The Guyana and Trinidad Mutual Life Insurance Company Limited

95th ANNUAL REPORT 2019

Notice of Meeting

The **Ordinary General Meeting of Members** will be held at 14:00 hours on Wednesday, 29th July, 2020 via **Zoom Virtual Meeting Portal.**

AGENDA

1. To approve and if seen fit pass, a special resolution authorising and directing the holding of the Ordinary General Meeting of Members of the GTM Life Insurance Company Limited by means of a computer generated virtual real time format, where all members are in simultaneous visual attendance, due to the restrictions of the COVID-19 Emergency Measures imposed by the Government of Guyana under the provisions of the Public Health Ordinance, Cap 45.

2. To receive and consider the Report of the Directors, the Financial Statements for the year ended 31st December, 2019 and the Report of the Auditors thereon.

3. To elect Directors.

4. To fix remuneration of the Directors.

5. To elect Auditors and fix their remuneration.

BY ORDER OF THE BOARD

C. PETERS-GRANT
Company Secretary/
Finance Controller

GTM Buildings
27-29 Robb & Hincks Streets
Georgetown
9th July, 2020

N.B. The right to vote by proxy may only be exercised if the member resides outside of the City of Georgetown.

The appointed proxy must be a member of the Company.

The instrument appointing a proxy must be deposited at the Head Office of the Company not less than twenty-four hours before the time appointed for holding the meeting.

Chairman & Board of Directors

CHAIRMAN	**R. L. SINGH,** AA, ACIS
DIRECTORS	**R. E. CHEONG,** AA, FCII, FLMI, CLU
	P. S. FRASER
	G. E. DEAN, BSc., CIMA
	E. A. LUCKHOO, SC, LL.B(HONS) (LOND)
	L. W. VALIDUM, MD
.	
	B. J. HARPER (MS.), BA
MANAGING DIRECTOR	**R. ST. P. YEE,** BSc.(HONS), EMBA

Director

Management Team

MANAGING DIRECTOR	**R. ST. P. YEE,** BSc.(Hons), EMBA
MANAGER (AG.)	**D. RAMSAROOP,** ALMI, ACS
COMPANY SECRETARY/FINANCE CONTROLLER	**C. PETERS-GRANT (MS.),** FCCA, IMBA
BRANCH MANAGER, ST. LUCIA	**G. MAXWELL (MS.),** FCII, MSc., BSc.
BRANCH MANAGER, ST. VINCENT	**C. CAMBRIDGE,** AIAA, ACS(Hons), AIRC, Dip.Mgt (UWI)
BRANCH MANAGER, GRENADA	**N. ENNIS (MS.),** ACII, BSc.

Report of the Directors

The Directors have pleasure in presenting their **ANNUAL REPORT** and the **AUDITED FINANCIAL STATEMENTS** for the year ended 31 December 2019.

All amounts stated are in Guyana dollars.

INSURANCE IN FORCE
At the commencement of the year, after adjustments including adjustment for the change in currency exchange rates there were 12,697 policies in force insuring $80,343,810,541 with annual premiums of $992,393,074. During the year 1,383 policies were issued insuring $11,133,470,072 with annual premiums of $126,438,473. At 31 December 2019, there were 13,094 policies in force insuring $85,674,302,613 including bonus additions, yielding annual premiums of $1,042,959,486.

GROUP LIFE
At the commencement of the year, there were 90 group plans in force with annual premiums of $168,842,556 insuring a total sum of $21,439,643,331. During the year, 11 group plans were issued with annual premiums of $60,581,053 insuring $12,061,439,939. At 31 December 2019, there were 101 group plans in force with annual premiums of $229,423,609 insuring a total sum of $33,501,083,270.

HEALTH INSURANCE
At the commencement of the year, there were 140 group plans and 2,579 individual plans with annual premiums of $792,569,882. During the year, 17 group plans and 185 individual plans were issued with annual premiums of $39,570,867.At 31 December 2019, there were 157 group plans and 2,764 individual plans with annual premiums of $832,140,749.

ACCIPROTECT
At the commencement of the year, there were 1,406 policies insuring $3,270,600,000 with annual premiums of $8,433,281. During the year, 728 policies were issued insuring $741,400,000 with annual premiums of $5,404,145. At 31 December 2019, there were 2,134 policies insuring $4,012,000,000 with annual premiums of $13,837,426.

ACTUARIAL LIABILITIES
Actuarial Liabilities at 31 December 2019 were valued $5,446,502,795.

CLAIMS
Total claims paid and provided for during the year amounted to $819,324,356. Death claims in respect of 73 policies totalled $147,177,931 net of reinsurance; endowments matured required $36,271,155; payments under annuity policies were $13,478,107; disability benefits paid amounted to $197,040; and health insurance benefits paid amounted to $622,200,123. Since inception of the Company, the total net claims paid and provided for amounted to $8,154,427,600.

INVESTMENTS
At the commencement of the year, the total value of investments was $5,341,004,344. The ledger value of investments purchased during the year amounted to $233,727,533 while redemptions were $269,775,377. At 31 December 2019, securities were revalued in accordance with the Company's accounting policy, which resulted in a net increase in fair value of $915,881,686. The total value of investment as at December 31, 2019 was $6,220,838,186.

DIRECTORATE
All the Directors retire as provided in the Company's Ordinance and are eligible for re-election, with the exception of Mr. R. E. Cheong, AA, who is not available for re-election.

CORPORATE GOVERNANCE
The Company shares a common Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited and regular meetings are held for each Company.

The Board has established an Organisational and Compensation Committee, which on an ongoing basis, reviews the appropriateness of the establishment to the needs of the business.

Other major Committees, on which members of the Board serve, are the Audit and Risk Management, Budget, Information Systems and Investment.

AUDITORS
Ram & McRae Chartered Accountants have retired and are eligible for re-election.

Independent Auditor's Report

To the Members of
The Guyana and Trinidad Mutual Life Insurance Company Limited
on the Financial Statements for the Year Ended 31 December 2019

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of The Guyana and Trinidad Mutual Life Insurance Company Limited, which comprise the statement of financial position as at 31 December 2019 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

In our opinion, financial statements on pages 4 to 42 present fairly, in all material respects, the financial position of the Guyana and Trinidad Mutual Life Insurance Company Limited as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Ordinance No. VI of 1925 and the Insurance Act 2016.

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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance the IESBA Code. 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Ordinance No. VI of 1925 and the Insurance Act 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the management either intends to liquidate the Company or cease operations, or have 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 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.

Independent Auditor's Report — cont'd

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

As part of an audit in accordance with ISAs, we exercise professional judgement 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 one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls 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 mamagement'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 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 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 identified during our audit.

Report on Other Legal and Regulatory Requirements

The Insurance Act 2016 became effective in 2018. As explained in note 48, the Company did not fully comply with the requirements of the Act.

Ram & Mc Rae
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FiIRM

157 'C' WATERLOO STREET
GEORGETOWN
GUYANA
8th July, 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December, 2019

	Notes	2019 G$	2018 G$
REVENUE			
Insurance premiums	(5)	2,020,493,291	**1,861,239,740**
Reinsurance premiums ceded	(5)	(195,406,668)	**(168,027,886)**
		1,825,086,623	**1,693,211,854**
Income from investments			
"Held to maturity"		99,550,774	**95,199,672**
"Loans and receivables"		40,404,257	**55,416,269**
"Available for sale"		82,861,640	**63,761,577**
	(6)	222,816,671	**214,377,518**
Other income	(7)	16,523,674	**15,177,828**
Currency exchange (loss)/gain	(8)	(10,809,303)	**6,046,781**
		2,053,617,665	**1,928,813,981**
***Deduct:* EXPENDITURE**			
Benefits:			
Claims	(9)	819,324,356	**737,384,820**
Surrenders	(10)	239,050,842	**223,799,240**
		1,058,375,198	**961,184,060**
Expenses:			
Commissions and sales expenses	(11)	180,947,985	**166,961,826**
Salaries and other staff costs	(12)	135,830,794	**158,853,252**
Management expenses	(12)	335,704,567	**261,240,214**
Withholding and other taxes	13(a)	4,583,258	**4,560,365**
		657,066,604	**591,615,657**
Total expenditure		1,715,441,802	**1,552,799,717**
Net surplus before movement in actuarial liabilities and taxation		338,175,863	**376,014,264**
Net movement in actuarial liabilities	(14)	(50,213,537)	**(610,256,609)**
Net profit/(loss) after movement in actuarial liabilities and before taxation		287,962,326	**(234,242,345)**
Taxation	13(b)	(1,972,144)	**(792,975)**
Net profit/(loss) after taxation		285,990,182	**(235,035,320)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on property and equipment	(17)	12,600,000	**—**
Fair value gain on investment	(27)	915,881,686	**1,785,770,776**
Other comprehensive income for the year net of taxation		928,481,686	**1,785,770,776**
Total comprehensive income for the year		1,214,471,868	**1,550,735,456**

"The accompanying notes form an integral part of these financial statements."

Statement of Changes in Equity

For the Year Ended 31 December, 2019

	Guarantee capital	Investment reserve	Revaluation reserve	Retained earnings	Total
	G$	G$	G$	G$	G$
Balance at 1 January 2018	**100,000**	**1,897,079,214**	**304,657,293**	**860,254,121**	**3,062,090,628**
Changes in equity 2018					
Total comprehensive income/(loss) for the year	—	1,785,770,776	—	(235,035,320)	1,550,735,456
Balance at 31 December 2018	100,000	3,682,849,990	304,657,293	625,218,801	4,612,826,084
Changes in equity 2019					
Total comprehensive income/(loss) for the year	—	915,881,686	12,600,000	285,990,182	1,214,471,868
Balance at 31 December 2019	100,000	4,598,731,676	317,257,293	911,208,983	5,827,297,952

"The accompanying notes form an integral part of these financial statements."

Statement of Financial Position

As at 31 December, 2019

	Notes	2019 G $	2018 G$
Assets			
Non-current assets			
Property and equipment	(15)	1,533,820,909	**1,473,385,042**
Other assets			
Investments			
Held to maturity	16(a)	992,651,448	**922,658,662**
Loans and receivables	16(b)	422,012,177	**528,052,806**
Available for sale	16(c)	4,806,174,561	**3,890,292,876**
Segregated funds' assets	(18)	1,346,002,614	**824,168,011**
Statutory deposits	(19)	221,835,863	**221,019,930**
		9,322,497,572	**7,859,577,327**
Current assets			
Unexpired reinsurance premiums (net of commission)	(20)	87,770,605	**83,796,856**
Premiums outstanding	(21)	79,010,981	**67,107,877**
Accrued and unpaid interest	(22)	31,639,520	**40,021,666**
Receivables and prepayments	(23)	101,943,991	**129,439,754**
Tax recoverable	(32)	26,928,739	**20,846,606**
Treasury bills	(24)	749,353,122	**747,115,186**
Cash on deposit	(25)	3,605,959,307	**3,472,112,985**
Cash at bank		753,365,800	**359,899,125**
Cash on hand and in transit		2,919,704	**233,819**
		5,438,891,769	**4,920,573,874**
Total assets		14,761,389,341	**12,780,151,201**
Equity and liabilities			
Capital and reserves			
Guarantee capital	(26)	100,000	**100,000**
Investment reserve	(27)	4,598,731,676	**3,682,849,990**
Revaluation reserve	(15)	317,257,293	**304,657,293**
Retained earnings		911,208,983	**625,218,801**
		5,827,297,952	**4,612,826,084**
Non-current liabilities			
Actuarial liabilities	(14)	5,446,502,795	**5,396,289,258**
Sundry reserve	(28)	4,703,639	**5,196,107**
Deposit administration fund	(29)	1,338,588,779	**1,276,864,336**
		6,789,795,213	**6,678,349,701**
Current liabilities			
Claims admitted and intimated (net of amounts recoverable from reinsurers)	(30)	264,533,628	**187,832,462**
Segregated funds' liabilities	(18)	1,346,002,614	**824,168,011**
Claims option deposits	(31)	2,971,878	**2,953,854**
Taxation	(32)	3,102,757	**2,574,596**
Premiums received in advance	(33)	69,569,016	**59,974,626**
Payables and accruals	(34)	197,179,473	**166,886,361**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	(35)	169,167,810	**137,543,676**
Unearned premiums	(36)	83,415,050	**80,790,175**
Unexpired risk	(37)	8,353,950	**8,079,018**
Bank overdraft (unsecured)	(38)	—	**18,172,637**
		2,144,296,176	**1,488,975,416**
Total equity and liabilities		14,761,389,341	**12,780,151,201**

The financial statements were approved by the Board of Directors on 8th July, 2020.
On behalf of the Board:

Chairman: MR. R. L. SINGH, AA
Director: DR. L. W. VALIDUM
Company Secretary/Finance Controller: MS. C. PETERS-GRANT

"The accompanying notes form an integral part of these financial statements."

Statement of Cash Flows

For the Year Ended 31 December, 2019

	2019 G$	2018 G$
Operating activities		
Profit /(loss) before taxation	287,962,326	(234,242,345)
Adjustments for:		
Depreciation	34,403,998	**13,169,577**
Dividends and interest received	(222,816,671)	**(214,377,518)**
Loss/(gain) on exchange	10,809,303	**(6,046,781)**
Operating profit/(loss) before working capital changes	110,358,956	**(441,497,067)**
(Decrease)/increase in reserves	(10,809,303)	**6,046,781**
Increase in deposit administration fund	61,724,443	**29,025,886**
Decrease in sundry reserve	(492,468)	**(492,467)**
Increase in receivables & prepayments	(501,833,547)	**(91,408,369)**
Increase in liabilities	723,178,773	**880,712,458**
Net cash provided by operations	382,126,854	**382,387,222**
Taxes paid	(7,526,116)	**(3,043,198)**
Net cash provided by operating activities	374,600,738	**379,344,024**
Investing activities		
Acquisition of property and equipment	(82,239,865)	**(281,094,259)**
Acquisition of investments	(69,992,785)	**(483,853,858)**
Decrease in policy and other loans	111,984,257	**121,966,966**
(Increase)/decrease in treasury bills	(2,237,936)	**50,898,802**
Mortgage (disbursements)/repayments	(5,943,628)	**1,604,390**
Increase in statutory deposits	(815,933)	**(965,561)**
Dividends and interest received	222,816,671	**214,377,518**
Net cash provided by/(used in) investing activities	173,570,781	**(377,066,002)**
Net increase in cash and cash equivalents	548,171,519	**2,278,022**
Cash and cash equivalents at beginning of period	3,814,073,292	**3,811,795,270**
Cash and cash equivalents at end of period	4,362,244,811	**3,814,073,292**
Cash and cash equivalents consist of:		
Cash on deposit, at bank, on hand and in transit	4,362,244,811	**3,832,245,929**
Bank overdraft (unsecured)	—	**(18,172,637)**
	4,362,244,811	**3,814,073,292**

"The accompanying notes form an integral part of these financial statements."

Notes on the Accounts

1. INCORPORATION AND ACTIVITIES

The Guyana and Trinidad Mutual Life Insurance Company Limited was incorporated in Guyana by Ordinance No. 6 of 1925 on 30 May 1925. It is engaged in the underwriting of long term insurance business and associated insurance activities.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Amendments effective for the current year end

New and Amended Standards

			Effective for annual periods beginning on or after
IAS 19	—	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	—	Investment in Associates: Long Term Interest in Associates and Joint Ventures	1 January 2019
IFRS 9	—	Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	—	Leases	1 January 2019
IFRIC 23	—	Uncertainty over Income Tax treatments	1 January 2019
	—	Annual Improvements to IFRS 2015-2017 Cycle	1 January 2019

IAS 19 — Employee Benefits: Plan Amendment, Curtailment or Settlement

This amendment requires an entity:

— to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and;

— to recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

IFRS 9 — Financial Instruments: Prepayment Features with Negative Compensation

This amendment requires an entity:

— to measure at amortised cost particular prepayable financial assets with negative compensation through other comprehensive income instead of measuring those assets at fair value through profit or loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument at an amount that would be less than the unpaid principle and interest owed.

— to account for modifications or exchanges of financial liabilities that do not result in derecognition.

IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

— Whether tax treatments should be considered collectively;
— Assumptions for taxation authorities' examinations;
— The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
— The effect of changes in facts and circumstances.

Notes on the Accounts

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS — cont'd

Pronouncements effective in future period for early adoption

New and Amended Standards

			Effective for annual periods beginning on or after
IAS 1 and IAS 8	—	Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
IFRS 3	—	Definition of a Business (Amendments to IFRS 3)	1 January 2020
IFRS 9, IAS 39, and IFRS 7	—	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
	—	Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17	—	Insurance Contracts	1 January 2023

The Company has not opted for early adoption.

IAS 1 and IAS 8 — Definition of Material (Amendments to IAS 1 and IAS 8)
The amendments:

— make the definition of material eaiser to understand by improving the explanations that accompany the definition.

— ensure that the definition of material is consistent across all IFRS.

— are not intended to alter the concept of materiality in IFRS.

IFRS 3 — Definition of a Business (Amendments to IFRS 3)
The amendments:

— clarify the definition of a business, with the aim of helping entities to determine whether a transaction should be accounted for as an asset acquisition or a business combination.

— remove the assessment of whether market participations can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs.

—` add an optional concentration test that allows the acquirer to carry out a simplified assessment to determine whether an acquired set of activities and assets is not a business.

IFRS 17 - Insurance Contracts
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

The adoption of this standard will have a material impact on the reported profit, the classification of assets, and the overall financial statement presentation and disclosure requirements.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments, property and equipment and conform with International Financial Reporting Standards.

The principal accounting policies are set out below:

b) Revenue recognition

i) **Premiums**
Premiums on long-term insurance are recognised as revenue when due from policyholders. Premiums are recognised gross of commissions payable. Premiums received that relate to future periods are included in current liabilities and premiums outstanding are included in current assets.

ii) **Income from investments**
Interest income for all interest bearing financial instruments except for those classified as available-for- sale or designated at fair value is recognised in the statement of profit or loss and other comprehensive income on an accrual basis using the effective interest yield method.

The effective interest yield is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

iii) **Other income**
Other income is recognised as it is earned. This is mainly due to fees charged for routine transactions and fees earned for the administration of pension plans.

c) Reinsurance

The Guyana and Trinidad Mutual Life Insurance Company Limited has treaty reinsurance in place for risk that it underwrites on its life products. Relevant amounts are reimbursed to the Company for claims paid in accordance with the terms of the reinsurance agreement.

Reinsurance premiums paid reflect amounts due to reinsurers for the financial year net of commissions earned by the Company for ceding business to them. Unexpired reinsurance premium net of the corresponding commission is an estimated amount of reinsurance premium relating to the future accounting period. This is shown under current assets.

d) Claims

Claims are made against the Company in respect of the various classes of insurance policies. Claims are recognised when reported to the Company, whether or not settled at the date of the financial statements.

Claims are reflected in the statement of profit or loss and other comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the date of the financial statements is disclosed net of amounts recoverable from reinsurers.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

e) Maturities

Some of the Company's policies mature when the contractual period has elapsed. Such amounts whether or not claimed for by the policyholder are accrued in the statement of profit or loss and other comprehensive income, and provided for as claims admitted under current liabilities.

f) Commissions

This represents expenses incurred in the acquisition of insurance business contracts mainly through insurance advisors and brokers. Various rates are used in the computation of commissions paid.

g) Operating expenses

The Guyana and Trinidad Mutual Life Insurance Company Limited and Guyana and Trinidad Mutual Fire Insurance Company Limited share common staff and facilities. In Guyana, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

h) Taxation

Income tax expense represents the sum of the tax payable using varying bases for Guyana and the Caribbean Offices. For Guyana, Corporation Tax is based on its investment income from the statutory fund with expenses restricted to 12% of investment income.

i) Property, equipment and depreciation

Land and buildings held for use in the supply of services, or for administrative purposes are stated in the statement of financial position at cost or their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from the market based evidence by appraisal undertaken by professional valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve. Depreciation on revalued assets is charged to the statement of profit or loss and other comprehensive income.

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and construction work-in-progress, over their estimated useful lives as follows:-

Buildings	—	2%	(reducing balance)
Furniture and fittings	—	10%	(reducing balance)
Computer equipment	—	20%	(reducing balance)
Other equipment	—	15% - 20%	(reducing balance)

No depreciation is provided on land.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

i) Property, equipment and depreciation — cont'd

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount, and is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

j) Financial investments

Investments are recognised in the financial statements to comply with International Financial Reporting Standards.

The Company classifies its investment portfolio into the following categories: "held to maturity investments", "loans and receivables" and "available for sale financial assets". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities are acquired. The classification is reviewed annually.

Income on variable return securities is dealt with on a cash basis, while income on fixed return securities is recognised as it is earned.

i) **Held to maturity investments**
Investments held to maturity are carried at amortised cost. Any gain or loss on these investments is recognised in the statement of profit or loss and other comprehensive income when the assets are de-recognised or impaired.

ii) **Loans and receivables**
These comprise mortgages on properties and loans and are stated at amortised cost.

iii) **Available for sale financial assets**
These investments are initially recognised at cost and adjusted to fair value (market value) at subsequent periods. Gains or losses on revaluations are recognised through the investment reserve account until the asset is sold or otherwise disposed, at which time previously recognised gains or losses are transferred to the statement of profit or loss and other comprehensive income for that period.

k) Impairment of tangible assets

At the end of the financial period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

k) **Impairment of tangible assets - cont'd**

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

l) **Financial instruments**

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment securities, loans and bank overdrafts, receivables, payables, accruals, borrowings and cash resources.

i) **Receivables and prepayments**
Receivables and prepayments are recognised at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

ii) **Bank borrowings**
Interest bearing bank overdraft is recognised at amortised cost.

iii) **Payables and accruals**
Payables and accruals are recognised at amortised cost.

iv) **Cash and cash equivalents**
Cash and short-term funds are held for the purpose of meeting short-term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

v) **Derecognition**
Financial assets are derecognised when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

m) **Actuarial liabilities**

Actuarial valuations for the Company are done at the end of each financial year. Changes in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income for the period.

In the valuation, the appointed Actuary considers the insurance portfolio of the Company at the end of the year and applies such actuarial assumptions as outlined in note 43 .

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

n) **Unearned premiums**

This provision is an estimation of premiums received in the current year on short-term insurance contracts which relate to the future period.

o) **Unexpired risk**

This is a provision for claims on short-term insurance contracts that may be reported in the future accounting period but which relate to the present accounting period.

p) **Claims option deposits**

Some of the Company's policies allow the policyholders the option of leaving the maturity proceeds on deposit with the Company. These are separately classified under current liabilities.

q) **Segregated funds**

Segregated funds' assets and liabilities represent funds maintained to meet specific investment objectives of certain pension schemes that bear the investment risk.

Investment income and both realised and unrealised gains and losses accrue directly to the pension schemes.

The assets of each scheme are segregated and are not subject to claims that arise out of any other business of the Company. The assets and liabilities are carried at fair values. Deposits, withdrawals, net investment income and realised gains and losses, together with the increase or decrease in market value of investments are charged or credited to the segregated funds' assets and liabilities.

The Company earns fees for the administration of these schemes.

r) **Reserves**

Gains and losses on the revaluation of "available for sale" assets are recorded in the investment reserve. Gains and losses arising out of the revaluation of property are recorded in the revaluation reserve.

s) **Foreign currencies**

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of transactions. At the date of the financial statements, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on re-translation are included in the statement of profit or loss and other comprehensive income for the period.

t) **Assets under management**

The Company provides custody and investment management services to certain pension schemes. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

u) Pension plan

A defined benefit pension scheme is operated by The Guyana and Trinidad Mutual Fire Insurance Company Limited.

The Guyana and Trinidad Mutual Life Insurance Company Limited has no employees in Guyana. All staff are employed The Guyana and Trinidad Mutual Fire Insurance Company Limited and employment costs are shared on a pre-determined, agreed and equitable reimbursement basis. The Company also pays the corresponding portion of pension contribution to the pension scheme.

A defined benefit pension plan is also operated for the insurance advisors of both The Guyana and Trinidad Mutual Fire and The Guyana and Trinidad Mutual Life Insurance Companies. Contributions to the scheme are paid by The Guyana and Trinidad Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by The Guyana and Trinidad Mutual Life Insurance Company Limited.

Contributions for the year were as follows:

	2019 G$	2018 G$
Pension scheme contribution (staff)	(4,786,556)	3,009,456
Pension scheme contribution (insurance advisors)	6,666,431	7,137,631

In 2019, there was a refund of the Company's portion of pension contributions for the sum of $5,925,556.

Actuarial valuations for both schemes were completed at January 1, 2017.

v) Insurance contracts — recognition and measurement

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts including those with Discretionary Participation Features (DPF) are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

- *Short-term insurance contracts*

  These contracts are group life and group and individual health. These contracts protect policyholders from the consequences of events (such as death, disability or sickness) that would affect the ability of the policyholder or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or are linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

  Premiums on these contracts are recognised as premium revenue proportionally over the period of coverage. The estimated portion of premiums received on in-force contracts during the financial year that relates to the future period, is reported as unearned premiums among current liabilities. Premiums are shown before deduction of commission.

  Claims and loss adjustment expenses are recognised as incurred in the statement of profit or loss and other comprehensive income based on the estimated liability for compensation owed to policyholders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the date of the financial statements even if they have not yet been reported to the Company. Actuarial Liabilities for incurred but not reported claims are estimated as 15% of premium on health and 10% on life.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

v) Insurance contracts — recognition and measurement – cont'd

- *Long-term insurance contracts with fixed and guaranteed terms*

  These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

  Benefits payable to beneficiaries are recorded as an expense when they are incurred.

  A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognised. The liability is based on assumptions as to future mortality, persistency, maintenance expenses and investment income. A margin for adverse deviations is included in the assumptions.

- *Long-term insurance contracts without fixed and guaranteed terms*

  These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. These liabilities however, are increased by credited interest (in the case of universal life contracts) and are decreased by policy administration fees, mortality and surrender charges and any withdrawals.

  Liabilities for Universal Life policies are based on assumptions as to future mortality, persistency, maintenance expenses, investment income, and crediting interest rates. A margin for adverse deviations is included in the assumptions.

  Liabilities for deferred group annuities are set equal to the accumulated account values.

- *Long-term insurance contracts with fixed and guaranteed terms and with Discretionary Participation Features.*

  These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

  Benefits payable to beneficiaries are recorded as an expense when they are incurred.

  A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognised. The liability is based on assumptions as to mortality, persistency, and maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

  In addition, these contracts also participate in the profits of the Company. As the Company declares the bonus to be paid, it is credited to the individual policyholders.

Notes on the Accounts

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position , that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) **Available for sale financial assets**
In classifying investment securities as available for sale, the Directors have determined that these securities do not meet the criteria for loans and receivables, held to maturity investments or financial assets at fair value through profit or loss and are valued at fair value.

ii) **Held to maturity financial assets**
The Directors have reviewed the Company's "held to maturity" assets in the light of its capital maintenance and liquidity requirements and have confirmed the Company's positive intention and ability to hold these assets to maturity.

iii) **Useful lives of property and equipment**
Management reviews the estimated useful lives of property and equipment at the end of each year to determine whether the useful lives of these assets should remain the same.

iv) **Other financial assets**
In determining the fair value of the investment in the absence of an active market, the directors estimate the likelihood of impairment by using discounted cash flows.

v) **Receivables**
On a regular basis, management reviews receivables to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairments.

vi) **Actuarial liability**
This liability is computed annually by the actuaries based on data provided by management. The computation of this balance assumes that the data is not materially misstated.

vii) **Provision for claims**
Provision for claims comprised claims notified but not settled at 31 December, 2019. This provision is arrived at after taking into account all known facts up to the reporting date. While management believes that the liability carried at the reporting date is adequate any deviation in the actual cost of the claims would result in the recognition of an additional surplus or deficit in subsequent financial years.

Notes on the Accounts

5. PREMIUMS

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Life	1,156,818,647	194,734,842	962,083,805	**1,047,467,768**	**166,606,535**	**880,861,233**
Health	862,751,023	671,826	862,079,197	**816,749,577**	**1,421,351**	**815,328,226**
Annuities	923,621	—	923,621	**(2,977,605)**	**—**	**(2,977,605)**
	2,020,493,291	195,406,668	1,825,086,623	**1,861,239,740**	**168,027,886**	**1,693,211,854**

6. INCOME FROM INVESTMENTS

	2019 G$	2018 G$
Held to maturity		
Bonds and debentures	51,970,615	**40,859,850**
Fixed deposits	29,938,799	**25,679,848**
Treasury bills	17,641,360	**28,659,974**
	99,550,774	**95,199,672**
Loans and receivables		
Mortgages	12,019,938	**12,254,447**
Policy loans	18,641,683	**30,165,686**
Other loans	7,847,101	**6,469,056**
The Guyana and Trinidad Mutual Fire Insurance Company Limited	1,895,535	**6,527,080**
	40,404,257	**55,416,269**
Available for sale		
Equities	82,861,640	**63,761,577**
TOTAL	222,816,671	**214,377,518**

7. OTHER INCOME

	2019 G$	2018 G$
Miscellaneous income	16,523,674	**15,177,828**

8. CURRENCY EXCHANGE (LOSS)/GAIN

	2019 G$	2018 G$
(Loss)/gain on exchange	(10,809,303)	**6,046,781**

These differences arose as a result of translation of monetary assets and liabilities denominated in foreign currencies at the reporting date and transaction differences for the period.

Notes on the Accounts

9. CLAIMS

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Life - Death claims	297,951,812	150,773,881	147,177,931	**168,742,603**	**48,553,561**	**120,189,042**
- Maturities	36,271,155	—	36,271,155	**36,888,069**	**—**	**36,888,069**
- Disability benefits	197,040	—	197,040	**394,065**	**—**	**394,065**
Health	622,200,123	—	622,200,123	**568,405,388**	**—**	**568,405,388**
Annuities	13,478,107	—	13,478,107	**11,508,256**	**—**	**11,508,256**
	970,098,237	150,773,881	819,324,356	**785,938,381**	**48,553,561**	**737,384,820**

Claims paid in the financial year

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Life - Death claims	(34,266,088)	36,982,737	(71,248,825)	**78,061,366**	**19,679,956**	**58,381,410**
- Maturities	11,970,091	—	11,970,091	**35,540,864**	**—**	**35,540,864**
- Disability benefits	197,040	—	197,040	**394,065**	**—**	**394,065**
Health	637,649,935	—	637,649,935	**547,825,907**	**—**	**547,825,907**
Annuities	13,478,107	—	13,478,107	**11,508,256**	**—**	**11,508,256**
	629,029,085	36,982,737	592,046,348	**673,330,458**	**19,679,956**	**653,650,502**

	2019	2018
	G$	G$
10. SURRENDERS		
Surrenders including surrender of bonuses	239,050,842	**223,799,240**
11. COMMISSIONS AND SALES EXPENSES		
Life	106,153,580	**83,913,339**
Health	74,761,872	**83,021,943**
Annuities	32,533	**26,544**
	180,947,985	**166,961,826**

Notes on the Accounts

	2019 G$	2018 G$
12. MANAGEMENT EXPENSES		
Depreciation	34,403,998	13,169,577
Actuarial fees	20,676,267	8,028,601
Directors' emoluments - note (a)	10,977,120	8,962,800
Auditor's remuneration	6,929,231	1,794,750
Operating expenses	262,717,951	229,284,486
	335,704,567	261,240,214
Salaries and other staff costs	135,830,794	158,853,252

Note (a) Directors' emoluments

			2019 G$	2018 G$
Chairman	—	R. L. Singh	2,439,360	**2,217,600**
Directors	—	P. S. Fraser	1,219,680	**1,108,800**
	—	E. A. Luckhoo	1,219,680	**1,108,800**
	—	B. J. Harper	1,219,680	**1,108,800**
	—	R. E. Cheong	1,219,680	**1,108,800**
	—	L. W. Validum	1,219,680	**1,108,800**
	—	G. E. Dean	1,219,680	**92,400**
Managing Director	—	R. St. P. Yee	1,219,680	**1,108,800**
			10,977,120	**8,962,800**

	2019 G$	2018 G$
13(a). WITHHOLDING AND OTHER TAXES		
Withholding tax	2,349,958	**2,163,074**
Stamp tax	2,233,300	**2,397,291**
	4,583,258	**4,560,365**
13(b). TAXATION		
Corporation tax (varying rates)	1,972,144	**792,975**

Taxation on the Company has been computed based on the applicable laws relating to life insurance companies in Guyana and the Caribbean Islands in which the Company operates.

	2019 G$	2018 G$
14. ACTUARIAL LIABILITIES		
Balance at beginning	5,396,289,258	**4,786,032,649**
Net movement in actuarial liabilities	50,213,537	**610,256,609**
Balance at end	5,446,502,795	**5,396,289,258**

Actuarial liabilities are valued at the end of each financial year. Changes in the liabilities are recognised through the statement of profit or loss and other comprehensive income.

Notes on the Accounts

15. PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture & equipment	Motor vehicles	Total
	G$	G$	G$	G$	G$
Cost/valuation					
At 1 January 2018	736,258,223	441,044,240	134,755,343	—	**1,312,057,806**
Additions	—	229,689,233	46,543,026	4,862,000	**281,094,259**
Reclassification	(72)	72	—	—	—
At 31 December 2018	736,258,151	670,733,545	181,298,369	4,862,000	**1,593,152,065**
Additions	—	45,499,546	36,740,319	—	**82,239,865**
Reclassification	13,700,000	—	—	—	**13,700,000**
Impairment	—	(1,100,000)	—	—	**(1,100,000)**
At 31 December 2019	749,958,151	715,133,091	218,038,688	4,862,000	**1,687,991,930**
Comprising:					
Cost	526,787,741	621,046,208	218,038,688	4,862,000	**1,370,734,637**
Valuation	223,170,410	94,086,883	—	—	**317,257,293**
	749,958,151	715,133,091	218,038,688	4,862,000	**1,687,991,930**
Accumulated depreciation					
At 1 January 2018	—	10,419,504	96,177,942	—	**106,597,446**
Charge for the year	—	5,053,986	7,212,478	903,113	**13,169,577**
At 31 December 2018	—	15,473,490	103,390,420	903,113	**119,767,023**
Charge for the year	—	20,548,558	13,063,663	791,777	**34,403,998**
At 31 December 2019	—	36,022,048	116,454,083	1,694,890	**154,171,021**
Net book value					
At 31 December 2018	736,258,151	655,260,055	77,907,949	3,958,887	1,473,385,042
At 31 December 2019	749,958,151	679,111,043	101,584,605	3,167,110	1,533,820,909

Notes on the Accounts

16. INVESTMENTS

	2019 G $	2018 G $
(a) **Held to maturity**		
Eastern Caribbean	992,651,448	**922,658,662**
(b) **Loans and receivables**		
Mortgages	209,874,191	**203,930,563**
Policy loans	212,137,986	**230,878,234**
The Guyana and Trinidad Mutual Fire Insurance Company Limited	—	**93,244,009**
	422,012,177	**528,052,806**
(c) **Available for sale**		
Equity investments in Guyana	4,794,592,090	**3,861,900,493**
Equity investments in Grenada	11,582,471	**28,392,383**
	4,806,174,561	**3,890,292,876**

Notes on the Accounts

16. INVESTMENTS — cont'd

(d) **Details of Securities**

	Year of maturity	Rate of interest	2019 G$	2018 G$
"Held to maturity"				
Guyana	2023	4.75%	135,000,000	**150,000,000**
Eastern Caribbean				
Dominica	2034	3.50%	3,575,000	**3,575,000**
Grenada	2020	5.50%	21,492,900	**21,492,900**
Grenada	2023	3.00%	57,200,000	**71,500,000**
St. Lucia	2025	7.50%	153,279,184	**153,279,184**
St. Lucia	2019	5.00%	—	**77,220,000**
St. Lucia	2019	6.95%	—	**50,050,000**
St. Lucia	2020	4.50%	126,812,039	**126,938,850**
St. Lucia	2020	4.50%	46,713,829	**46,442,924**
St. Lucia	2021	4.50%	77,220,000	**—**
St. Lucia	2022	7.40%	71,500,000	**71,500,000**
St. Lucia	2022	6.25%	71,857,500	**71,900,329**
St. Lucia	2022	7.00%	39,434,445	**39,434,445**
St. Lucia	2026	6.40%	50,193,000	**—**
St. Vincent	2021	7.00%	14,300,000	**14,300,000**
St. Vincent	2022	7.50%	23,973,551	**25,025,030**
St. Vincent	2026	7.00%	35,750,000	**—**
St. Vincent	2026	6.75%	64,350,000	**—**
Total			992,651,448	**922,658,662**

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying values of assets and liabilities at amortised cost. However, fair values have been used for disclosure purposes.

	2019			2018		
	IFRS 13	Carrying value	Fair value	IFRS 13	Carrying value	Fair value
	LEVEL	G$	G$	LEVEL	G$	G$
Assets						
Investments						
Held to maturity	2	992,651,448	992,651,448	**2**	**922,658,662**	**922,658,662**
Loans and receivables	2	422,012,177	422,012,177	**2**	**528,052,806**	**528,052,806**
Segregated funds' assets	1&2	1,346,002,614	1,346,002,614	**1&2**	**824,168,011**	**824,168,011**
Statutory deposits	1	221,835,863	221,835,863	**1**	**221,019,930**	**221,019,930**
Treasury bills	1	749,353,122	749,353,122	**1**	**747,115,186**	**747,115,186**
Cash resources	1	4,362,244,811	4,362,244,811	**1**	**3,832,245,929**	**3,832,245,929**
Other financial assets	2	327,293,836	327,293,836	**2**	**341,212,759**	**341,212,759**
		8,421,393,871	8,421,393,871		**7,416,473,283**	**7,416,473,283**
Lliabilities						
Actuarial liabilities	2	5,446,502,795	5,446,502,795	**2**	**5,396,289,258**	**5,396,289,258**
Deposit administration fund	2	1,338,588,779	1,338,588,779	**2**	**1,276,864,336**	**1,276,864,336**
Claims admitted and intimated (net of amounts recoverable from reinsurers)	2	264,533,628	264,533,628	**2**	**187,832,462**	**187,832,462**
Segregated funds' liabilities	2	1,346,002,614	1,346,002,614	**2**	**824,168,011**	**824,168,011**
Claims option deposits	2	2,971,878	2,971,878	**2**	**2,953,854**	**2,953,854**
Taxation	2	3,102,757	3,102,757	**2**	**2,574,596**	**2,574,596**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	2	169,167,810	169,167,810	**2**	**137,543,676**	**137,543,676**
Other financial liabilities	1&2	363,221,128	363,221,128	**1&2**	**339,098,924**	**339,098,924**
		8,934,091,389	8,934,091,389		**8,167,325,117**	**8,167,325,117**

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets and liabilities are determined as follows:

"Loans and receivables"
These investments are carried net of specific and other provisions for impairment. The fair value is based on the expected realisation of outstanding balances. Mortgages are secured against the borrowers' properties, and policy loans are secured by the cash values of the policies.

"Financial instruments where the carrying amounts are equal to fair value"
The carrying amounts of certain financial instruments are assumed to approximate their fair values due to their short-term nature. These includes cash resources, treasury bills and other assets and liabilities.

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS - cont'd

Valuation techniques and assumptions applied for the purposes of measuring fair value — cont'd

Assets carried at fair value

	2019 G$	2018 G$
Property and equipment		
Net book value	1,533,820,909	1,473,385,042

On December 31, 2019, the Company's land and buildings in Guyana were professionally revalued by the Senior Valuation Officer of the Valuation Division of the Ministry of Finance. The revaluation surplus of G$12,600,000 is being held in revaluation reserve.

On January 15, 2016, the Company's property in Grenada was professionally revalued by the firm John Joseph & Associates Ltd. The revaluation surplus of G$37,318,064 is being held in revaluation reserve.

On November 4, 2015, the Company's property in St. Vincent was professionally revalued by the firm Evans Properties. The revaluation surplus of G$19,690,671 is being held in revaluation reserve.

On November 2, 2015, the Company's property in Le Choc, St. Lucia was professionally revalued by the firm Charles Heywood and Co. Ltd. The revaluation surplus of G$137,666,029 is held in revaluation reserve.

On October 27, 2015, the Company's property in Castries, St. Lucia was professionally revalued by the firm Charles Heywood and Co. Ltd. An impairment of G$73,520,376 was recognised in the statement of profit or loss and other comprehensive income for the year ended December 31, 2015.

All valuations were based on open market value. The valuation of property has been derived by reference to the current market value in the case of land, and the replacement cost in the case of buildings. The most significant input for these valuation approaches is the value or replacement cost per square foot which is considered to be observable. The valuation of property is classified as a level 2.

If no revaluation of land and buildings was done, the net book value of land and buildings would have been approximately G$1,111,811,901 (2018 — $1,086,860,913).

	2019 G $	2018 G $
Investments		
Available for sale		
Level 1	1,724,580	**1,724,580**
Level 2	4,804,449,981	**3,888,568,296**
	4,806,174,561	**3,890,292,876**

Level 1:
Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes on the Accounts

	2019 G$	2018 G$
18. SEGREGATED FUNDS' ASSETS/LIABILITIES		
Equity investments	261,679,220	**256,750,050**
Cash on deposit	1,084,323,394	**567,417,961**
	1,346,002,614	**824,168,011**

These are assets managed by the Company on behalf of certain pension schemes. The schemes bear all rewards and risks for the performance of these investments. These assets are disclosed at fair value and a corresponding liability booked.

	2019 G$	2018 G$
19. STATUTORY DEPOSITS	221,835,863	**221,019,930**

These are deposits with Insurance Regulators.

	2019 G$	2018 G$
In addition to the foregoing, these assets are held in trust to the order of the Insurance Regulators:	7,894,453,066	**6,903,363,990**

	2019 G$	2018 G$
20. UNEXPIRED REINSURANCE PREMIUMS		
Unexpired reinsurance premiums	87,794,877	**83,818,079**
Unearned reinsurance commissions	(24,272)	**(21,223)**
	87,770,605	**83,796,856**

This is an estimate of the amount of reinsurance cost paid that relates to the future accounting period.

	2019 G$	2018 G$
21. PREMIUMS OUTSTANDING		
Life	21,447,261	**21,702,612**
Health	57,563,720	**45,405,265**
	79,010,981	**67,107,877**

These are premiums due from policyholders but were unpaid at the date of the financial statements.

	2019 G$	2018 G$
22. ACCRUED AND UNPAID INTEREST		
Bonds	17,671,453	**20,734,054**
Deposits	6,459,400	**9,178,542**
Treasury bills	7,508,667	**10,109,070**
	31,639,520	**40,021,666**

	2019 G$	2018 G$
23. RECEIVABLES AND PREPAYMENTS		
Receivables	107,385,322	**133,409,215**
Less: Provision for bad debts	(8,225,345)	**(6,151,075)**
	99,159,977	**127,258,140**
Prepayments	2,784,014	**2,181,614**
	101,943,991	**129,439,754**

These comprise securities pending redemption, loans to insurance advisors and staff, and other sundry receivables.

Notes on the Accounts

	2019 G$	2018 G$
24. TREASURY BILLS		
Dominica	7,035,600	**7,035,600**
Grenada	222,410,804	**226,166,149**
St. Lucia	438,089,472	**381,743,913**
St. Vincent and the Grenadines	81,817,246	**132,169,524**
	749,353,122	**747,115,186**
25. CASH ON DEPOSIT		
Short term deposit accounts	621,276,412	**504,561,083**
Fixed deposits	2,984,682,895	**2,967,551,903**
	3,605,959,307	**3,472,112,985**

The interest rates on fixed deposit and short term deposit accounts are at varying rates from 0.01% to 3%.

	2019 G$	2018 G$
26. GUARANTEE CAPITAL	100,000	**100,000**

This is a deposit made by The Guyana and Trinidad Mutual Fire Insurance Company Limited upon the formation of this Company. This amount is not available for the payment of any expenses or claims incurred by the Company until all other funds are exhausted.

	2019 G$	2018 G$
27. INVESTMENT RESERVE		
Balance at beginning	3,682,849,990	**1,897,079,214**
Movements due to fair value revaluations	915,881,686	**1,785,770,776**
Balance at end	4,598,731,676	**3,682,849,990**

This represents accumulated fair value adjustments on the revaluation of investments.

	2019 G$	2018 G$
28. SUNDRY RESERVE		
Balance at beginning	5,196,107	**5,688,574**
Movements for the year	(492,468)	**(492,467)**
Balance at end	4,703,639	**5,196,107**

This is a reserve created to provide for directors' pensions.

Notes on the Accounts

	2019 G$	2018 G$
29. DEPOSIT ADMINISTRATION FUND		
Balance at beginning	1,276,864,336	**1,247,838,450**
Contributions received plus interest	194,988,390	**186,926,962**
Refund of contributions, charges, claims and benefits	(133,263,947)	**(157,901,076)**
Balance at end	1,338,588,779	**1,276,864,336**

This fund is administered by the Company on behalf of several group pension schemes and is represented by assets included in investments, cash at bank and cash on deposit.

	2019 G$	2018 G$
30. CLAIMS ADMITTED AND INTIMATED (NET OF AMOUNTS RECOVERABLE FROM REINSURERS)		
Life - Death claims	380,622,688	**198,981,630**
- Maturities	45,933,256	**21,632,192**
Health	20,778,924	**36,228,736**
	447,334,868	**256,842,558**
Outstanding reinsurance recoveries	(182,801,240)	**(69,010,096)**
	264,533,628	**187,832,462**
31. CLAIMS OPTION DEPOSITS	2,971,878	**2,953,854**

As per policy in note 3(p), some policyholders exercise the option of leaving their maturity proceeds with the Company on which interest is paid. These deposits are available to be withdrawn on demand.

	2019 G$	2018 G$
32. TAXATION PAYABLE /(RECOVERABLE)		
Corporation tax — Payable	3,102,757	**2,574,596**
Corporation tax — Recoverable	(26,928,739)	**(20,846,606)**
33. PREMIUMS RECEIVED IN ADVANCE		
Life	67,471,587	**58,517,105**
Health	2,097,429	**1,457,521**
	69,569,016	**59,974,626**

These are premiums received from policyholders that relate to future accounting periods.

Notes on the Accounts

	2019 G$	2018 G$
34. PAYABLES AND ACCRUALS		
Sundry payables	101,223,474	**95,304,114**
Accruals	95,955,999	**71,582,247**
	197,179,473	**166,886,361**

35. AMOUNTS DUE FROM/(TO) THE GUYANA AND TRINIDAD MUTUAL FIRE INSURANCE COMPANY LIMITED

	2019 G$	2018 G$
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	(169,167,810)	**(137,543,676)**

This amount represents the balance owed by/(to) The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.

36. UNEARNED PREMIUMS

	2019 G$	2018 G$
Balance at beginning	80,790,175	**74,705,479**
Increase in provision	2,624,875	**6,084,696**
Balance at end	83,415,050	**80,790,175**

This provision is an estimate of premiums received in the current year on short-term insurance contracts which relate to the future period.

37. UNEXPIRED RISKS

	2019 G$	2018 G$
Balance at beginning	8,079,018	**7,470,547**
Increase in provision	274,932	**608,471**
Balance at end	8,353,950	**8,079,018**

This is a provision made for claims on short-term insurance contracts that may be reported in the future accounting period but which relate to the present accounting period.

38. BANK OVERDRAFT (UNSECURED)

	2019 G$	2018 G$
RBC Imprest Account - St. Lucia	—	**18,172,637**
Balance at end	—	**18,172,637**

Notes on the Accounts

39. 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 operating decisions. The Company shares a common Chairman and Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited. In Guyana, the staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

	2019 G$	2018 G$
Transactions with related company		
Cost incurred and shared with The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	204,365,234	**276,177,625**
Cost incurred and shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	167,906,309	**147,029,058**
Net Balance due (to)/from The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.	(169,167,810)	**(137,543,676)**
Long term loan to The Guyana and Trinidad Mutual Fire Insurance Company Limited. Interest is charged at 7.00% per annum. Repayable in the year 2019.	—	**93,244,009**
	—	**93,244,009**
The Company's fixed assets are insured by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Insurance coverage	941,869,516	**841,492,239**
Premiums for the year	4,868,448	**4,366,598**

Key management personnel

The Company's 8 (2018 - 8) key management personnel comprises its Managing Director and Executive Managers. The remuneration paid during the year to Executive Managers is included among the costs shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited.

	2019 G$	2018 G$
Short term benefits	14,271,373	**20,367,044**
Directors' emoluments — 8 Directors (2018 — 8)	10,977,120	**8,962,800**
Mortgages — Directors and executive managers	23,593,978	**41,783,736**
Interest received for the year	1,575,703	**2,637,170**

The above balance comprise two (2) mortgages and will be fully amortised between the year 2020 to 2035. The rate of interest is 6% per annum. Mortgages are secured against the borrowers' properties.

Notes on the Accounts

40. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	Held to maturity G$	Loans and receivables G$	Available for sale G$	Financial assets and liabilities at amortised cost G$	TOTAL G$
At 31 Dcember 2019					
Assets					
Cash resources	—	—	—	4,362,244,811	4,362,244,811
Investments	992,651,448	422,012,177	4,806,174,561	—	6,220,838,186
Segregated funds' assets	—	—	—	1,346,002,614	1,346,002,614
Treasury bills	—	—	—	749,353,122	749,353,122
Statutory deposits	—	—	—	221,835,863	221,835,863
Receivables and prepayments	—	—	—	101,943,991	101,943,991
Others	—	—	—	225,349,845	225,349,845
	992,651,448	422,012,177	4,806,174,561	7,006,730,246	13,227,568,432
Liabilities					
Actuarial liabilities	—	—	—	5,446,502,795	5,446,502,795
Deposit administration fund	—	—	—	1,338,588,779	1,338,588,779
Claims admitted and intimated*	—	—	—	264,533,628	264,533,628
Segregated funds' liabilities	—	—	—	1,346,002,614	1,346,002,614
Payables and accruals	—	—	—	197,179,473	197,179,473
Others	—	—	—	341,284,100	341,284,100
	—	—	—	8,934,091,389	8,934,091,389

	Held to maturity G$	Loans and receivables G$	Available for sale G$	Financial assets and liabilities at amortised cost G$	TOTAL G$
At 31 Dcember 2018					
Assets					
Cash resources	—	—	—	3,832,245,929	3,832,245,929
Investments	922,658,662	528,052,806	3,890,292,876	—	5,341,004,344
Segregated funds' assets	—	—	—	824,168,011	824,168,011
Treasury bills	—	—	—	747,115,186	747,115,186
Statutory deposits	—	—	—	221,019,930	221,019,930
Receivables and prepayments	—	—	—	129,439,754	129,439,754
Others	—	—	—	211,773,005	211,773,005
	922,658,662	**528,052,806**	**3,890,292,876**	**5,965,761,815**	**11,306,766,159**
Liabilities					
Actuarial liabilities	—	—	—	5,396,289,258	5,396,289,258
Deposit administration fund	—	—	—	1,276,864,336	1,276,864,336
Claims admitted and intimated*	—	—	—	187,832,462	187,832,462
Segregated funds' liabilities	—	—	—	824,168,011	824,168,011
Payables and accruals	—	—	—	166,886,361	166,886,361
Others	—	—	—	315,284,689	315,284,689
	—	—	—	**8,167,325,117**	**8,167,325,117**

*Net of amounts recoverable from reinsurers

Notes on the Accounts

41. INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018 upon the appointment of a Commissioner of Insurance, the duties of whose office were then conferred onto the Bank of Guyana in 2018.

Part XVI of the Act relates to pension plans, their registration, management and all other stipulations. The Company has not fully complied with this section for some of the plans that it manages. The Company continues to work along with clients to satisfy their requirements as stipulated by the Act.

42. FINANCIAL RISK MANAGEMENT

Financial risk management objectives
The Company's management monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk.

(a) **Market risk**
The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Company's exposure to market risks or the manner in which it manages these risks.

(i) **Price risk**
Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual security, of its issuer, or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

(ii) **Interest rate sensitivity analysis**
The table below analyses the sensitivity of interest rates exposure for both financial assets and financial liabilities at the end of the reporting period. The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A positive number indicates an increase in surplus where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in the interest rate, there would be an equal and opposite impact on surplus and the balances would be negative.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Company's surplus would have been as illustrated on the following table:

		Impact on surplus for year	
		2019	**2018**
	Increase/decrease in basis points	**G$M**	**G$M**
Cash and cash equivalents			
Local currency	+/-50	5.97	4.45
Foreign currencies	+/-50	18.97	17.75

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on surplus or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

(iii) **Interest rate risk**
The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools and implements strategies to hedge against any adverse effects.

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT—cont'd

(a) Market risk — cont'd

(iii) Interest rate risk — cont'd

The Company's exposures to interest rate risk on financial assets and financial liablilties are listed below:

2019

		Maturing				
	Average interest rate	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
	%	**G $**	**G $**	**G $**	**G $**	**G $**
Assets						
Cash resources	1.00	3,605,959,307	—	—	756,285,504	4,362,244,811
Investments	4.63	749,353,122	992,651,448	—	4,806,174,561	6,548,179,131
Segregated funds' assets		—	1,346,002,614	—	—	1,346,002,614
Statutory deposits	2.00	—	221,835,863	—	—	221,835,863
Policy loans	9.07	—	212,137,986	—	—	212,137,986
Mortgages	6.00	11,717,424	56,292,110	141,864,657	—	209,874,191
Receivables and prepayments	8.00	101,943,991	—	—	—	101,943,991
Others		—	—	—	225,349,845	225,349,845
		4,468,973,844	2,828,920,021	141,864,657	5,787,809,910	13,227,568,432
Liabilities						
Actuarial liabilities	—	—	—	—	5,446,502,795	5,446,795
Deposit administration fund	—	—	—	—	1,338,588,779	1,338,588,779
Sundry reserve	—	—	—	—	4,703,639	4,703,639
Claims admitted and intimated*	—	—	—	—	264,533,628	264,533,628
Segregated funds' liabilities	—	—	—	—	1,346,002,614	1,346,002,614
Payables and accruals	—	—	—	—	197,179,473	197,179,473
Others	—	—	—	—	336,580,461	336,580,461
		—	—	—	8,934,091,389	8,934,091,389
Interest sensitivity gap		4,468,973,844	2,828,920,021	141,864,657		

2018

		Maturing				
	Average interest rate	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
	%	**G $**	**G $**	**G $**	**G $**	**G $**
Assets						
Cash resources	2.00	3,472,112,985	—	—	360,132,944	3,832,245,929
Investments	4.86	747,115,186	1,015,902,671	—	3,890,292,876	5,653,310,733
Segregated funds' assets		—	824,168,011	—	—	824,168,011
Statutory deposits	2.00	—	221,019,930	—	—	221,019,930
Policy loans	9.07	—	230,878,234	—	—	230,878,234
Mortgages	6.00	9,519,841	48,141,084	146,269,638	—	203,930,563
Receivables and prepayments	8.00	129,439,754	—	—	—	129,439,754
Others		—	—	—	211,773,005	211,773,005
		4,358,187,766	**2,340,109,930**	**146,269,638**	**4,462,198,825**	**11,306,766,159**
Liabilities						
Actuarial liabilities	—	—	—	—	5,396,289,258	5,396,289,258
Deposit administration fund	—	—	—	—	1,276,864,336	1,276,864,336
Sundry reserve	—	—	—	—	5,196,107	5,196,107
Claims admitted and intimated*	—	—	—	—	187,832,462	187,832,462
Segregated funds' liabilities	—	—	—	—	824,168,011	824,168,011
Payables and accruals	—	—	—	—	166,886,361	166,886,361
Others	—	—	—	—	310,088,582	310,088,582
		—	—	—	**8,167,325,117**	**8,167,325,117**
Interest sensitivity gap		**4,358,187,766**	**2,340,109,930**	**146,269,638**		

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk — cont'd

(iv) Foreign currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from investments and foreign bank balances. The currencies which the Company is mainly exposed to are Pounds Sterling, United States, Eastern Caribbean and Barbados Dollars.

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana Dollars are as shown below:

	2019				
	£	US $	EC $	B'dos $	Total equivalent G $
Assets	1,474,569	3,080,683	54,117,468	483,111	4,964,359,063
Liabilities	—	—	22,458,374	46,289	1,609,962,913

	2018				
	£	US $	EC $	B'dos $	Total equivalent G $
Assets	1,473,614	2,844,441	50,617,674	483,425	4,675,702,600
Liabilities	—	—	19,162,741	46,289	1,374,325,167

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 3% increase or decrease in the Guyana Dollar against the relevant currencies. Although a rate is not formally adopted and used as a measure, 3% gives a prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies per the preceding table. A positive number below indicates an increase in reserves if the currency were to strengthen 3% against the Guyana Dollar. If the currencies were to weaken 3% against the Guyana Dollar, there would be an equal and opposite impact on the reserve and the balances would be negative.

	£ Sterling impact G $M	US Dollars impact G $M	EC Dollars impact G $M	B'dos Dollars impact G $M	Total equivalent G $M
2019 Profit/(loss)	11.9	19.6	67.9	1.2	100.6
2018 Profit/(loss)	12.4	18.0	67.5	1.2	99.0

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(b) **Liquidity risk**
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table details the Company's remaining contractual maturity:

	On Demand G$	1 to 3 Months G$	4 to 12 Months G$	1 to 5 Years G$	Over 5 Years G$	Total G$
At 31 December 2019						
Assets						
Mortgages	118,962	2,912,995	8,685,467	56,292,110	141,864,657	209,874,191
Securities	—	—	—	4,806,174,561	—	4,806,174,561
Bonds	—	—	195,018,768	490,485,496	307,147,184	992,651,448
Segregated funds' assets	—	—	—	1,346,002,614	—	1,346,002,614
Policy loans	—	—	—	212,137,986	—	212,137,986
Other loans	—	—	—	—	—	—
Statutory deposits	—	—	—	—	221,835,863	221,835,863
Outstanding premiums	79,010,981	—	—	—	—	79,010,981
Accrued interest	31,639,520	—	—	—	—	31,639,520
Unexpired reinsurance premiums	—	87,770,605	—	—	—	87,770,605
Receivables and prepayments	—	101,943,991	—	—	—	101,943,991
Tax recoverable	—	26,928,739	—	—	—	26,928,739
Treasury bills	—	—	749,353,122	—	—	749,353,122
Cash on deposit	621,502,503	71,506,991	2,912,949,813	—	—	3,605,959,307
Cash at bank	753,365,800	—	—	—	—	753,365,800
Cash on hand and in transit	2,919,704	—	—	—	—	2,919,704
	1,488,557,470	291,063,321	3,866,007,170	6,911,092,767	670,847,704	13,227,568,432
Liabilities						
Actuarial liabilities	329,364,258	(53,079,750)	(171,729,025)	(528,241,197)	5,870,188,509	5,446,502,795
Deposit administration fund	—	—	1,338,588,779	—	—	1,338,588,779
Sundry reserve	—	—	—	—	4,703,639	4,703,639
Claims admitted and intimated*	264,533,628	—	—	—	—	264,533,628
Segregated funds' liabilities	—	—	—	1,346,002,614	—	1,346,002,614
Claims option deposit	2,971,878	—	—	—	—	2,971,878
Premiums received in advance	—	69,569,016	—	—	—	69,569,016
Taxation	—	3,102,757	—	—	—	3,102,757
Unearned premiums	83,415,050	—	—	—	—	83,415,050
Unexpired risk	8,353,950	—	—	—	—	8,353,950
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	169,167,810	—	—	—	—	169,167,810
Payables and accruals	—	197,179,473	—	—	—	197,179,473
Bank overdraft (unsecured)	—	—	—	—	—	—
	857,806,574	216,771,496	1,166,859,754	817,761,417	5,874,892,148	8,934,091,389
Net assets/(liabilities)	630,750,896	74,291,825	2,699,147,416	6,093,331,350	(5,204,044,444)	4,293,477,043

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(b) **Liquidity risk — cont'd**

	On Demand	1 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Total
	G$	G$	G$	G$	G$	G$
At 31 December 2018						
Assets						
Mortgages	253,012	2,505,217	6,761,612	48,141,084	146,269,638	203,930,563
Securities	—	—	—	3,890,292,876	—	3,890,292,876
Bonds	—	—	127,270,000	791,813,662	3,575,000	922,658,662
Segregated funds' assets	—	—	—	824,168,011	—	824,168,011
Policy loans	—	—	—	230,878,234	—	230,878,234
Other loans	—	—	—	93,244,009	—	93,244,009
Statutory deposits	—	—	—	—	221,019,930	221,019,930
Outstanding premiums	67,107,877	—	—	—	—	67,107,877
Accrued interest	40,021,666	—	—	—	—	40,021,666
Unexpired reinsurance premiums	—	83,796,856	—	—	—	83,796,856
Receivables and prepayments	—	129,439,754	—	—	—	129,439,754
Tax recoverable	—	20,846,606	—	—	—	20,846,606
Treasury bills	—	—	747,115,186	—	—	747,115,186
Cash on deposit	733,918,830	474,376,863	2,263,817,292	—	—	3,472,112,985
Cash at bank	359,899,125	—	—	—	—	359,899,125
Cash on hand and in transit	233,819	—	—	—	—	233,819
	1,201,434,329	710,965,296	3,144,964,090	5,878,537,876	370,864,568	11,306,766,159
Liabilities						
Actuarial liabilities	373,574,996	(73,183,326)	(202,852,213)	(656,893,199)	5,955,643,000	5,396,289,258
Deposit administration fund	—	—	1,276,864,336	—	—	1,276,864,336
Sundry reserve	—	—	—	—	5,196,107	5,196,107
Claims admitted and intimated*	187,832,462	—	—	—	—	187,832,462
Segregated funds' liabilities	—	—	—	824,168,011	—	824,168,011
Claims option deposit	2,953,854	—	—	—	—	2,953,854
Premiums received in advance	—	59,974,626	—	—	—	59,974,626
Taxation	—	2,574,596	—	—	—	2,574,596
Unearned premiums	80,790,175	—	—	—	—	80,790,175
Unexpired risk	8,079,018	—	—	—	—	8,079,018
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	137,543,676	—	—	—	—	137,543,676
Payables and accruals	—	166,886,361	—	—	—	166,886,361
Bank overdraft (unsecured)	18,172,637	—	—	—	—	18,172,637
	808,946,818	156,252,257	1,074,012,123	167,274,812	5,960,839,107	8,167,325,117
Net assets/(liabilities)	392,487,511	554,713,039	2,070,951,967	5,711,263,064	(5,589,974,539)	3,139,441,042

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT—cont'd

(c) Credit risk

Concentration of assets and liabilities

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company faces credit risk in respect of its receivables, investments and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company are the balances reflected in the financial statements.

The table below shows the Company's maximum exposure to credit risk:

	2019 Maximum exposure G$	2018 Maximum exposure G$
Loans and receivables (i)	422,012,177	**528,052,806**
Unexpired reinsurance premiums (net of commission) (ii)	87,770,605	**83,796,856**
Outstanding premiums (iii)	79,010,981	**67,107,877**
Accrued interest (iv)	31,639,520	**40,021,666**
Receivables (v)	101,943,991	**129,439,754**
Investments (vi)	5,798,826,009	**4,812,951,538**
Segregated funds' assets (vii)	1,346,002,614	**824,168,011**
Statutory deposit (viii)	221,835,863	**221,019,930**
Tax recoverable (ix)	26,928,739	**20,846,606**
Treasury bills (x)	749,353,122	**747,115,186**
Cash and cash equivalents (xi)	4,362,244,811	**3,832,245,929**
Total credit risk exposure	13,227,568,432	**11,306,766,159**
The above balances are classified as follows:		
Current	13,227,449,470	**11,306,647,197**
Past due but not impaired	118,962	**118,962**
	13,227,568,432	**11,306,766,159**

(i) Loans and receivables include the sum of G$212,137,986 (2018 - G$230,878,234) for loans on policies. These are fully secured against the cash values of the individual policies.

(ii) Unexpired reinsurance premiums is the estimated portion of the reinsurance cost that relates to the future accounting period. This amount would be recovered through the reversing of this provision in the next financial year.

(iii) Outstanding premiums represent premiums due but not received at the date of the statement of financial position. These amounts would be collected in the next financial year.

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(c) Credit risk — cont'd

(iv) As detailed in note 22, accrued and unpaid interest represents amounts due or accrued on the various investments of the Company. These amounts would either be received in the next year, or would materialise on on the maturity of the investment(s) in accordance with their terms and conditions.

(v) Receivables comprise a number of advances and loans to staff and insurance advisors on which interest is earned. They also include amounts for securities pending redemption and amounts owing to the Receivables comprise a number of advances, and loans to staff and insurance advisors on which interest Company by other organisations.

(vi) Investments in government bonds and equities are assets for which the likelihood of default are considered extremely low by the Company.

(vii) Segregated funds' assets are assets administered by the Company on behalf of certain pension schemes. These mainly consist of equities and cash on deposits. All related risks on these investments are borne by the respective pension schemes.

(viii) Statutory deposits represent deposits with Insurance Regulators and Commercial Banks held to the order of the Insurance Regulators. The likelihood of default is considered very low by the Company.

(ix) Tax recoverable reflects overpayment of advance corporate tax to the Tax Authorities. The likelihood of default is considered extremely low by the Company.

(x) Treasury bills are investments in Eastern Caribbean Governments and are such that the likelihood of default is extremely low and have therefore been considered virtually risk-free by the Company.

(xi) Cash and cash equivalents include balances held with commercial banks. These banks have been assessed by the Company as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

(xii) Mortgages to the sum of G$209,874,191 (2018 — $203,930,563) are also included in the amount for loans and receivables.

Mortgages which were past due but not impaired

	2019 G$	2018 G$
Past due more than 1 year	118,962	**118,962**

Notes on the Accounts

43. 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.

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. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

(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 or wide spread changes in lifestyle resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, under-concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company to some extent balances death risk and survival risk across its portfolio. The Company has a retention limit of G$3,000,000 on the vast proportion of lives insured. The Company reinsures the excess of the insured benefit over G$3,000,000 for standard risks (as measured by the sum insured) under a yearly renewable term reinsurance arrangement. The Company does not have in place any reinsurance for contracts that insure survival risk.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' 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 the contract holders' behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health.

(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 contract arises from unpredictability on long-term changes in overall levels of mortality and variability in contract holder behaviour.

Reserves for future policyholders' benefits
The Policy Premium Method is used for the determination of reserves for future policyholder benefits of long-term insurance contracts. The reserves for future policyholders' benefits are determined by actuarial valuation every year and represent an estimate of the amount required, together with future premiums and investment income, to provide for future benefits and expenses payable on insurance and annuity contracts. The reserves are calculated using assumptions for future policy lapse rates, mortality, morbidity rates, maintenance expenses and interest rates. The assumptions also include provisions for adverse deviation to recognise uncertainty in establishing the assumptions and to allow for possible deterioration in experience. The process of determining the provision necessarily involves risks that the actual results will deviate from the assumptions made.

Notes on the Accounts

43. INSURANCE RISK — cont'd

Actuarial liabilities are calculated using best estimate assumptions with margins for adverse deviation.

(i) **Mortality assumptions**
Mortality assumptions for life business are based on Company experience and industry experience in the Caribbean. A margin is added for adverse deviation.

(ii) **Investment yields**
Expected investment yields are based on actual investment yields.

(iii) **Persistency**
Lapse rates are based on Company's experience where credible experience is available and industry experience is used where credible Company experience is not available. A margin for adverse deviation is added by increasing or decreasing lapse rates.

(iv) **Expenses**
Expenses are based on best estimates of Company experience. Expenses are increased 10% as a margin for adverse deviation. Expenses per policy are assumed to increase with inflation.

Traditional Life — $1,967 per policy plus 2% of premium
Universal Life — $3,934 per policy plus 2% of premium

(v) **Ongoing review**
Actuarial assumptions are continuously reviewed based on emerging Company and industry experience and revised if appropriate and material.

(vi) **Margins for adverse deviation assumptions**
The basic assumptions made in establishing actuarial liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption. The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business and its small size.

(vii) **Sensitivity Analysis**
The following shows the sensitivity of the gross /net reserves for the Ordinary Life, Individual Annuity and Single Premium Mortgage protection business to a change in the valuation assumptions as follows:

2% Increase/decrease in mortality	83.5 / 21.1 million
5% Increase in expenses	30.2 million
10% increase in lapse rates	514.5 / 477.9 million
25% Basis points decrease in valuation increase rate (no change to UL crediting rate)	475.8 / 444.6 million

The above analyses are based on a change in an assumption while holding all other assumptions constant. The purpose is to provide a measure of sensitivity of the actuarial liabilities to each individual assumption. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated.

The results show that the level of actuarial liabilities is most sensitive to change in lapses and interest rates.

44. REPORTING BY CLASS OF INSURANCE

The Company's reporting is organised into three main business segments per the classes of insurance namely Life, Health and Annuities. The Company's primary reporting format is by class of insurance, and the secondary format would be by geographical segments.

Notes on the Accounts

44. REPORTING BY CLASS OF INSURANCE — cont'd

The following is an analysis by the respective segments:

i) **By class of business**

	2019			
	Life	**Health**	**Annuities**	**Total**
Revenue	**G $**	**G $**	**G $**	**G $**
Net premiums	962,083,805	862,079,197	923,621	1,825,086,623
Income from investments	117,456,513	105,247,397	112,761	222,816,671
Other income	8,710,359	7,804,953	8,362	16,523,674
Currency exchange (loss)	(5,698,061)	(5,105,771)	(5,470)	(10,809,303)
	1,082,552,616	970,025,776	1,039,274	2,053,617,665
Deduct: **Expenditure**				
Claims	183,646,126	622,200,123	13,478,107	819,324,356
Surrenders	239,050,842	—	—	239,050,842
Commissions & sales expenses	106,153,580	74,761,872	32,533	180,947,985
Management expenses	276,627,378	194,823,205	84,778	471,535,361
Withholding and other taxes	2,688,780	1,893,654	824	4,583,258
	808,166,706	893,678,854	13,596,242	1,715,441,802
Surplus before taxation	274,385,910	76,346,922	(12,556,968)	338,175,863
Taxation				1,972,144
Net surplus before movement in actuarial liabilities				336,203,719
Net movement in actuarial Liabilities				50,213,537
Net profit after taxation and actuarial liabilities				285,990,182
Assets	10,529,227,013	1,918,996,377	2,313,165,951	14,761,389,341
Liabilities	680,545,452	114,645,353	2,689,295,032	3,484,485,837
Unallocated liabilities				3,102,757

	2018			
	Life	**Health**	**Annuities**	**Total**
Revenue	**G $**	**G $**	**G $**	**G $**
Net premiums	880,861,233	815,328,226	(2,977,605)	1,693,211,854
Income from investments	111,525,823	103,228,690	(376,995)	214,377,518
Other income	7,895,976	7,308,543	(26,691)	15,177,828
Currency exchange gain	3,145,723	2,911,692	(10,634)	6,046,781
	1,003,428,755	928,777,151	(3,391,925)	1,928,813,981
Deduct: **Expenditure**				
Claims	157,471,176	568,405,388	11,508,256	737,384,820
Surrenders	223,799,240	—	—	223,799,240
Commissions & sales expenses	83,913,339	83,021,943	26,544	166,961,826
Management expenses	211,134,762	208,891,916	66,787	420,093,466
Withholding and other taxes	2,291,994	2,267,646	725	4,560,365
	678,610,511	862,586,893	11,602,312	1,552,799,717
Surplus before taxation	324,818,244	66,190,258	(14,994,237)	376,014,264
Taxation				792,975
Net surplus before movement in actuarial liabilities				375,221,289
Net movement in actuarial Liabilities				(610,256,609)
Net loss after taxation and actuarial liabilities				(235,035,320)
Assets	9,269,973,507	1,726,969,549	1,783,208,145	12,780,151,201
Liabilities	535,677,359	126,555,450	2,106,228,454	2,768,461,263
Unallocated liabilities				2,574,596

The above do not include actuarial liabilities. Actuarial liabilities valued at December 31, 2019 were $5,446,502,795 (2018 — $5,396,289,258).

Notes on the Accounts

45. ASSETS UNDER MANAGEMENT

Assets under management which are managed on behalf of certain pension schemes are listed below:

	2019 G $	2018 G $
Equity investments	196,000,000	**183,750,000**
Mutual funds	189,368,001	**150,165,761**
Long term bonds	464,422,111	**861,235,285**
	849,790,112	**1,195,151,046**

These amounts are not reflected in the financial statements.

46. ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2019. The result of the actuarial valuation is shown under non-current liabilities in the statement of financial position and is accounted for in accordance with the Company's accounting policy. The next actuarial valuation is due at 31 December 2020.

47. PENDING LITIGATION

At the date of the statement of financial position, there was no pending litigation against the Company that required a provision in the financial statements.

48. INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018. Part XIV section 171 of the Act relates to the statutory fund and refers to the Regulations made under the Insurance Act 2016, which also became effective in 2018.
Part 4 of the Regulations stipulate the statutory fund's composition, limits and other requirements including investments.
The areas of non-compliance are as listed.
Disposal of assets
As stated in part 4 number 29 of the Regulations;
(1) "An insurer which immediately before the commemcement of these Regulations has -
(a) permissable assets in excess of the limits specified in these regulations; or
(b) non-permissable assets, shall reduce such assets so that it is in compliance with these regulations within a period of five years from the date of commencement of these Regulations."

Category limits
As stated in part 4 number 33 of the Regulations; "the category limits of investments for statutory fund requirements shall be as set out in Schedule 3." Schedule 3 specifies a maximum of 20% of the statutory fund for shares of Corporations in Guyana. At present, 98% of the statutory fund represents investment in shares of Corporation in Guyana.
Management is currently in the process of resolving this issue.

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Directors on 8th July, 2020.