 8)	**26,358,841**	25,867,052
Reinsurance premium receivables (note 9)	**56,337,547**	44,464,339
Premium reserves held by cedants receivables (note 9)	**19,384,981**	12,628,479
Available-for-sale financial assets (note 10)	**73,976,679**	74,960,412
Receivable from related parties (note 22)	**6,761,103**	5,650,991
Other receivables (note 22)	**5,180,644**	1,101,392
Properties, furniture, equipment and improvements (note 11)	**1,643,333**	1,687,513
Investments in subsidiaries at cost (note 22)	**7,542,837**	185,000
Other assets	**1,781,325**	376,674
Total assets	**244,148,358**	189,234,914
Liabilities and shareholders' equity		
Liabilities		
Premium reserves held by cedants payables (note 12)	**14,562,061**	10,495,979
Other payables (note 13)	**33,946,617**	15,136,686
Payables to related parties (note 22)	**788,517**	563,877
Current tax liabilities (note 21)	**391,472**	269,537
Technical reserves (note 14)	**69,423,509**	42,103,305
Total liabilities	**119,112,176**	68,569,384
Shareholders' equity		
Common shares (note 15)	**101,450**	101,450
Additional paid-in capital	**102,912,414**	77,912,414
Revaluation reserves (note 16)	**(1,893,303)**	3,722,176
Retained earnings	**23,915,621**	38,929,490
Total shareholders' equity	**125,036,182**	120,665,530
Total liabilities and shareholders' equity	**244,148,358**	189,234,914

The accompanying notes are an integral part of these separate financial statements.

Approved by the Board of Directors on July 21, 2023.

Director **Director**

Ocean International Reinsurance Company Limited

Separate Statement of Comprehensive Income

For the year ended December 31, 2022

(expressed in United States dollars)

	2022 $	2021 $
Revenue		
Gross reinsurance premiums (note 17)	**414,096,348**	263,581,614
Reinsurance premiums ceded to reinsurers (note 17)	**(249,357,935)**	(173,465,770)
Net premium	**164,738,413**	90,115,844
Change in unearned premium reserves (note 14)	**(3,595,983)**	(3,089,467)
	161,142,430	87,026,377
Commission		
Commission income (note 18)	**20,070,414**	13,933,445
Commission expenses (note 18)	**(66,646,328)**	(32,469,119)
Net commissions loss	**(46,575,914)**	(18,535,674)
Claims		
Claims incurred	**(107,755,006)**	(59,525,365)
Claims recovered	**40,199,098**	17,637,394
Net claims	**(67,555,908)**	(41,887,971)
Change in reserve provision for claims	**(23,724,221)**	(9,276,974)
	(91,280,129)	(51,164,945)
Operating income	**23,286,387**	17,325,758
Other losses	**(88,577)**	(332,498)
Investment income (note 19)	**2,756,026**	2,290,287
General and administrative expenses (note 20)	**(5,909,423)**	(4,438,291)
Profit before tax	**20,044,413**	14,845,256
Income tax expense (note 21)	**(391,273)**	(269,338)
Net profit	**19,653,140**	14,575,918
Other comprehensive (loss)/income		
Items to be reclassified to profit or loss in subsequent period		
Net (loss)/gain on available-for-sale financial assets and properties (note 16)	**(5,606,243)**	2,432,605
Net income, being total comprehensive income for the year	**14,046,897**	17,008,523

The accompanying notes are an integral part of these separate financial statements.

Ocean International Reinsurance Company Limited

Separate Statement of Changes in Shareholders' Equity

For the year ended December 31, 2022

(expressed in United States dollars)

	Common shares $	Additional paid-in capital $	Revaluation reserves $	Retained earnings $	Total equity $
Balance as at December 31, 2020	**101,450**	**77,912,414**	**1,298,807**	**31,436,408**	**110,749,079**
Net profit	–	–	–	14,575,918	14,575,918
Change in revaluation reserve (note 16)	–	–	2,432,605	–	2,432,605
Total comprehensive income for the year	–	–	2,432,605	14,575,918	17,008,523
Dividends declared (note 15)	–	–	–	(7,092,072)	(7,092,072)
Depreciation on revaluation surplus (note 11)	–	–	(9,236)	9,236	–
Balance as at December 31, 2021	**101,450**	**77,912,414**	**3,722,176**	**38,929,490**	**120,665,530**
Net profit	–	–	–	19,653,140	19,653,140
Change in revaluation reserve (note 16)	–	–	(5,606,243)	–	(5,606,243)
Total comprehensive income for the year	–	–	(5,606,243)	19,653,140	14,046,897
Additional paid-in capital (note 23)	–	25,000,000	–	(25,000,000)	–
Dividends declared (note 15)	–	–	–	(9,676,245)	(9,676,245)
Depreciation on revaluation surplus (note 11)	–	–	(9,236)	9,236	–
Balance as at December 31, 2022	**101,450**	**102,912,414**	**(1,893,303)**	**23,915,621**	**125,036,182**

The accompanying notes are an integral part of these separate financial statements.

Ocean International Reinsurance Company Limited

Separate Statement of Cash Flows

For the year ended December 31, 2022

(expressed in United States dollars)

	2022 $	2021 $
Cash flows from operating activities		
Profit before tax	**20,044,413**	14,845,256
Adjustments for:		
Depreciation (note 11)	**84,545**	92,711
Gain on sale of investments (note 19)	**(487,612)**	(163,382)
Interest and dividend income (note 19)	**(2,268,414)**	(2,126,905)
Operating income before working capital changes	**17,372,932**	12,647,680
Net changes in operating assets and liabilities:		
Reinsurance premiums receivables	**(11,873,208)**	(5,124,101)
Premiums reserves held by cedants, net	**(2,690,420)**	(4,963,912)
Other receivables	**(4,079,252)**	217,555
Other assets	**(1,404,651)**	471,096
Technical reserves (note 14)	**27,320,204**	3,089,467
Other payables	**18,809,931**	28,662,879
Income taxes paid (note 21)	**(269,338)**	(171,580)
Net cash provided by operating activities	**43,186,198**	34,829,084
Cash flows from investing activities		
Acquisition of investment (note 10)	**(8,096,120)**	(57,708,522)
Proceeds from sale of investments	**3,961,222**	50,878,283
Acquisition of time deposits	**(491,789)**	(13,179,677)
Acquisition of properties, furniture, equipment and improvements (note 11)	**(40,365)**	(25,458)
Acquisition of subsidiaries	**(7,357,837)**	–
Interest and dividend received	**2,268,414**	510,613
Net cash used in investing activities	**(9,756,475)**	(19,524,761)
Cash flows from financing activities:		
Increase in receivables from related parties	**(1,110,112)**	(867,521)
Increase/(decrease) in payables to related parties	**224,640**	(4,648,542)
Dividends paid (note 15)	**(9,676,245)**	(7,092,072)
Net cash used in financing activities	**(10,561,717)**	(12,608,135)
Net increase in cash	**22,868,006**	2,696,188
Cash at beginning of year	**22,313,062**	19,616,874
Cash at end of year (note 7)	**45,181,068**	22,313,062

The accompanying notes are an integral part of these separate financial statements.

(expressed in United States dollars)

1 General information

Ocean International Reinsurance Company Limited (the "Company") is registered under the Barbados Companies' Act and licensed under the Insurance Act. The Company's registered office is at St James House, 2nd Street, Holetown, St James, Barbados.

The Company is owned and controlled by QD Overseas Ventures S.A and Marcussi Limited Partnership, registered in Luxembourg and Canada, respectively.

The Company operates as an insurance and reinsurance entity and underwrites facultative and treaty reinsurance policies generated from intermediaries such as reinsurance brokers, Managing General Agents (MGA's) and insurance entities throughout various geographical regions such as Latin America, North America, Caribbean, Asia, China, Europe, Oceania and Middle East and North Africa (MENA). The Company successfully reached a geographical footprint of more than 110 countries in 2022. The principal lines of business are Personal (group health, group life, credit life and motor) and Property and Casualty "P&C" (fire, engineering, legal liability, cargo, miscellaneous, surety and energy).

The Company has in place a retrocession program where the risk exceeding the preferred retention levels, due to the size or the complexity of the risk covered, is retroceded to the international market through an agreed program. The retroceded program mirrors the same terms and conditions of reinsurance contracts underwritten by the Company.

Approval of the separate financial statements

The separate financial statements for the year ended December 31, 2022 were approved and authorized for issue by the Board of Directors on July 21, 2023.

2 Basis of presentation

Statement of compliance with IFRS

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Company operates on a going concern basis.

Basis of preparation

The separate financial statements have been prepared on a historical cost basis, except for some properties and some financial assets that have been measured at fair value.

The Company presents its separate statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

(expressed in United States dollars)

2 Basis of presentation *...continued*

Functional and presentation currency

The separate financial statements are expressed in the United States Dollar (USD), which is also the functional currency of the Company.

Basis for separate financial statements

Management considers applicable regulatory requirements to prepare separate financial statements and account for its investment in subsidiaries at cost according to IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS does not require the preparation of separate financial statements for the parent entity, but local regulations require preparation of separate financial statements.

The Company also prepares consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (collectively referred to as the "Group"). Users of these separate financial statements should read them together with the Group's consolidated financial statements as of and for the year ended December 31, 2022 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

3 Significant accounting policies

New standards adopted as at January 1, 2022

Standards and amendments that are effective for the first time in 2022 and could be applicable to the Company are:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

These amendments do not have a significant impact on these separate financial statements and therefore the disclosures have not been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company *…continued*

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

During 2021, the Company performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its separate statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 1, 2023, applying the temporary exemption from applying IFRS 9 as introduced by the amendments.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grand fathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company plans to adopt the new standard on the required effective date together with IFRS 9. The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company *...continued*

Other amendments that are not yet effective and have not been adopted early by the Company include:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments are not expected to have a significant impact on the separate financial statements in the period of initial application and therefore no disclosures have been made.

a) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVTPL), loans and receivables, held to maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial assets are recognized initially at fair value plus, in the case of investments not at FVTPL, directly attributable transaction costs that are attributable to the acquisition of the financial asset. The classification depends on the purpose for which the investments were acquired or originated.

At the end of the reporting period, there are no financial assets measured as FVTPL or held to maturity (HTM) investments. The Company’s financial assets include cash and short-term deposits and other receivables classified as “loans and receivables” and some investments classified as AFS financial assets.

Subsequent measurement

Loans and receivables

After initial measurement, loans and receivables which include time deposits, receivables and other assets are measured at amortized cost, using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial asset is derecognized or impaired, as well as through the amortization process.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

a) Financial instruments *…continued*

i) Financial assets …continued

Subsequent measurement *…continued*

Available-for-sale financial assets

AFS financial assets include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVTPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses recognized in OCI in the AFS reserve (equity). Where the insurer holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding AFS investments is reported as interest income using the effective interest rate. Dividends earned whilst holding AFS investments are recognized in the statement of profit or loss as “investment income” when the right of the payment has been established. When the asset is derecognized or determined to be impaired, the cumulative gain or loss is reclassified from AFS reserve to the separate statement of comprehensive income.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables, and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to HTM is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the separate statement of comprehensive income.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

a) Financial instruments *...continued*

i) Financial assets ...continued

Derecognition of financial assets

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; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset; or
  (b) the Company 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 or has entered into a pass-through arrangement 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. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets recognized at amortized cost, the Company assesses first whether there is impairment individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that there is no objective evidence of impairment for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Those that are individually assessed for impairment assets and for which an impairment loss is recognized or continues to be recognized are not included in a collective impairment assessment.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

a) Financial instruments *...continued*

i) Financial assets ...continued

Impairment of financial assets *...continued*

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss.

The amount of any identified impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the original effective interest rate of the financial asset.

The carrying amount of the asset is reduced through the use of a reserve account and the loss is recognized in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases due to an event that occurs after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the reserve account. If a cancellation is subsequently recovered, the recovery is credited to financial costs in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

At the end of the reporting period, there are no financial liabilities measured as FVTPL. All financial liabilities are recognized initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, all other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the profit or loss.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

a) Financial instruments *...continued*

ii) Financial liabilities ...continued

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

iii) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is the intention to settle them on a net basis, to realize the assets and settle the liabilities simultaneously.

b) Cash

Cash comprises cash deposits with banks. Cash is subject to an insignificant risk of change in value.

c) Reinsurance premiums receivables

Reinsurance premiums receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, reinsurance premiums receivables are measured at amortized cost.

d) Properties, furniture, equipment and improvements

i) Properties

Properties owned are stated at their revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every five years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. To the extent any revaluation decrease or impairment loss has previously been recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluations of properties are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

d) Properties, furniture, equipment and improvements *…continued*

ii) Furniture, equipment and improvements

Furniture, equipment and improvements are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Furniture, equipment and improvements are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- Properties improvements: 10 years
- Furniture and fixtures: 5-10 years
- Computer equipment: 3–12 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss either within other income or other expenses.

e) Reinsurance premiums payable

Reinsurance premiums payables are recognized when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost.

f) Claims liabilities

The total Claim Reserves are the sum of case reserves, that represent known claims already occurred but not paid by the Company, up to the date of the separate financial statements, and the Incurred But Not Reported (IBNR) reserves, that represent the unknown claims already occurred but not yet reported to the Company. The claims liabilities include the direct expenses related to the claims and that are necessary for their final closure. The Company performs several back testing analyses to ensure the adequate level of its reserves.

g) Unearned premiums reserve

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into, and premiums are charged and brought to account as premium income over the term of the contract in accordance with the pattern of reinsurance service provided under the contract. No unearned premium reserve is recognized when there are expired contracts as there is no remaining coverage time at the date of valuation.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

h) Provisions

Provisions for legal disputes, onerous contracts or other claims (if any) are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. 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 obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

i) Shareholders' equity

i) Share capital

Share capital represents the nominal values of the shares that have been issued.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

ii) Additional paid-in capital

Additional paid-in capital represents additional amounts contributed to the company by its shareholders.

iii) Retained earnings

Retained earnings represent the current and prior years' results of operations as reported in the separate statement of comprehensive income.

j) Revenue recognition

i) Reinsurance premiums

Reinsurance contracts are those contracts that transfer significant reinsurance risk. The Company defines as significant reinsurance risk the possibility of having to pay benefits on the occurrence of a reinsured event.

Reinsurance contracts are classified as short-term reinsurance contracts. The short-term reinsurance contracts are contracted by renewable terms of a year, emitted by the Company covering risks in credit life and general insurance business, including property and casualty lines.

(expressed in United States dollars)

3 Significant accounting policies *…continued*

j) Revenue recognition

i) Reinsurance premiums …continued

The reinsurance premiums are recognized as earned proportionally over the period of cover of the policy. The provision for unearned premiums represents the portion of the net assumed premiums corresponding to the part of the cover of the reinsurance policy that has not expired to the date of the separate statement of financial position.

ii) Interest income

Interest income is recognised in the separate statement of comprehensive income on the accrual basis when earned.

iii) Investment income

Investment income comprises dividend income, interest income and gain on disposal of investments.

a) Dividend income is recognised in the separate statement of comprehensive income at point in time when the right to receive a dividend is established.

b) Interest income is recognised in the separate statement of comprehensive income for all interest-bearing instruments using the effective interest method.

c) Other income and gains earned from non-routine services and miscellaneous transactions are recognised on the accrual basis.

k) Commissions

Commissions for assumed business are deducted by ceding companies from the premium remittances of the business underwritten. The Company deducts the commissions for its ceded business from the premium remittances to reinsurers. Commissions are generally recognized in an accrual basis when services have been provided.

All premiums on assumed reinsurance are normally subject to a commission cost, since the ceding Company must be compensated for the acquisition cost or commissions paid to direct insurance brokers or intermediaries that produce the business. Besides the acquisition cost, the ceding company requires compensation on their administrative costs.

When a reinsurer seeks capacity in the retrocession market, it must also get compensated for at least part of the reinsurance commissions it has paid to the ceding company, plus some compensation for administrative costs.

l) Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

(expressed in United States dollars)

3 Significant accounting policies *...continued*

l) Reinsurance claims *...continued*

Claims and loss adjustment expenses are charged to the separate statement of comprehensive income as incurred based on the estimated liability for compensation legally owed to contract holders or third parties. They include direct and indirect claims, and settlement costs from events that have occurred up to the separate statement of financial position date even if they have not yet been reported to the Company.

Claims paid in the separate statement of comprehensive income include the claims incurred, net of recoveries, plus any changes in the loss reserves provisions, both for claims in process and Incurred But Not Reported (IBNR) claims.

m) Income tax

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Revenues, expenses and assets are recognized net of the amount of sales taxes and premium taxes except:

- Where the sales or premium tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and premium tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the separate statement of financial position.

n) Expenses

Expenses are recognised in the separate statement of comprehensive income upon utilisation of the service or as incurred.

o) Dividends

Dividend distribution to the Company’s shareholders is recognized as a liability in the Company’s separate financial statements in the period in which the dividends are approved by the Company’s shareholders.

(expressed in United States dollars)

4 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Company's separate financial statements, management makes a series of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are the judgments made by management in applying the Company's accounting policies that have the most significant effect on these separate financial statements. There are disclosures related to the Company's exposure to risks and uncertainties including: capital management, financial risk management, and policy disclosures and sensitivity analysis.

Impairment of reinsurance receivables

An estimate of the receivables from insurance and others is made when collection of the full amount is no longer probable. The determination of whether insurance and other receivables are impaired involves the Company evaluating the credit and liquidity position of the policyholders and the insurance entities, and historical recovery rates. The difference between the estimated collectible amount and the book amount is recognized as an expense in profit or loss. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss at the time of collection.

Claims reserves

The Company estimates claims reserves based on technical analysis of historical data and actuarial revisions. Claims reserves are calculated using the expected loss method. Under this method, the ultimate value of the claims (Net Ultimate Loss) is estimated by multiplying the Net Earned Premium by the loss ratio for each line of business. The assumptions for loss ratios are based on market data and adjusted by the underwriting aspects of the specific contracts to reflect their particular risk considerations.

Expected loss ratios are set taking into account market behavior and past experience. The expected loss ratio is adjusted assuming a theoretical normal distribution and an adjustment factor to create confidence intervals validated with actuarial analysis. The reserves are adjusted by a percentage tail factor of the earned premium, to set a floor for the claim reserves. The adequacy of reserves is assessed with back testing, which consists of the analysis of the development of the reserves of the prior year into the current year.

5 Insurance and financial risk

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.

To limit the Company’s exposure of potential loss on an insurance policy, the Company cedes certain levels of risk to a reinsurer. The Company selects reinsurers which have a well-established capability to meet their contractual obligations and which generally have high credit ratings.

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

a) Insurance risk *...continued*

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 benefits payments exceed the carrying amount of the insurance liabilities. This could occur because of the frequency or severity of claims and if benefits payments 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 estimate.

Reinsurance risk framework

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

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

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses.

Amounts recoverable are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 10% of total reinsurance assets at the reporting date.

The table below sets out the concentration of insurance contract liabilities by type of contract:

	2022 **$**	**2021** **$**
Life	**11,274,770**	7,621,170
Liability	**2,154,501**	1,575,293
Health	**139,593**	614,100
Motor	**371,820**	412,289
Bond	**56,252**	26,405
Property	**565,125**	246,722
	14,562,061	10,495,979

(expressed in United States dollars)

5 Insurance and financial risk *…continued*

a) Insurance risk *…continued*

Reinsurance risk framework *…continued*

The geographical concentration of the Company's insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated.

	2022 $	2021 $
Colombia	**12,471,593**	9,458,845
Latin America	**1,068,288**	396,003
Others	**1,022,180**	641,131
	14,562,061	10,495,979

Claims development

The Company employs loss (claims) development tables as a means of measuring actual claims compared with previous estimates. Claims are typically resolved within one year and are assessed on a case-by-case basis. The claims that tend to extend beyond one year are normally from the accident line of business and to a lesser extent, the motor line.

		2018 and prior years	2019	2020	2021	2022	Total
December 31, 2022	Reserves	72,532	658,698	4,997,255	19,137,993	27,595,322	52,461,800
	Paid	15,274,071	5,517,323	13,608,863	25,293,833	7,861,818	67,555,908
December 31, 2021	Reserves	2,688,511	3,215,637	13,131,522	9,701,910	–	28,737,580
	Paid	5,394,278	10,793,090	12,533,507	13,167,096	–	41,887,971
December 31, 2020	Reserves	3,598,342	8,944,783	6,917,480	–	–	19,460,605
	Paid	21,428,418	11,359,115	1,889,673	–	–	34,677,206
December 31, 2019	Reserves	5,875,214	6,350,353	–	–	–	12,225,567
	Paid	22,412,951	1,692,011	–	–	–	24,104,962
December 31, 2018	Reserves	9,188,532	–	–	–	–	9,188,532
	Paid	23,795,651	–	–	–	–	23,795,651

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

b) Capital management objectives, policies and approach

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. To provide an adequate return to shareholders, the Company aims at pricing insurance commensurately with the level of risk. The capital structure of the Company is adequate to achieve its objectives.

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policy holders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To align the profile of assets and liabilities taking account of risks inherent in the business; and
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value.

The operations of the Company are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseeable liabilities as they arise.

According to Section 9 of the revised Insurance Act, the Company is required to have a minimum paid-up capital or contributed reserve of US$1,500,000. The solvency criteria prescribed by Section 58 of the revised Insurance Act states that an insurance entity shall be deemed to be insolvent, if the excess of its total assets over its total liabilities is less than the higher of $250,000 or 25% of premium income in the last preceding financial year:

	2022 **$**	**2021** **$**
Total assets	**244,148,358**	189,234,914
Total liabilities	**(119,112,176)**	(68,569,384)
Margin of solvency	**125,036,182**	120,665,530
Required minimum margin of solvency	**(19,437,351)**	(14,486,632)
Margin of solvency in excess of requirement	**105,598,831**	106,178,898

The margin of solvency has been met by the Company at the end of the reporting period.

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

c) Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitoring them closely to ensure that the Company satisfactorily handles matters for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an adequate solvency position to face unforeseeable liabilities arising from economic shocks or natural disasters.

d) Risk management

The Board of Directors implemented an integral risk management strategy and general guidelines to identify, control and monitor the different risks to which the Company is exposed, and based on the risk appetite set by the Company.

e) Credit risk

The counterparty risk can arise from a liquidity or solvency problem, or weakness in operational capacity.

Financial assets potentially exposed to credit risk relate basically to cash, time deposits and accounts receivable. Deposits are placed only in financial institutions with adequate creditworthiness. Receivables are recognized and measured at amortized cost and do not bear interest. All the accounts receivable are exposed to credit risk.

Receivables balances are owed from debtors with an adequate credit history. These balances are fully collected between 30 and 90 days after each monthly closing date.

f) Cash flow and fair value interest rate risk

The Company is not exposed to interest rate risk. In addition, the Company does not maintain borrowings nor similar items; consequently, a sensitivity analysis for interest rate risk is not required.

g) Liquidity risk

Due to the nature of its operations, the Company is not subject to significant short-term commitments. The Company has cash and other assets that can become liquid if necessary, to meet cash flow requirements for short term obligations.

(expressed in United States dollars)

5 Insurance and financial risk *…continued*

g) Liquidity risk *…continued*

The analysis of the maturities of the financial instruments determined based on the remaining period as of the date of the separate statement of financial position until the contractual maturity date, and their future capital flows without discounting, are detailed below:

	Carrying amount $	Total amount $	Less than a year $	From 1 to 5 years $
2022				
Financial and insurances related assets:				
Cash	45,181,068	45,181,068	45,181,068	–
Time deposits	26,358,841	26,358,841	12,012,045	14,346,796
Reinsurance premiums receivables	56,337,547	56,337,547	56,337,547	–
Premiums reserves held by cedants receivables	19,384,981	19,384,981	19,384,981	–
Available-for-sale financial assets	73,976,679	73,976,679	67,354,273	6,622,406
Receivables from related parties	6,761,103	6,761,103	6,761,103	–
Other receivables	5,180,644	5,180,644	5,180,644	–
	233,180,863	**233,180,863**	**212,211,661**	**20,969,202**
Financial and insurances related liabilities:				
Premiums reserves held by cedants payables	14,562,061	14,562,061	14,562,061	–
Other payables	33,946,617	33,946,617	33,946,617	–
Payables to related parties	788,517	788,517	788,517	–
Technical reserves	69,423,509	69,423,509	69,423,509	–
	118,720,704	**118,720,704**	**118,720,704**	–

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

g) Liquidity risk *...continued*

	Carrying amount $	Total amount $	Less than a year $	From 1 to 5 years $
2021				
Financial and insurances related assets:				
Cash	22,313,062	22,313,062	22,313,062	–
Time deposits	25,867,052	25,867,052	8,521,251	17,345,801
Reinsurance premiums receivables	44,464,339	44,464,339	44,464,339	–
Premiums reserves held by cedants receivables	12,628,479	12,628,479	12,628,479	–
Available-for-sale financial assets	74,960,412	74,960,412	69,838,006	5,122,406
Receivables from related parties	5,650,991	5,650,991	5,650,991	–
Other receivables	1,101,392	1,101,392	1,101,392	–
	186,985,727	**186,985,727**	**164,517,520**	**22,468,207**
Financial and insurances related liabilities:				
Premiums reserves held by cedants payables	10,495,979	10,495,979	10,495,979	–
Other payables	15,136,686	15,136,686	15,136,686	–
Payables to related parties	563,877	563,877	563,877	–
Technical reserves	42,103,305	42,103,305	42,103,305	–
	68,299,847	**68,299,847**	**68,299,847**	**–**

h) Operational risk

The risk of loss resulting from inadequate or failed internal processes, people and systems, or external events, is also managed by the Company through its risk management program.

For each of the risks identified, the Company has also identified the factors that would have the most impact on its enterprise value. The Board of Directors has established several operating committees to set the risk tolerance levels and the controls required to supervise policy compliance in the organization. In order to align the strategic objectives in each of the risk management areas indicated above, the Board formed the following committees:

- Finance Committee
- Risk and Compliance Committee
- Audit Committee

(expressed in United States dollars)

5 Insurance and financial risk *...continued*

h) Operational risk *...continued*

Each of these committees has a mission to create a general risk management culture within the organization and to administer its effectiveness.

For each of the risk management areas, the committees must assess the risks identified, and after evaluating each risk, classify them in order of importance, measured by their economic impact on the organization. As a third step in the process, mitigation or prevention measures must be set for each of the identified risks. The whole process must be compiled in a risk matrix, which is then communicated within the organization.

6 Fair value assessment

Financial assets and financial liabilities measured at fair value in the separate statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Fair value measurement hierarchy for assets measured as at December 31:

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
2022				
Assets measured at fair value				
AFS financial assets:				
Debt securities	–	67,354,273	–	67,354,273
Equity shares	–	–	6,622,406	6,622,406
Properties (as fixed assets)	–	–	1,560,314	1,560,314
2021				
Assets measured at fair value				
AFS financial assets:				
Debt securities	–	69,838,006	–	69,838,006
Equity shares	–	–	5,122,406	5,122,406
Properties (as fixed assets)	–	–	1,629,803	1,629,803

(expressed in United States dollars)

6 Fair value assessment *…continued*

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

Equity shares (Level 3)

Equity shares included as Level 3 are stated at cost as they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

Properties (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use. The properties were previously revaluated on November 2014. Properties were not revalued at the reporting date. Management determined that the effect of changes in fair values between the last valuation and reporting date is immaterial.

The significant unobservable input is the adjustment for factors specific to the properties in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

7 Cash

The cash is as follows:

	2022 **$**	**2021** **$**
Checking accounts	**43,896,498**	20,513,005
Savings accounts	**1,284,570**	1,800,057
	45,181,068	22,313,062

Cash comprises of short–term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. These deposits are held at various financial institutions.

The carrying amount disclosed above reasonably approximates its fair value at the reporting date.

Checking accounts are interest-free. Savings accounts generate an annual interest rate of 0.3% and 2.5% (2021: 0.3% and 2.5%).

(expressed in United States dollars)

8 Time deposits

Time deposits are as follows:

	2022 $	2021 $
Maturity year profile:		
No more than a year	**12,012,045**	8,521,251
From 1 to 5 years	**14,346,796**	17,345,801
	26,358,841	25,867,052

The carrying amounts approximate the fair values at the end of the reporting date.

Interest rates of the time deposits range from 2.0% and 5.5% (2021: 2.0% to 5.5%). The time deposits are held with various financial institutions.

9 Reinsurance premium receivables and premium reserves held by cedants receivables

Reinsurance premium receivables represent amounts due to the Company from cedants at the reporting date. No allowance for impairment has been recognized on reinsurance premium receivables at the reporting date. There is no recent history of default.

Aging on reinsurance premium receivables as at December 31 is detailed below:

	2022 $	2021 $
Current	**44,769,930**	38,165,144
31 to 60 days	**794,449**	3,622,523
61 to 90 days	**1,472,445**	1,980,969
More than 90 days	**9,300,723**	695,703
	56,337,547	44,464,339

(expressed in United States dollars)

9 Reinsurance premium receivables and premium reserves held by cedants receivables *…continued*

Premium reserves held by cedants receivables represent premiums from insurance contracts that the cedent company retains primarily to cover claims and where in some jurisdictions the law requires that such a retention is held for a certain period. Premium reserves held by cedants receivables according to type of original contract product consists of the following:

	2022 $	2021 $
Life	**14,105,742**	9,613,257
Liability	**2,344,875**	1,656,797
Property	**1,458,737**	584,528
Motor	**1,181,190**	410,782
Health	**211,647**	325,387
Bond	**82,790**	37,728
	19,384,981	12,628,479

The carrying amount disclosed reasonably approximates its fair value at the reporting date.

Premiums reserves held by assignors are released within 30 days after the expiration of each policy and are transferred to the "Due from reinsurance premiums" (regular account) that has its own maturity. Therefore, this item is deemed to be current and does not show objective evidence of a default.

10 Available-for-sale financial assets

Available-for-sale financial assets are as follows:

	2022 $	2021 $
Available-for-sale financial current assets	**67,354,273**	69,838,006
Available-for-sale financial non-current assets	**6,622,406**	5,122,406
	73,976,679	74,960,412

The movement in available-for-sale financial assets during the year is as follows:

	2022 $	2021 $
Balance at beginning of the year	**74,960,412**	65,697,568
Purchases	**8,096,120**	57,708,522
Disposals	**(3,473,610)**	(50,878,283)
Fair value changes recognized in OCI	**(5,606,243)**	2,432,605
Balance at end of the year	**73,976,679**	74,960,412

(expressed in United States dollars)

10 Available-for-sale financial assets *...continued*

The movement in available-for-sale financial current assets and available-for-sale non-current assets during the year is as follows:

	2022 $	2021 $
Available-for-sale financial current assets		
Balance at beginning of year	69,838,006	61,353,137
Purchases	6,596,120	56,898,522
Disposals	(3,473,610)	(50,878,283)
Fair value changes recognized in OCI	(5,606,243)	2,464,630
Balance at end of year	**67,354,273**	**69,838,006**

	2022 $	2021 $
Available-for-sale financial non-current assets		
Balance at beginning of year	5,122,406	4,344,431
Purchases	1,500,000	810,000
Fair value changes recognized in OCI	–	(32,025)
Balance at end of year	**6,622,406**	**5,122,406**

Available-for-sale financial current assets and available-for-sale financial non-current assets represent debt securities and equity shares, respectively.

Debt securities consist of publicly traded investment funds, corporate bonds, preferred shares, treasury bills, and negotiable commercial securities with maturity terms and dates ranging from 2 months to 5 years and from 2023 to 2027 respectively; and are redeemable at 30 to 90 days' notice. They carry interest rates ranging from 0% to 7.25%.

(expressed in United States dollars)

11 Properties, furniture, equipment and improvements

Details of the Company's properties, furniture, equipment and improvements and their carrying amounts are as follows:

	Property $	**Property improvements $**	**Furniture and fixtures $**	**Computer equipment $**	**Total $**
2022					
Gross carrying amount					
Balance at the beginning	2,043,264	322,798	8,628	106,166	2,480,856
Additions	–	–	180	40,185	40,365
Balance at the end	2,043,264	322,798	8,808	146,351	2,521,221
Depreciation and impairment					
Balance at the beginning	(416,387)	(319,872)	(4,288)	(52,796)	(793,343)
Depreciation	(59,180)	(1,073)	(1,641)	(13,415)	(75,309)
Depreciation on revaluation surplus	(9,236)	–	–	–	(9,236)
Balance at the end	(484,803)	(320,945)	(5,929)	(66,211)	(877,888)
Balance as at December 31, 2022	**1,558,461**	**1,853**	**2,879**	**80,140**	**1,643,333**
2021					
Gross carrying amount					
Balance at the beginning	2,043,264	322,798	8,628	80,708	2,455,398
Additions	–	–	–	25,458	25,458
Balance at the end	2,043,264	322,798	8,628	106,166	2,480,856
Depreciation and impairment					
Balance at the beginning	(347,970)	(318,702)	(2,562)	(31,398)	(700,632)
Depreciation	(59,181)	(1,170)	(1,726)	(21,398)	(83,475)
Depreciation on revaluation surplus	(9,236)	–	–	–	(9,236)
Balance at the end	(416,387)	(319,872)	(4,288)	(52,796)	(793,343)
Balance as at December 31, 2021	**1,626,877**	**2,926**	**4,340**	**53,370**	**1,687,513**

(expressed in United States dollars)

12 Premium reserves held by cedants payables

Premium reserves held by cedants payables represent premiums from insurance contracts that the Company retains primarily to cover claims and where in some jurisdictions the law requires that such a retention is held for a certain period. Premium reserves held by cedants payable according to type of original contract product consists of the following:

	2022 $	2021 $
Life	**11,274,770**	7,621,170
Liability	**2,154,501**	1,575,293
Property	**565,125**	246,722
Motor	**371,820**	412,289
Health	**139,593**	614,100
Bond	**56,252**	26,405
	14,562,061	10,495,979

13 Other payables

Other payables consist of the following:

	2022 $	2021 $
Funds received pending processing and others	**33,186,471**	14,595,848
Bonus payable	**757,146**	537,838
Guarantee deposit received	**3,000**	3,000
	33,946,617	15,136,686

14 Technical reserves

Technical reserves consist of the following:

	2022 $	2021 $
Reserve of unreported claims (IBNR)	**48,803,647**	24,422,224
Unearned premiums reserve	**16,961,709**	13,365,726
Reserve for outstanding claims	**3,658,153**	4,315,355
	69,423,509	42,103,305

(expressed in United States dollars)

14 Technical reserves *...continued*

The movement of technical reserve is as follows:

	Unearned premium reserve $	Reserve for outstanding claims $	Reserve for unreported claims (IBNR) $	Total $
2022				
Balance at beginning of year	13,365,726	4,315,355	24,422,224	42,103,305
Changes in:				
Constitution (actuarial premium reserve)	8,743,704	1,860,781	25,905,967	36,510,452
Releases	(5,147,721)	(2,517,983)	(1,524,544)	(9,190,248)
Technical provision	3,595,983	(657,202)	24,381,423	27,320,204
Balance at end of year	**16,961,709**	**3,658,153**	**48,803,647**	**69,423,509**
2021				
Balance at beginning of year	10,276,259	10,804,215	8,656,390	29,736,864
Changes in:				
Constitution (actuarial premium reserve)	5,533,695	240	17,085,671	22,619,606
Releases	(2,444,228)	(6,489,100)	(1,319,837)	(10,253,165)
Technical provision	3,089,467	(6,488,860)	15,765,834	12,366,441
Balance at end of year	**13,365,726**	**4,315,355**	**24,422,224**	**42,103,305**

(expressed in United States dollars)

14 Technical reserves *...continued*

The details of the technical reserves according to type of original contract product are as follows:

	Life $	Health $	Motor $	Liability $	Bond $	Property $	Total $
2022							
Unearned premium reserve	8,842,188	21,526	2,697	568,943	918,604	6,607,751	16,961,709
Reserve for unreported claims (IBNR)	21,172,371	1,109,855	231,215	411,763	441,473	25,436,970	48,803,647
Reserve for outstanding claims	194,758	2,962,394	351,001	–	–	150,000	3,658,153
Total	**30,209,317**	**4,093,775**	**584,913**	**980,706**	**1,360,077**	**32,194,721**	**69,423,509**
2021							
Unearned premium reserve	8,120,641	24,325	70,396	926,369	326,481	3,897,514	13,365,726
Reserve for unreported claims (IBNR)	14,022,153	1,593,361	611,314	842,335	254,531	7,098,530	24,422,224
Reserve for outstanding claims	328,942	1,101,613	2,458,788	–	–	426,012	4,315,355
Total	**22,471,736**	**2,719,299**	**3,140,498**	**1,768,704**	**581,012**	**11,422,056**	**42,103,305**

Unearned premium reserve represents the unexpired portion of premiums written. These premiums are recognised evenly over the period of the policy agreement. The unearned premium is the amount not yet earned by the Company and relates to the period between the date of the separate financial statements and the end of the policy period.

The reserve for unreported claims (IBNR) is determined by an independent actuary and represents an estimate of the claims incurred but not reported.

Reserve for outstanding claims represents an estimate of the value of claims reported but unpaid at the reporting date.

(expressed in United States dollars)

15 Common shares

The Company is authorised to issue an unlimited number of common shares at a stated value of US$1 per share. The number of common shares issued and outstanding as at December 31, 2022 was 101,450 (2021: 101,450).

	2022 $	2021 $
Ordinary shares:		
101,450 (2021:101,450) issued and outstanding, US$1 par value	**101,450**	101,450

The Board of Directors of the Company declared and authorized the payment of dividends during 2022 in amount of US$ 9,676,245 (2021: US$ 7,092,072).

16 Revaluation reserves

A summary of the revaluation reserves is as follows:

	2022 $	2021 $
Net fair value changes on AFS assets	**(2,095,721)**	3,510,522
Net fair value changes on properties	**202,418**	211,654
	(1,893,303)	3,722,176

The change in the revaluation reserves is as follows:

	AFS assets $	Properties $	Total $
2022			
Balance at beginning of year	3,510,522	211,654	3,722,176
Changes during the year	(5,606,243)	–	(5,606,243)
Depreciation on the revaluation surplus	–	(9,236)	(9,236)
Balance at end of year	**(2,095,721)**	**202,418**	**(1,893,303)**
2021			
Balance at beginning of year	1,077,917	220,890	1,298,807
Changes during the year	2,432,605	–	2,432,605
Depreciation on the revaluation surplus	–	(9,236)	(9,236)
Balance at end of year	**3,510,522**	**211,654**	**3,722,176**

(expressed in United States dollars)

17 Net premium

Analysis of gross reinsurance premiums is as follows:

	2022 $	2021 $
Property	**204,092,498**	117,459,836
Life	**143,497,598**	86,174,773
Liability	**27,959,679**	27,207,918
Health	**21,717,148**	16,540,059
Bond	**11,233,213**	11,961,743
Motor	**5,596,212**	4,237,285
	414,096,348	263,581,614

Analysis of reinsurance premiums ceded to reinsurers is as follows:

	2022 $	2021 $
Property	**121,946,273**	89,199,351
Life	**91,208,156**	39,970,736
Liability	**23,760,314**	24,285,306
Bond	**6,749,112**	13,745,876
Motor	**4,805,103**	5,025,958
Health	**888,977**	1,238,543
	249,357,935	173,465,770

18 Commission

Analysis of commission income is as follows:

	2022 $	2021 $
Property	**9,766,008**	6,246,038
Life	**7,704,895**	5,159,973
Liability	**1,721,977**	1,791,157
Motor	**505,373**	363,735
Bond	**306,194**	263,605
Health	**65,967**	108,937
	20,070,414	13,933,445

(expressed in United States dollars)

18 Commission *...continued*

Analysis of commission expenses is as follows:

	2022 $	2021 $
Property	**44,303,646**	13,220,789
Life	**12,523,872**	12,019,193
Health	**4,368,909**	4,645,805
Liability	**3,145,381**	2,587,668
Bond	**1,781,035**	1,365,567
Motor	**523,485**	(1,369,903)
	66,646,328	32,469,119

19 Investment income

Analysis of investment income is as follows:

	2022 $	2021 $
Dividend income	**1,545,997**	1,452,910
Interest income from financial assets	**722,417**	673,995
Gain on sale of investments	**487,612**	163,382
	2,756,026	2,290,287

(expressed in United States dollars)

20 General and administrative expenses

General and administrative expenses are as follows:

	2022 $	2021 $
Professional fees	**2,612,878**	1,965,178
Bonuses	**1,060,616**	567,858
Other personnel benefits	**1,000,000**	1,000,000
Administrative branches expenses	**304,744**	237,163
Travel	**220,687**	23,928
Legal fees	**163,383**	66,800
Insurance	**146,341**	173,683
Banking services	**124,663**	101,210
Depreciation	**84,545**	92,711
Licenses and software	**76,193**	51,901
Other	**44,038**	110,640
Costumer services	**41,127**	13,642
Conference and training	**18,471**	19,941
Publicity and advertising relationships	**11,737**	13,636
	5,909,423	4,438,291

21 Income tax expense

Income tax expense reconciliation is as follows:

	2022 $	2021 $
Profit before tax	**20,044,413**	14,845,256
Adjustments:		
Non-deductible expenses	**84,545**	92,711
Deductible expenses	**(565,308)**	(1,473,549)
Effect of income not assessable for the purposes	–	2,475
Taxable income	**19,563,650**	13,466,893
Expected income tax at the rate of 2%	**391,273**	269,338

(expressed in United States dollars)

21 Income tax expense *...continued*

Movement in current tax liabilities is as follows:

	2022 $	2021 $
Balance at beginning of year	**269,537**	171,779
Income taxes paid	**(269,338)**	(171,580)
Current year income tax expense	**391,273**	269,338
Balance at end of year	**391,472**	269,537

22 Related party disclosures

Related party relationships exist when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common ownership, with the reporting enterprise and its key management personnel, directors and shareholders.

The Company's related parties noted below are related due to common ownership. The Company enters into transactions with certain related parties in the normal course of business. The following tables provide the total amount of transactions that have been entered into with related parties for the financial year:

Balances with related parties:

Receivables from and payables to related parties are as follows:

	2022 $	2021 $
Receivables from related parties:		
Subsidiaries	**4,128,042**	1,438,127
Other related parties	**2,633,061**	4,212,864
	6,761,103	5,650,991
Payables to related parties:		
Parent	**539,789**	403,596
Other related parties	**248,728**	160,281
	788,517	563,877

Outstanding balances at the year-end are unsecured, interest-free and have no fixed terms of repayment. Settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(expressed in United States dollars)

22 Related party disclosures *...continued*

During 2022, the Company acquired three subsidiaries, being Gala Intl Services LLC, Insight Data S.A.S. and Oceva Risk Solutions Ltd. as part of its growth plan. These entities are involved in managing general agent activities and administrative services.

The cost of acquisition was $867,463, $266,780 and $6,223,594, respectively. Additionally, there is a deferred contingent payment of $5,900,000 on the acquisition of Oceva Risk Solutions Limited which is based on certain performance criteria.

	2022	**2021**
	$	**$**
Oceva Risk Solutions Limited	**6,223,594**	–
Gala Intl Services LLC	**867,463**	–
Insight Data S.A.S.	**266,780**	–
Marcussi Reinsurance, SCC	**125,000**	125,000
American International Insurance Managers Limited	**50,000**	50,000
American Insurance Managers, S.A.	**10,000**	10,000
	7,542,837	185,000

Other receivables include an amount of $3,717,873 (2021: Nil) representing short-term loans to related parties, maturing on December 31, 2023 and May 24, 2023 and carrying interest rates ranging from 5% to 7%. At the date of approval of the separate financial statements, these amounts remain unpaid.

<u>Transactions with related parties:</u>

Details of significant transactions carried out during the year with related parties are as follows:

	2022	**2021**
	$	**$**
Other income derived from office leases	**36,000**	36,000
Operating and administrative expenses:		
Key personnel compensation (professional fees)	**393,750**	300,000
Other personnel benefits	**1,000,000**	1,000,000
Bonuses	**1,060,616**	537,339
	2,454,366	1,837,339

Bonuses that were not paid as at December 31, 2022 to key personnel in the amount of USD1,060,616 (2021: USD537,339) are included in other payables in the separate statement of financial position.

(expressed in United States dollars)

23 Non-cash transactions

a) During the year, USD25,000,000 was transferred from retained earnings to additional paid-in capital pursuant to resolutions of the Board of Directors and the shareholders.

b) During the year, an amount of USD517,230 (2021: USD1,433,549) has been offset by a dividend received from its associates and receivables from related parties.

24 Comparative information

An item in the separate financial statements has been reclassified to achieve a clearer or more appropriate presentation. The comparative figures have been similarly formatted and reclassified in order to achieve comparability with the current period. The item reclassified is as follows:

Premium reserves held by cedants receivables balance previously classified as a part of reinsurance premium receivables was reclassified on the separate statement of financial position.

	As previously classified 2021 $	**Reclassification 2021 $**	**As reclassified 2021 $**
Effect on separate statement of financial position			
Reinsurance premium receivables	46,461,348	(1,997,009)	44,464,339
Premium reserves held by cedants receivables	10,631,470	1,997,009	12,628,479
Effect on separate statement of comprehensive income			
Technical reserve provision	12,366,441	(12,366,441)	–
Change in unearned premium reserves	–	(3,089,467)	(3,089,467)
Change in reserve provision for claims	–	(9,276,974)	(9,276,974)

25 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the December 31, 2022 reporting date and the date of authorization.