2023
AUDITED FINANCIAL STATEMENTS

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Sagicor Life

Sagicor Life Jamaica Limited

Financial Statements
31 December 2023

Sagicor Life

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OPINION OF THE ACTUARY

I certify that:

a. I am a member in good standing with my governing actuarial body, the Caribbean Actuarial Association and comply with its Codes of Professional conduct.

b. I meet the qualification standards of the Financial Services Commission (FSC) to value the actuarial reserves and other policy liabilities of Sagicor Life Jamaica Limited, and

c. The valuation of the actuarial reserves and other policy liabilities of Sagicor Life Jamaica Limited was conducted in accordance with the Insurance Act, 2001, Insurance Regulations 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica, and guidelines issued by the Financial Services Commission.

In my opinion the amount of the actuarial reserves and other policy liabilities of Sagicor Life Jamaica Limited reported in its annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023, is appropriate for this purpose and the annual financial statements presents fairly the results of the valuation.

JANET SHARP, FSA, MAAA, CERA	[signature]	February 26, 2024
Name of Appointed Actuary	Signature of Appointed Actuary	Date

Independent auditor's report

To the Members of Sagicor Life Jamaica Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sagicor Life Jamaica Limited (the Company) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements comprising material accounting policy information and other explanatory information.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty 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 identify during our audit.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
15 May 2024

ACRONYMS

Certain acronyms have been used throughout the financial statements and notes thereto to substitute phrases. The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
AC	Amortised Cost
CSM	Contractual Service Margin
ECL	Expected Credit Losses
FCF	Fulfilment Cash Flows
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
GMM	General Measurement Model
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
VFA	Variable Fee Approach

Sagicor Life Jamaica Limited

Statement of Financial Position

31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023	2022 Restated	January 1, 2022 Restated
		$ '000	$ '000	$ '000
Assets				
Cash resources	6	1,223,500	1,110,313	1,887,948
Financial investments	8	177,211,880	164,745,012	170,270,610
Pledged assets	8	780,320	744,332	685,225
Lease receivables	9	94,428	94,428	94,428
Investment properties	10	1,522,237	1,591,456	1,105,647
Intangible assets	11	932,243	952,216	1,508,690
Property, plant and equipment	12	3,544,627	3,158,869	3,011,228
Right-of-use assets	34	509,142	671,228	1,025,437
Reinsurance contract assets	13	381,017	112,170	81,535
Insurance contract assets	13	7,781	-	-
Retirement benefit asset	14	96,121	546,030	-
Deferred income taxes	15	4,686,768	506,442	631,895
Investment in subsidiary	35	459,018	459,018	459,018
Taxation recoverable		4,061,358	3,578,301	2,225,046
Other assets	17	11,923,409	9,644,671	10,670,792
TOTAL ASSETS		207,433,849	187,914,486	193,657,499
STOCKHOLDERS' EQUITY AND LIABILITIES:				
Stockholders' Equity Attributable Stockholders' of the Company				
Share capital	18	7,854,938	7,854,938	7,854,938
Equity reserves	19	1,908,334	1,272,484	1,698,021
Retained earnings		44,256,486	34,826,096	26,322,628
Total Equity		54,019,758	43,953,518	35,875,587
Liabilities				
Due to banks and other financial institutions	24	616,987	701,421	711,269
Taxation payable		718,643	1,301,676	478,006
Retirement benefit obligations	14	2,342,574	1,791,903	3,803,478
Lease Liabilities	34	561,751	844,878	1,248,617
Other liabilities	25	8,022,066	6,246,246	8,324,237
Insurance contract liabilities	13	124,512,467	117,357,993	128,815,684
Reinsurance contract liabilities	13	293,899	290,269	-
Investment contract liabilities	26	16,345,704	15,426,582	14,400,621
Total liabilities		153,414,091	143,960,968	157,781,912
TOTAL EQUITY AND LIABILITIES		207,433,849	187,914,486	193,657,499

Approved for issue by the Board of Directors on May 14, 2024 and signed on its behalf by:

Peter Melhado **Chairman** **Christopher Zacca** **Director**

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

Sagicor Life Jamaica Limited

Income Statement

For the year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 Restated $ '000
Insurance revenue	27	36,082,022	31,426,590
Insurance service expenses	27	(30,211,690)	(27,040,266)
Net expense from reinsurance contracts held	27	39,239	(303,478)
INSURANCE SERVICE RESULT		5,909,571	4,082,846
Interest income earned from financial assets measured at amortised cost and FVTOCI	28	1,505,555	969,779
Net gain on de-recognition of financial assets measured at amortised cost	28	-	579,058
Net gain / (loss) on de-recognition of financial assets measured at FVTOCI	28	18,915	(5,695)
Interest income earned and capital net gain / (loss) from assets measured at FVTPL	28	10,236,256	(7,009,465)
Interest and other investment expense	28	(764,309)	(723,609)
Expected credit gain / (losses)	28/38(d)	53,493	(57,664)
NET INVESTMENT INCOME / (EXPENSES)	28	11,049,910	(6,247,596)
Finance (expenses) / income from insurance contracts issued	28	(4,111,088)	11,643,602
Finance income from reinsurance contracts held	28	128,763	61,173
NET INSURANCE FINANCE (EXPENSE) / INCOME		(3,982,325)	11,704,775
NET INSURANCE AND INVESTMENT RESULT		12,977,156	9,540,025
Fee and other income	29	3,725,669	4,889,242
Commission expenses		(84,369)	(49,066)
Administration expenses	32	(6,114,549)	(4,834,587)
Depreciation & amortisation	32	(295,332)	(317,937)
Impairment charge on goodwill	32	-	(530,127)
Other taxes and levies	33	(227,433)	(224,904)
		(2,996,014)	(1,067,379)
Profit before Taxation		9,981,142	8,472,646
Taxation	33	(1,843,523)	(2,043,843)
Net Profit for the year		8,137,619	6,428,803

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

Sagicor Life Jamaica Limited

Statement of Comprehensive Income

For the year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 Restated $ '000
Net Profit for the year		**8,137,619**	**6,428,803**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve:			
Unrealised gains / (losses) on securities designated as FVTOCI		142,947	(660,740)
Losses recycled to the income statement on sale and maturity of FVTOCI securities	**19**	33,938	12,403
Provision for expected credit losses on securities designated as FVTOCI	**19**	(6,821)	3,124
		27,117	15,527
Items that will not be subsequently reclassified to profit or loss			
Unrealised gains on owner-occupied properties	**19**	415,850	183,970
Re-measurements of retirement benefits obligations	**33**	(755,656)	2,139,893
Total other loss/ income recognised directly in other comprehensive income, net of taxes		(169,742)	1,678,650
Total Comprehensive Income		7,967,877	8,107,453

Items in the statement above are stated net of taxes. The income tax relating to each component of other comprehensive income is disclosed in Note 33(c).

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

Sagicor Life Jamaica Limited

Statement of Changes in Equity

For the year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

2023	**Note**	**Share Capital**	**Equity Reserves (Note 19)**	**Retained Earnings**	**Grand Total**
		$ '000	**$ '000**	**$ '000**	**$ '000**
Restated balance December 31, 2022		7,854,938	1,272,484	34,826,096	43,953,518
Tax Impact on application of IFRS 17		-	-	3,895,484	3,895,484
Restated Balance as at January 1, 2023		7,854,938	1,272,484	38,721,580	47,849,002
Profit for the year		-	-	8,137,619	8,137,619
Other Comprehensive income, net of taxation		-	585,914	(755,656)	(169,742)
Total comprehensive income for the year		-	585,914	7,381,963	7,967,877
Transactions with owners -					
Dividends paid to owners of the parent	**23**	-	-	(1,800,000)	(1,800,000)
Transfer of Company shares		-	-	2,879	2,879
Total transactions with owners		-	-	(1,797,121)	(1,797,121)
Transfers between reserves -					
To special investment reserve	**2(o)**	-	49,936	(49,936)	-
Total transfers between reserves		-	49,936	(49,936)	-
Balance December 31, 2023		7,854,938	1,908,334	44,256,486	54,019,758

2022	**Note**	**Share Capital**	**Equity Reserves (Note 19)**	**Retained Earnings**	**Grand Total**
		$ '000	**$ '000**	**$ '000**	**$ '000**
Balance, December 31, 2021, as previously reported		7,854,938	1,822,021	52,668,645	62,345,604
Impact of initial application of IFRS 17		-	-	(42,144,063)	(42,144,063)
Impact of application of IFRS 9 policy choices as a result of IFRS 17 implementation		-	(124,000)	15,798,046	15,674,046
Restated balance January 1, 2022		7,854,938	1,698,021	26,322,628	35,875,587
Profit for the year as restated		-	-	6,428,803	6,428,803
Other comprehensive income, net of taxation as restated		-	(461,243)	2,139,893	1,678,650
Total comprehensive income for the year as restated		-	(461,243)	8,568,696	8,107,453
Transactions with owners -					
Transfer of company shares		-	-	(29,522)	(29,522)
Total transactions with owners		-	-	(29,522)	(29,522)
Transfers between reserves -					
To special investment reserve	**2(o)**	-	35,706	(35,706)	-
Total transfers between reserves		-	35,706	(35,706)	-
Restated Balance December 31, 2022		7,854,938	1,272,484	34,826,096	43,953,518

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

Sagicor Life Jamaica Limited

Statement of Cash Flows

For the year ended 31 December 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $ '000	2022 Restated $ '000
Cash Flows from Operating Activities			
Net profit		**8,137,619**	**6,428,803**
Adjustments for:			
Items not affecting cash			
Adjustments for non-cash items, interest, and dividends	**36(a)**	(329,588)	209,965
Changes in other operating assets and liabilities	**36(a)**	(883,934)	(2,128,629)
Net investment sales/(purchases)	**36(a)**	(8,764,771)	(11,881,314)
Interest received		9,160,363	8,576,004
Interest paid		(759,695)	(723,610)
Taxes paid		(2,756,454)	(1,821,272)
Net cash generated from / (used in) operating activities		**3,803,540**	**(1,340,053)**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net	**36(b)**	(148,280)	(160,657)
Purchase of intangible assets	**11**	(23,784)	(18,642)
Net cash used in Investing activities		(172,064)	(179,299)
Cash Flows from Financing Activities			
Stock options cost above Black Scholes value		2,879	(29,522)
Dividends paid to stockholders	**23**	(1,800,000)	-
Lease repayment	**36(c)**	(493,495)	(423,664)
Net cash used in Financing activities		**(2,290,616)**	(453,186)
Effect of exchange rate on cash and cash equivalents		(819,809)	(47,001)
Increase / (Decrease) in cash and cash equivalents		1,340,860	(1,972,538)
Cash and cash equivalents at beginning of year		12,806,011	14,825,550
CASH AND CASH EQUIVALENTS AT END OF YEAR	**7**	**13,327,062**	**12,806,011**

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

1. Identification and Principal Activities

(a) Sagicor Life Jamaica Limited (SLJ, the Company) is incorporated and domiciled in Jamaica. SLJ is a wholly owned subsidiary of Sagicor Group Jamaica Limited (SGJ), which is incorporated and domiciled in Jamaica. The ultimate parent Group is Sagicor Financial Company Limited (SFC), which is incorporated and domiciled in Bermuda. SFC has an overall interest of 49.11% (2022 – 49.11%) in SGJ.

The principal activities of the Company are the provision of life insurance, health insurance, annuities, retirement products, pension administration and investment services. The registered office of the Company is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

2. Summary of Material Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards) and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income (FVTOCI) investment securities, retirement benefit assets, investment property, certain property, plant and equipment, financial assets and liabilities at fair value through profit or loss (FVTPL), the determination of retirement benefit liabilities using the projected unit credit method and the determination of actuarial liabilities, using methods described in note 2(q). These financial statements do not consolidate the results of Bailey Williams Limited, a 70% subsidiary of the Company, as discussed in Note 2(z).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to existing standards effective during the current year.
Certain new amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.
The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. There was no impact to the Company on adoption of this amendment.

Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual period beginning on or after January 1, 2023). The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. There was no impact to the Company on adoption of this amendment.

2. Summary of Material Accounting Policies(continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards effective during the current year. (Continued)

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was no impact to the Company on adoption of this amendment.

IFRS 17 Insurance Contracts (including Amendments to IFRS 17 issued in June 2020 and Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9—Comparative Information (effective for annual periods beginning on or after January 1, 2023). The Company has initially applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023 for the first time. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. With the adoption of IFRS 17, the Company has elected to designate some financial assets, which were previously carried at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). Refer to the IFRS 9 – Financial instruments (“IFRS 9”) section for further details of amendments to this standard which was previously implemented by the Company on January 1, 2018.

The nature and effects of the key changes in the Company’s accounting policies resulting from its adoption of IFRS 17 are summarised below:

(i) Recognition, measurement and presentation of insurance contracts

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

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

The Company no longer applies shadow accounting to insurance-related assets and liabilities. As stated previously the Company has elected to designate some financial assets, which were previously held at amortised cost and FVTOCI which support insurance liabilities, at FVTPL.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses in the statement of income.

The Premium Allocation Approach (PAA) will mainly be applied to short duration contracts where the policy’s contract boundary is one year or less. This includes contracts, such as group life and healthinsurance business. Under PAA, insurance contracts are measured based on unearned premiums and the accounting is broadly similar to the Company’s historical approach under IFRS 4.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

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

2. Summary of Material Accounting Policies(continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards effective during the current year. (Continued)

(i) Recognition, measurement and presentation of insurance contracts (Continued)

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2(q).

(ii) Changes to presentation and disclosure

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

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

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

The line items descriptions in the statement of income and the statement of comprehensive income have been changed significantly compared with last year. Previously the Company reported the following line items:

- Gross Premium revenue
- Insurance premium ceded to reinsurers
- Net premium revenue
- Insurance benefits incurred
- Insurance benefits reinsured
- Net Insurance benefits
- Net movement in actuarial liabilities

Instead, IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

(iii) Transition

The Company adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 5 years prior to transition. Where the full retrospective approach was determined to be impracticable, the fair value approach was applied. This approach was applicable for all reinsurance contracts as well.

Under the fair value approach the Group used an embedded value approach, the CSM was determined to be; the cost of capital required to support the insurance contracts less the value of the profits expected to emerge. Projections of required capital, excluding asset default components, were multiplied by a weighted average hurdle rate of 14% to determine the cost of capital. The projections of future profits were based on the expected releases of risk adjustments. All projections were performed at an aggregate portfolio level with the fair value CSM being allocated to the portfolios based on the value of the risk adjustment per cohort.

The Company identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied and any resulting net difference was recognised in equity.

2. Summary of Material Accounting Policies(continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards effective during the current year. (Continued)

Insurance and reinsurance contracts
The Company applied the full retrospective approach or the fair value approach in IFRS 17 to identify, recognise and measure certain groups of contracts at January 1, 2022. The full retrospective approach was mostly applied to the insurance contracts in force at the transition date that were originated less than 5 years prior to transition.

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

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

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

IFRS - 9 Financial Instruments
With the adoption of IFRS 17, the Company has elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). IFRS 9 – Financial instruments ("IFRS 9") was previously implemented by the Company on January 1, 2018. The Company has restated prior periods to reflect changes in designation or classification of its financial assets held in respect of activities connected with contracts within the scope of IFRS 17 effective January 1, 2022. The Company recognised the difference between the previous carrying amount of those financial assets and the carrying amounts of those financial assets at the transition date in retained earnings.

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

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Company has not early adopted. The Company has assessed the relevance of all such new standards and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after January 1, 2024): Lease Liability in a Sale and Leaseback amends IFRS 16 Leases by adding subsequent measurement requirements for sale and leaseback transactions. This standard has no material effect on the Company.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (including Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date issued in July 2020) and Non-current Liabilities with Covenants (effective for annual periods beginning on or after January 1, 2024). This amendment assists preparers of financial statements in making decisions related to which accounting policies to disclose in financial statements. This standard has no material effect on the Company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2. Summary of Material Accounting Policies(continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

The financial statements are presented in Jamaican dollars, which is also the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions or transactions that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. These rates represent the weighted average rates at which the Company trades in foreign currency.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

All foreign exchange gains and losses recognised in the income statement are presented net in the income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income (OCI) within the corresponding item.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in OCI.

Translation differences on non-monetary financial instruments, such as equities held at FVTPL, are reported as part of the fair value gain or loss.

Goodwill and other intangible assets recognised on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the rate ruling on December 31.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Company has chosen to present the resulting foreign exchange differences within the line item 'Fee and other income'.

(c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise:

- cash balances,
- short term deposits,
- other liquid securities with maturities of three months or less from the acquisition date,
- bank overdrafts which are repayable on demand; and
- other borrowings from financial institutions made for the purpose of meeting cash commitments and which have maturities of three months or less from origination.

Cash equivalents are subject to an insignificant risk of change in value. Cash and cash equivalents exclude balances held to meet statutory requirements.

2. Summary of Material Accounting Policies (Continued)

(d) Financial assets

(i) Classification of financial assets

The Company utilises a principles-based approach to the classification of financial assets. Debt instruments are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortised cost based on the nature of the cash flows of these assets and the Company's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVTOCI with no subsequent reclassification to profit or loss.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVTOCI or at FVTPL.

Classification of debt instruments
Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories.

Measured at amortised cost
Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI), such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Measured at FVTOCI
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity, through OCI to the income statement and recognised as part of net investment income. Interest income from these financial assets is included in interest income using the effective interest rate method.

Measured at FVTPL
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Movements in the carrying amount are recognised in the income statement and presented within "Unrealized gains on financial assets measured at FVTPL". Interest income on a debt investment that is subsequently measured FVTPL and is not part of a hedging relationship is recognised in the income statement and presented in profit or loss within "Interest income from FVTPL investments" in the period in which it arises. Interest income from these financial assets is calculated using the effective interest rate method.

Held for trading securities are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit taking. Assets held for trading are measured at FVTPL.

2. Summary of Material Accounting Policies (Continued)

(d) Financial assets (Continued)

(i) Classification of financial assets (Continued)

Business model assessment

Business models are determined at the level which best reflects how the Company manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The past experience on how the cash flows of these assets were collected;
- How the assets' performance is evaluated and reported to key management;
- How risks are assessed and managed and how managers are compensated;
- How the Company intends to generate profits from holding a portfolio of assets, and
- The historical and future expectations of asset sales within a portfolio.

Solely Payment of Principal and Interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(ii) Unit linked funds fair value model

The Company's liabilities include unit linked funds which are components of insurance contracts issued or unit linked investment contracts issued with terms that the full investment return earned on the backing assets accrue to the contract-holders. The financial assets backing these liabilities are consequently classified as and measured at FVTPL. This eliminates any accounting mismatch.

(iii) Embedded derivatives

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. The Company may hold debt securities and preferred equity securities which may contain embedded derivatives. The embedded derivative of a financial investment is classified in the same manner as the host contract.

(iv) Impairment of financial assets measured at amortized cost and FVTOCI

IFRS 9 requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost and FVTOCI and off statement of financial position loan commitments and financial guarantees.

At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a SICR are in 'stage 2'; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ("POCI") are treated differently as set out below.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in the credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

2. Summary of Material Accounting Policies (Continued)

(d) Financial assets (Continued)

(v) Purchased or originated credit-impaired assets

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. These financial assets are credit-impaired on initial recognition. The Company calculates the credit adjusted effective interest rate, which is calculated based on the fair value at origination of the financial asset instead of its gross carrying amount and incorporates the impact of ECLs in estimated future cash flows. This rate is used to calculate interest revenue and amortized cost. Their ECL is always measured on a lifetime basis, but they do not carry a day-1 loss.

(vi) Definition of default

The Company determines that a financial instrument is in default, credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(vii) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(viii) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement
ECLs are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. The Company has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the lifetime ECL on initial recognition. For ECL provisions modelled on a collective basis, provisioning is done based on groupings of exposures, on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed periodically during the year. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities (Note 38 (c)) are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(d) Financial assets (Continued)

(viii) The general approach to recognising and measuring ECL (Continued)

Measurement (Continued)

One key difference between Stage 1 and Stage 2 ECLs is the respective PD horizon. Stage 1 and Stage 2 ECLs also incorporate different exposures at default which is based on the amortizing schedule for non-revolving assets. Stage 1 estimates will use a maximum of a 12-month PD, while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired exposures, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating ECLs. The measurement of ECLs for each stage and the assessment of SICR must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of ECLs which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information
The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

The weightings assigned to each economic scenario were as follows:

	Base	Upside	Downside
December 31, 2022:			
Investments portfolios	80%	10%	10%
Mortgage portfolios	75%	10%	15%

	Base	Upside	Downside
December 31, 2023:			
Investments portfolios	80%	10%	10%
Mortgage portfolios	65%	10%	25%

Each macroeconomic scenario used in the ECL calculation has forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a period up to three years, subsequently reverting to long-run averages. Management's estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Management's base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to management's base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis. The base scenario reflects the most likely outcome and is assigned with the highest weighting.

The weightings assigned to each economic scenario as at December 31, 2022 and December 31, 2023 are disclosed in Note 38(c) (i).

Impairment on financial assets measured at amortized cost and FVTOCI, is recognized in the income statement. For FVTOCI debt instruments, an amount equal to the impairment recognised in the income statement, is also recognised in OCI. Unrealised gains and losses arising from changes in fair value on FVTOCI assets are recognised in OCI. When a FVTOCI debt instrument is sold, the cumulative gain or loss and the cumulative provision for ECL previously recognised in OCI, are reclassified to profit or loss as part of net gain on de-recognition of financial assets measured at FVTOCI.

2. Summary of Material Accounting Policies (Continued)

(d) Financial assets (Continued)

(ix) Interest income and interest earned on assets measured at FVTPL

Interest income is earned based on the interest rate before allowances. Interest earned on assets measured at FVTPL is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the interest rate.

(x) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; or
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Company will assess if the asset is POCI.

(xi) Reclassified balances

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

(xii) Presentation in the Income Statement and Statement of Comprehensive Income (OCI)

Debt and equity instruments measured at FVTPL
Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in net investment income.

Debt instruments measured at amortized cost
- Interest income is included in interest income earned from financial assets measured at amortised cost in the statement of income.
- Credit impairment losses are included in the statement of income.
- Gain or loss on derecognition of debt securities is presented in the statement of income.

Debt instruments measured at FVTOCI
- Interest income is included in interest income earned from financial assets measured at FVTOCI in the statement of income.
- Credit impairment losses are included in the statement of income.
- Unrealised gains and losses arising from changes in fair value are presented in OCI.
- On derecognition, the cumulative fair value gain or loss is transferred from OCI and is presented in the statement of income.

2. Summary of Material Accounting Policies (Continued)

(e) Investment in subsidiary

Investment in subsidiary is stated in the Company's financial statements initially at cost less impairment.

(f) Investment properties

Investment property consists of freehold lands and freehold properties which are held for rental income and/or capital appreciation.

Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values determined by independent valuers, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property.

Transfers to or from investment property are recorded when there is a change in use of the property. Transfers to owner-occupied property or to real estate developed for resale are recorded at the fair value at the date of change in use. Transfers from owner-occupied property are recorded at their fair value and any difference with carrying value at the date of change in use is dealt with in accordance with Note 2(i).

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Company. In such circumstances, the property is accounted for as an investment property if the Company's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as owner-occupied.

Rental income is recognised on an accrual basis.

(g) Leases

The Company's leasing activities and how these are accounted for are detailed below.

The Company leases various office spaces. Rental contracts are typically made for fixed periods of 3 to 6 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. Where these exist, the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

(i) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(ii) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
(iii) amounts expected to be payable by the Company under residual value guarantees;
(iv) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(v) payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2. Summary of Material Accounting Policies (Continued)

(g) Leases (Continued)

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options need to be approved by the lessor. There are no variable lease payments and there were no residual value guarantees on leases. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

i. where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
ii. uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held which does not have recent third-party financing; and
iii. makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability;
ii. any lease payments made at or before the commencement date less any lease incentives received
iii. any initial direct costs; and
iv. restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating from existing locations would be onerous.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(h) Impairment of assets

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of Material Accounting Policies (Continued)

(i) Property, plant and equipment

Freehold land and buildings owned and used by the Company are treated as owner-occupied properties. These properties are stated at their fair values based on valuations by external valuers, less subsequent depreciation for buildings. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amounts arising from the revaluation of owner-occupied properties are included in the owner occupied properties fair value reserve. Decreases that offset previous increases of the same asset are charged against the owner occupied properties fair value reserve. All other reductions are taken directly to the income statement.

Owner-occupied properties include property held under joint operations with third parties for which the Company recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates are as follows:

Freehold buildings	2.5%
Leasehold improvements	Period of lease, not to exceed ten years
Computer equipment	20% - 33 1/3%
Furniture	10%
Other equipment	15%
Motor vehicles	20%
Land is not depreciated.	

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings. Gains or losses recognised in income on disposal of property, plant and equipment are determined by comparing the net sale proceeds to carrying value.

(j) Real estate developed for sale

Construction in progress for resale is classified as real estate held for resale and are accounted for in accordance with IAS 2, Inventory. They are valued at the lower of cost and net realisable value. Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

(k) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company’s share of the net identifiable assets of the acquired business at the acquisition date. Goodwill on acquisition of businesses, including subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates.

Goodwill arising on the acquisition of subsidiaries is calculated as the amount by which the consideration paid and other related expenses exceed the fair value of the net identifiable assets acquired.

At each year end date, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

2. Summary of Material Accounting Policies (Continued)

(k) Intangible assets (Continued)

(i) Goodwill(continued)

An excess of the identifiable net assets acquired over the acquisition cost is treated as negative goodwill. Negative goodwill related to expected post-acquisition losses is taken to income during the period the future losses are recognised. Negative goodwill which does not relate to expected future losses and expenses is recognised as income immediately.

On the disposal of a subsidiary or insurance business, the associated goodwill is derecognised and is included in the gain or loss on disposal. On the disposal of a subsidiary or insurance business forming part of a reportable operating segment, the proportion of the goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

(ii) Contractual customer relationships

This asset represents the present value of the benefit to the Company from customer lists, contracts, or customers' relationships that can be identified separately and measured reliably. Customer relationships include those of insurance and banking customer relationships with an estimated useful life of 10 to 20 years.

(iii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful life of three years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets with indefinite useful lives are assessed for impairment annually, or more frequently if events changed in circumstances indicate a potential impairment.

(l) Employee benefits

The Company operates various post-employment plans, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(i) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality sovereign bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

For the defined contribution plan, the Company pays contributions to privately administered pension plans on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are charged to the income statement in the period to which they relate.

2. Summary of Material Accounting Policies (Continued)

(l) Employee benefits (Continued)

(ii) Other post-retirement obligations

The Company provides supplementary health, dental and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year-end date.

(iv) Share-based compensation

Share options
The Company participates in a Group share based arrangement plan, through which, its executives are awarded stock options over the shares of its immediate parent, SGJ whose shares are listed on the Jamaica Stock Exchange (JSE). The stock option plan is a group plan, the important features of which are as follows:

- The plan is designed and implemented by SGJ;
- All terms and conditions of the plan are set by and can only be changed by SGJ;
- The valuation of the options is calculated by SGJ;
- SGJ has the obligation to settle all share-based payment transactions;
- All calculation and awards of options are done by SGJ and;
- All options are on SGJ's shares.

SGJ's shares for the stock option plan are held in a Trust, controlled and consolidated by SGJ. The fair value of the options awarded is calculated by SGJ using the Black-Scholes model and amortised over the vesting period of the options, four years. At the group level, the share-based payments transactions are accounted for as an equity-settled award as the Group is obligated to settle the liability with its own shares. The transaction is treated at the subsidiary level as cash-settled as SGJ awards its own shares to the subsidiaries' executives and request a cash recharge to the subsidiaries for the shares that it acquires in the open market. In substance, this transaction is a funding arrangement between SGJ and its subsidiaries. As SGJ awards stock options over its own equity to the executives of its subsidiaries (equity-settled share-based payment), each affected subsidiary records a charge, as described in the next paragraph, to its income statement; with a corresponding credit to liability, as a capital contribution over the vesting period of the share-based plan.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to cover the remaining vesting period.

Share grants
The market value of the shares issued at grant date is recognised as an expense when granted.

Share purchase plan
Employees of the Company are also eligible to purchase shares in the immediate parent Company under a share purchase plan.

(v) Productivity bonus plan

The Company recognises a liability and an expense for productivity bonuses as profit-sharing, paid to non-executive administrative staff based on a formula that takes into consideration the net profit for the period. The Company recognises a provision where contractually obliged or where past practice has created a constructive obligation.

2. Summary of Material Accounting Policies (Continued)

(l) Employee benefits (Continued)

(vi) Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary separation. Benefits falling due more than twelve months after the year end date are discounted to present value.

(m) Pension and investment funds

The Company has issued deposit administration and units linked contracts in which full return of the assets supporting these contracts accrue directly to the contract-holders. As these contracts are not operated under separate legal trusts, but form part of underlying contracts issued by the Company, they have been consolidated in these financial statements.

The Company manages a number of segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these accrue directly to the unitholders. Consequently, the assets, liabilities and activity of these funds are not included in these financial statements.

(n) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(i) Share issuance cost
Incremental costs directly attributable to the issue of new shares or options are shown in stockholders' equity as a deduction from the proceeds.

(ii) Dividends on ordinary shares are recognised in stockholders' equity in the period in which they are approved by the Company's Board of Directors. Dividends for the year that are declared after the year end date are dealt with in the subsequent events note.

(o) Special investment reserve

Unrealised gains on investment properties are recorded in the income statement under IFRS. Regulatory reserve requirements are met through the following:

- Net unrealised gains brought forward at the beginning of each year are transferred from the special Investment reserve to retained earnings at 10%.

- Net unrealised gains earned during the year are transferred from retained earnings to the special investment reserve at 90%.

Transfers to retained earnings

Unrealised gains on certain quoted equities were recorded in the investment and fair value reserves under IFRS. Regulatory reserve requirements are met by transferring the following:

- Net unrealised gains brought forward at the beginning of each year are transferred from the investment and fair value reserves to retained earnings at 25%.
- Net unrealised gains earned during the year are transferred from the investment and fair value reserves to the retained earnings at 25%.

2. Summary of Material Accounting Policies (Continued)

(p) Financial Liabilities

(i) Classification

Financial liabilities are measured at initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at FVTPL. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The financial liabilities described under the unit linked fair value model (see section (a) above) are classified and measured at FVTPL as the Company is obligated to provide investment returns to the unit holder in direct proportion to the investment returns on a specific portfolio of assets, which are also carried at FVTPL. All other financial liabilities are carried at amortised cost.

During the ordinary course of business, the Company issues investment contracts or otherwise assumes financial liabilities that expose the Company to financial risk. The recognition and measurement of the Company's principal types of financial liabilities are disclosed the following paragraphs.

Loans and other debt obligations

Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations are stated at amortised cost and any difference net proceeds and the redemption value is recognised in the income statement over the period of the loan obligations using the effective yield method.

(q) Insurance Operations

(i) Summary of measurement approaches

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

Contracts Issued	**Product Classification**	**Measurement Model**
Traditional Life contracts	Insurance contracts	GMM
Universal Life contracts	Insurance contracts without direct participation features	GMM
Other Living Benefits	Insurance contracts	GMM
Single Premium Health and Creditor Life	Insurance contracts	GMM
Annuities	Insurance contracts	GMM
Universal Life contract with direct participation features	Insurance contracts with direct participation features	VFA
Variable endowments with direct participation features	Insurance contracts with direct participation features	VFA
Group Life & Health	Insurance contracts	PAA
Living Benefits - Individual Health	Insurance contracts	PAA

For underlying direct insurance contracts measured under GMM or VFA, the corresponding reinsurance contract portfolios are measured using GMM. For underlying direct insurance contracts measured under PAA, the corresponding reinsurance contract portfolios are measured using PAA.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(ii) Definition and classification

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

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

Certain life policies issued by the Company contain direct participation features such as universal life contracts with direct participation features and variable endowments with direct participation features which entitle the policyholder to receive additional payments, supplementary to the main insurance benefit. Policy bonuses and policy dividends, together with residual gains in the participating accounts constitute direct participation features. The Company accounts for these contracts under IFRS 17.

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Company's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract considers all cash flows within the boundary (see note 2(q)(iv)).

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. Investment components in some Universal Life and Indexed Deferred Annuities comprise policyholder account values less applicable surrender fees. The Company uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee.

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

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

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(ii) Definition and classification (Continued)

All references to insurance contracts in these financial statements apply to insurance and reinsurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

(iii) Unit of account

The Company manages insurance contracts issued by product lines where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

1. contracts that are onerous at initial recognition;
2. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
3. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

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

For contracts measured under the GMA and VFA models, the Company develops rates or prices for the range of insurance contracts that may be issued under a given product form. Rates would typically be intended to result in similar levels of profitability across all insurance contracts issued.

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

Similar to the treatment of the direct (underlying) contracts, the Company divides reinsurance contracts held into contracts with similar insurance risk. The risks for reinsurance contracts in the life business are mortality, morbidity, hybrid and longevity risks which correspond to portfolios of direct contracts. The hybrid risk for reinsurance contracts refers to treaties that cover both mortality and lapse benefits and therefore have more than one type of risk. The Company manages all reinsurance treaties on the same basis as it does for line of business reporting described above for direct contracts. Applying the grouping requirements to reinsurance contracts held, the Company's policy is to aggregate reinsurance contracts held concluded within a calendar year (annual cohorts) into groups limited to reinsurance contracts arising from a single treaty. IFRS 17 requires that reinsurance contracts be placed in groups of:

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

Transition approaches that were applied by the Company on adoption of IFRS 17 with respect to contracts aggregation requirements are included in note 3(b)(i).

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iii) Unit of account (Continued)

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

1. cash flows relating to embedded derivatives that are required to be separated;
2. cash flows relating to distinct investment components; and
3. promises to transfer distinct goods or distinct services other than insurance contract services.

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

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

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

Insurance contracts acquired in a business combination within the scope of IFRS 3 or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Groups of reinsurance contracts are recognised at the earlier of:

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

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

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

Insurance and reinsurance contracts are derecognised when it is:

1. extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
2. the contract is modified, and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
   i. is not within the scope of IFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts.

b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition.

c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iii) Unit of account (Continued)

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Company:

a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:

   i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;

   ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or

   iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received; and

c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

h

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to net income / (loss):

a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(iv) Measurement

Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

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

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

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement (Continued)

Fulfilment cash flows within contract boundary (Continued)

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to note 3(b)(i).

Discount rate applied for discounting of future cash flows are listed below:

		2023				
		1 Year	5 Years	10 Years	20 Years	30
Jamaican Portfolio						
	JMD	6.38%	7.91%	10.94%	11.93%	11.96%
	USD	6.60%	5.51%	6.02%	6.10%	6.10%

		2022				
		1 Year	5 Years	10 Years	20 Years	30
Jamaican Portfolio						
	JMD	6.18%	7.70%	10.30%	11.15%	11.17%
	USD	6.81%	5.61%	6.02%	6.22%	6.23%

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

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

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

Contract boundary

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

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

a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

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

With the exception of contracts that change character referred to in the discussion below, the Company does not have any contracts where it has the right to reassess the risk nor to terminate unilaterally at an individual contract level. For certain universal life and health insurance contracts, the Company has the right to reset premiums to reflect expected experience for the product. However, the Company does not have the right to reprice at the portfolio level as it intends on aggregating contracts with the right to reprice with contracts for which it does not have the right to reprice in the same portfolio.

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

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement (Continued)

Contract boundary(Continued)

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

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

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

The excess of loss reinsurance contracts held provide coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a) to that group; and
b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(iv) Measurement (Continued)

Insurance acquisition costs (Continued)

The recoverability assessment is performed in two steps, as follows:

1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;

2. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

Risk adjustment for non-financial risk

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

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

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 3.

(v) Initial measurement – Groups of contracts not measured under the PAA

Contractual service margin

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

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

a) the initial recognition of the FCF;
b) cash flows arising from the contracts in the group at that date; and
c) the derecognition of any insurance acquisition cash flows asset.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in net income / (loss) immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised (refer to the “Onerous contracts – Loss component” section in (vi) Subsequent measurement – Company's of contracts not measured under the PAA).

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

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

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(v) Initial measurement – Groups of contracts not measured under the PAA

Contractual service margin(Continued)

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

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

For insurance contracts acquired in a portfolio transfer or a business combination within the scope of IFRS 3, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a) the initial recognition of the FCF; and
b) cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

(vi) Subsequent measurement – Groups of contracts not measured under the PAA

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

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

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

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

Changes in fulfilment cash flows

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

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

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

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

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

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

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(vi) Subsequent measurement – Groups of contracts not measured under the PAA (Continued)

Changes in fulfilment cash flows (Continued)

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

a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;

b) changes in the FCF relating to the LIC;
c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and

d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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

a) changes in the amount of the Company's share of the fair value of the underlying items; and
b) changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;

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

   iv. differences between loans to a policyholder expected to become repayable in the period and the actual loan to a policyholder that becomes repayable in the period and
   v. changes in the risk adjustment for non-financial risk that relate to future service

Adjustments (ii)-(vi) are measured using the current discount rates.

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

a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;

b) changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the FCF relating to the LIC; and
   ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
   iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows.

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

a) The effect of any new contracts added to the group.
b) For contracts measured under the GMM or VFA, interest accreted on the carrying amount of the CSM.
c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

d) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(vi) Subsequent measurement – Groups of contracts not measured under the PAA (Continued)

Changes in fulfilment cash flows (Continued)

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

If an estimate in the previous quarter changes significantly in the fourth quarter, the nature and amount of such changes are disclosed in the annual statements.

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

a) The effect of any new contracts added to the group.
b) Interest accreted on the carrying amount of the CSM.
c) Income recognised in the statement of income when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.

d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.

e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.

f) The amount recognised in net income / (loss) for insurance contract services received during the period, determined after all other adjustments above.

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

Interest accretion on the CSM

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

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

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

Release of the CSM to net income / (loss)

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

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(vi) Subsequent measurement – Groups of contracts not measured under the PAA (Continued)

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

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

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

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

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

The Company determines coverage units as follows:

Product	Coverage Units
Traditional Life contracts	Sum insured
Universal Life contracts	Net amount at risk and fund value
Universal Life contract with direct participation features	Net amount at risk and fund value
Other Living Benefits	Sum insured
Single Premium Health and Creditor Life	Sum insured
Payout annuities	Periodic benefits
Endowment	Greater of maturity benefit and death benefit
Group Life	Maximum benefit
Deferred Annuities	Account value (during the accumulation period)

The Company reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items, except for contracts measured under the VFA which use the current discount rate.

For reinsurance contracts held, the CSM is released to net income / (loss) as insurance contract services are received from the reinsurer in the period.

The coverage period for these reinsurance contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the Contract boundary section in note 2(q)(iv) above.

Onerous contracts – Loss component

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

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

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

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

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

Decreases in the FCF relating to the future in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF relating to the future in subsequent periods increase the loss component.

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

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

(vii) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company has determined that all contracts within the Group Life and Health lines of business (with the exception of the Single premium group creditor products) have a coverage period of one year or less and are therefore automatically eligible for PAA. The Company does not have contracts that have a coverage period of more than one year that are measured under PAA.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

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

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

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

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

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

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

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

d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(vii) Initial and subsequent measurement – Groups of contracts measured under the PAA (Continued)

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

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

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less. The Company has determined that for all groups of contracts issued for which there is no significant financing component, the LRC will not be discounted. At the inception of the contract, the Company considers the facts and circumstances, with the use of judgement, to determine if there is a significant financing component.

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

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA and GMM, the LIC is measured similarly. Future cash flows are adjusted for the time value of money.

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

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in net income / (loss) and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

(viii) Amounts recognised in the statement of income within the insurance service result

Insurance revenue

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

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

- Amounts relating to the changes in the LRC:

a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
   i. amounts allocated to the loss component;
   ii. repayments of investment components and policyholder rights to withdraw an amount
   iii. insurance acquisition expenses; and
   iv. amounts related to the risk adjustment for non-financial risk (see (b));

b) changes in the risk adjustment for non-financial risk, excluding:
   i. changes included in insurance finance income (expenses);
   ii. changes that relate to future coverage (which adjust the CSM); and
   iii. amounts allocated to the loss component;

c) the CSM release.

In period cash-flow variance would go through CSM if they are investment component, premium related or policy loan cash flow variances.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(vii) Initial and subsequent measurement – Groups of contracts measured under the PAA (Continued)

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the applicable coverage units of each group.

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

Insurance service expenses include the following:

a) incurred claims and benefits, excluding investment component and policy loans, reduced by loss component allocations;

b) insurance acquisition cash flows amortisation;
c) changes that relate to past service – changes in the FCF relating to the LIC; and
d) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and

e) insurance acquisition cash flows assets impairment net of reversals.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

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

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance

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

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

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

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

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

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part ceding premiums (reinsurance expenses). Ceding commissions that are contingent on claims of the underlying contracts issued increase incurred claims recovery.

2. Summary of Material Accounting Policies (Continued)

(q) Insurance Operations (Continued)

(ix) Amounts recognised in the statement of income within net insurance finance income / expenses

Insurance finance income or expenses

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

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

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

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

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).

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

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

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

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

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Group has chosen to present the resulting foreign exchange differences within the line item ‘other income’.

(x) Deposit administration and other investment contracts

Deposit administration contracts are issued by an insurer to registered pension schemes for the deposit of pension plan assets with the insurer.

Deposit administration liabilities are recognised initially at fair value and are subsequently stated at:

- amortised cost where the insurer is obligated to provide investment returns to the pension scheme in the form of interest;

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability. The interest or investment return provided is recorded as an interest expense.
In addition, the Company may provide pension administration services to the pension schemes. The Company earns fee income for both pension administration and investment services.

Other investment contracts are recognised initially at fair value and are subsequently stated at amortised cost and are accounted for in the same manner as deposit administration contracts which are similarly classified.

2. Summary of Material Accounting Policies (Continued)

(r) Revenue recognition

Revenues from service contracts with customers consist primarily of management and administration fees earned from third party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans). These service contracts generally impose single performance obligations, each consisting of a series of similar related services to the unitholder or policyholder of each fund or plan. The Company's performance obligations within these service arrangements are generally satisfied over time as the unitholders and policyholders simultaneously receive and consume contracted benefits over time.

Revenue from service contracts with customers is recognised when (or as) the Company satisfies the performance obligation of the contract. For obligations satisfied over time, revenue is recognised monthly or over some other period. For performance obligations satisfied at a point in time, revenue is recognised at that point in time.

The various fees are billed periodically and are collected either by deduction or within a short period of time.

(i) Fee Income

Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Company actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument. Fee income is recognised on an accrual basis. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

The Company charges customers for asset management and other related services using the following approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis.

- Regular fees charged to the customer periodically either directly or by making a deduction from invested funds. Fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

(s) Interest expense

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that are purchased, originated or subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments.

(t) Taxation

(i) Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In these cases, the tax is also recognised in OCI or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. Summary of Material Accounting Policies (Continued)

(t) Taxation (Continued)

(i) Current and deferred taxes (Continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(ii) Income taxes

The Company is subject to taxes on income in the jurisdiction in which business operations are conducted. Rates of taxation in the principal jurisdictions for the current year are set out in the table below.

Income tax rates	Life insurance and non-registered annuities	Registered annuities
Jamaica	25% of profit before tax	Nil

(ii) Asset taxes

The Company is subject to an asset tax in Jamaica. The asset tax is levied on insurance institutions, and is 0.25% of adjusted assets held at the end of the year.

(u) Fiduciary activities
The Company acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

(v) Financial instruments
Financial instruments carried on the statement of financial position include cash resources, investments, lease receivables, other assets, securities sold under repurchase agreements, due to banks and other financial institutions, customer deposits and other liabilities.

The fair values of the Company's financial instruments are discussed in Note 37.

(w) Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount presented in the statements of financial position, only if the Company holds a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis or to realise assets and settle the liability simultaneously. The legal right to set off the recognized amounts must be enforceable in both the normal course of business, and in the event of default, insolvency or bankruptcy of both the Company and its counterparty. In all other situations they are presented gross. When financial assets and financial liabilities are offset in the statement of financial position, the associated income and expense items will also be offset in the income statements, unless specifically prohibited by an applicable accounting standard.

(x) Securities purchased under agreements to resell

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions and are recorded at the amount at which the securities were acquired or sold plus accrued interest. Securities purchased under agreements to resell ('reverse repos') are recorded at amortized cost. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(y) Provision

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(z) Consolidation

The Company holds 70% of the issued share capital of Bailey Williams Limited, a company incorporated in Jamaica. The Company has elected not to present consolidated financial statements in accordance with the exemption set out in section 147(2)(b)(i) of the Jamaican Companies Act, which is consistent with the exemption permitted in IFRS 10, 'Consolidated financial statements', as it and its subsidiary are included by full consolidation in the consolidated financial statements of its parent, Sagicor Group Jamaica Limited, which is incorporated in the Jamaica and its consolidated financial statements are publicly available on the Jamaica Stock Exchange.

2. Summary of Material Accounting Policies (Continued)

(aa) Presentation of current and non-current assets and liabilities

In Note 38(c) (ii), the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in Notes 10, 11, 12, 14, 25 and 33 are non-current unless otherwise stated in those notes.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Company's accounting policies

(i) Consolidation of Sagicor Pooled Investment Fund (PIF)

A number of significant judgements, as highlighted below, were made by the Company in determining whether or not PIF should be consolidated within the financial statements of the Company.

- Sagicor Pooled Investment Fund
  IFRS 10, Consolidated Financial Statements, is not prescriptive as to what level of exposure definitely result in control and the assessment should therefore be based on the relevant facts and circumstances. Determining whether a fund manager has control over the fund it manages, therefore involves significant judgement. Although the contractual terms provide the Company with power over PIF, management is of the view that the overall exposure of the Company to the variability of returns is not sufficient to conclude that the Company has control. Management considers that the Company does not have control of Sagicor Pooled Investment Fund. Therefore, the Sagicor Pooled Investment Fund has not been consolidated in these financial statements.

(b) Key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas of key sources of estimation uncertainty include the following:

(i) Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the Company is managed.

Contracts not measured under PAA

- Areas of Judgement

  Areas of judgement which broadly impact the Company's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts not measured under PAA are described in subsequent notes.

  - Definition and classification
    - Whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Company was required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts.

    - Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk. The Company issues investment contracts with discretionary participation features. In assessing whether these are within the scope of IFRS 17, the Company assessed if the discretionary amount is a significant amount of the total benefits.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts not measured under PAA (Continued)

- Areas of Judgement (Continued)

- Definition and classification (Continued)

  - Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:
    - whether the pool of underlying items is clearly identified;
    - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
    - whether the Company expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

- Unit of account

  The Company was required to make judgements involved in combination of insurance contracts and separation of distinct components:

    - Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.
    - Separation – whether components in a contract are distinct (that is, they meet the separation criteria).
    - Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

- Insurance contracts aggregation

  The Company was required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together) This included the aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts and a similar grouping assessment for reinsurance contracts held.

Areas of judgements include:

- The determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and

- Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

  For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of judgement.

- The methods used to measure insurance contracts

  The Company primarily uses deterministic approach to estimate the present value of future cash flows.

  The following assumptions were used when estimating future cash flows:

  (i) Mortality and morbidity rates (life insurance and reinsurance business)

    Assumptions are based on standard industry and national tables, (tables from the Canadian Institute of Actuaries) according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

    An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts not measured under PAA (Continued)

(ii) Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity will lead to an increase in expected cost of annuity payments which will reduce future expected profits of the Company.

(iii) Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. Inflation is considered a non-financial assumption and is derived from the long run expense increases based on the Company's experience and management's expectation of the related expense control measures.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational. The overheads are also consistently applied to all costs that have similar characteristics. An increase in the expected level of expenses will reduce future expected profits of the Company.

(iv) Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts not measured under PAA (Continued)

- Discount rates

  Life insurance contract liabilities are calculated by discounting expected future cash flows. Discount rates are composed of an observable component, an assumed ultimate discount rate and interpolation between the two.

  During the observable period, a top down approach was used, where the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. Reference portfolios were selected to reflect the currency of the liabilities, the Company's investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available on the markets. The yield from the reference portfolio is adjusted to remove both expected and unexpected credit risk and, where applicable, other asset characteristics that are not related to the insurance contract liabilities. These adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio.

  Where cash flows vary with an underlying, cash flows are projected assuming returns on the underlying that are consistent with the discount rate.

- Risk adjustment for non-financial risk

  The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non financial risk represents the amount of risk being transferred by the Company to the reinsurer.

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

  The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level between 80% to 90% (2022 - between 80% to 85%).

- Amortisation of the Contractual Service Margin

  The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in net income / (loss) as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

  Identifying the coverage units in the group;

  Allocating the CSM at the end of the period (before recognising any amounts in net income / (loss) to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;

  Recognising in net income / (loss) the amount allocated to coverage units provided in the period.

  The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured, maturity benefit or payout over the period of the contracts.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts not measured under PAA (Continued)

- Amortisation of the Contractual Service Margin (Continued)

  The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

  For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum potential loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

  For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

- Assets for insurance acquisition cash flows

  The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period. Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts not measured under PAA (Continued)

- Determination of IFRS 17 Transition Amount

The Company has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to insurance contracts in force at the transition date that were originated less than 5 years prior to transition. The fair value approach was applied in circumstances where the full retrospective approach was impracticable. The transition approach was determined at the level of group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17 as follows:

- Full retrospective approach
  The CSM at initial recognition is based on initial assumption when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 has always been applied.

- Fair value approach
  The CSM (or the loss component) is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

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

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

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For these groups, the discount rates on initial recognition were determined at January 1, 2022 instead of at the date of initial recognition.

In determining the fair value, the Company has applied the requirements of IFRS 13, Fair Value Measurement. An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied. The fair value for reinsurance contracts held was determined under the presumption that the market participant is the same market participant that would purchase the underlying direct contracts.

For groups of reinsurance contracts covering onerous underlying contracts, the loss-recovery component within the asset for remaining coverage was determined at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at that date and the percentage of claims for the underlying insurance contracts the Company expects to recover from the reinsurance contracts held.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts measured under PAA

- Areas of Judgement

  Areas of judgement which broadly impact the Company's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts measured under PAA are described in subsequent notes.

  For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Company under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved. For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement.

  For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

  The determination of whether laws or regulations constrain the Company's practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Company might include such contracts in the same group, disregarding the aggregation requirements, is an area of judgement.

  All contracts measured by the Company were determined to be non-onerous on initial recognition.

- Insurance and reinsurance contracts

  The Company applies the PAA to simplify the measurement of insurance contracts in its group life and health insurance portfolios. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company has elected not to discount the cash flows within the LIC for certain groups of contracts where the cash flows are expected to be paid within a year of the date on which the claim is incurred. For all groups of contracts, the Company includes an explicit risk adjustment for non-financial risk.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(i) Insurance and reinsurance contracts (Continuted)

Contracts measured under PAA (Continued)

- Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

- Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally require to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment by using the margin approach. Risk adjustment percentages were determined according to a confidence level range of 80% to 90%.

- Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(ii) Pension and post-retirement benefits

The cost of these benefits and the present value of the pension and the other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investments returns. The discount rate represents the interest rate that should be used to determine the present value of estimated future cash outflows required to meet the pension, life insurance and medical benefits as they fall due. The discount rate is based on yields on long term Government of Jamaica and CARICOM bonds. The expected rate of increase of medical costs is based on expected increases in utilisation and general increases in medical expenses above expected price inflation. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on current market conditions.

(iii) Estimated impairment of intangible assets

Goodwill
The assessment of goodwill impairment involves the determination of the fair value of the cash-generating units to which the goodwill has been allocated. Determination of the recoverable amounts involves the estimation of future net income of these business units and the expected returns to providers of capital to the business units and the Company as a whole. Determinations of recoverable amounts can be sensitive to certain key inputs such as earnings forecasts, discount rates and terminal value growth rates. Amounts actually recovered from CGUs through either sale or use may differ from the amounts estimated.

Other intangible assets
The assessment of impairment of other intangible assets involves the determination of the intangible asset's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible asset's value in use, estimates are required of future cash flows generated because of the assets.

(iv) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(v) Impairment of financial assets

In determining ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in the earlier sections 'Measurement' and 'Forward-looking information'.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(v) Impairment of financial assets (Continued)

- Establishing staging for debt securities and deposits

The Company's internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies. The scale is set out in the following table:

Category		Sagicor Risk Rating		Classification	S&P	Moody's	Fitch	AM Best
Non-default	Investment grade	1		Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2		Low risk	A	A	A	A
		3		Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4		Acceptable risk	BB	Ba	BB	bb
		5		Average risk	B	B	B	B
	Watch	6		Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7		Special mention	C	C	C	C
Default		8		Substandard			DDD	
		9		Doubtful	D	C	DD	D
		10		Loss			D	

The Company uses its internal credit rating model to determine in which of the three stages an asset is to be categorized for the purposes of ECL. Once the asset has experienced a SICR the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk. Stage 1 investments are rated (i) investment grade, or (ii) below investment grade and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

- Establishing staging for other assets measured at amortised cost, lease receivables and loan commitments.

  Exposures are considered to have resulted in a SICR and are moved to stage 2 when:

  Qualitative test
  Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

  Backstop Criteria
  Accounts that are 30 calendar days or more past due. The 30 days past due criterion is a backstop rather than a primary driver of moving exposures into stage 2.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Key sources of estimation uncertainty (Continued)

(v) Impairment of financial assets (Continued)

- Forward looking information
  When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Jamaica. Management assesses data sources from the government, International Monetary Fund (IMF) and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the long-term average performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

4. Interest in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Company. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation in as discussed in Note 3(a)(i).

Consolidated Structured Entity
The Company has no consolidated structured entity.

Unconsolidated Structured Entity

The Company established the PIF to provide customers and pension funds with several investment opportunities.

PIF
PIF administers assets of the Pooled Pension Investment Funds ("PPIF") which are held in trust on behalf of pension funds. The Trust has independent trustees. The administration of the assets in trust is done by the Company. The investment manager of these Funds is a fellow subsidiary, Sagicor Investment Jamaica Limited. Both the administration of the assets and the provision of investment management services entitled the Company to receive management fees based on the assets under management.

The table below shows the total assets of PIF, the Company's interest in and income arising from involvement with PIF as well as the maximum exposure to loss. The maximum exposure to loss from the Company's interests represents the maximum loss that the Company could incur as a result of its involvement with PIF, regardless of the probability of the loss being incurred. The income from the Company's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	2023 $ '000	2022 $ '000
Total assets of PIF	178,615,201	171,946,402
Maximum exposure to loss	14,777,564	14,257,245
Total Income/(loss) from the Company's interests	542,330	(686,085)

The Company has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the company in the future.

5. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the Actuary whose responsibility is to carry out an annual valuation of the Company's policy liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and stockholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Company and the insurance policies in force.

The stockholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the stockholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and the report on the policy liabilities.

6. Cash Resources

	2023 $ '000	2022 $ '000
Balances with banks payable on demand	1,223,346	1,110,158
Cash in hand	154	155
	1,223,500	1,110,313

The entire balance is expected to be recovered within less than twelve months after the financial year end.

7. Cash and Cash Equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2023 $ '000	2022 $ '000
Cash resources	1,223,500	1,110,313
Short term deposits	8,289,038	1,970,564
Treasury bills	1,730,732	7,517,815
Securities purchased under resale agreements	2,401,208	2,693,043
Bank overdrafts (Note 24)	(317,416)	(485,724)
	13,327,062	12,806,011

8. Financial Investments

	2023 $ '000	2022 Restated $ '000
Financial assets FVTPL -		
Debt Securities		
Sovereign bonds	90,690,602	85,713,022
Corporate bonds	18,230,107	15,122,401
	108,920,709	100,835,423
Equities		
Quoted and unquoted equities	4,944,153	5,887,527
Unit trusts	29,071,383	29,098,356
	34,015,536	34,985,883
Total FVTPL	142,936,245	135,821,306
Financial assets at FVTOCI -		
Debt Securities		
Sovereign bonds	1,828,803	1,768,317
Corporate bonds	3,368,932	3,516,505
Total FVTOCI	5,197,735	5,284,822
Investments at amortized cost, net of ECL -		
Debt Securities		
Sovereign bonds	1,579,621	5,574,523
Corporate bonds	10,437,095	10,232,895
Securities purchased under resale agreement	2,472,519	2,708,753
Mortgage Loans	4,639,338	3,896,481
Short term deposits	10,729,647	1,970,564
Total investments at amortised cost, net of ECL	29,858,220	24,383,216
Less:- Pledged assets	(780,320)	(744,332)
Total Financial Investments	177,211,880	164,745,012

8. Financial Investments (Continued)

The table below shows the composition of FVTPL securities according to those securities that were mandatorily designated, and those that were designated by election.

	2023			2022 Restated		
	Mandatory designation	Designated by election	Total	Mandatory designation	Designated by election	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Unit trust and equities	27,304,086	6,711,450	34,015,536	28,419,188	6,566,695	34,985,883
Debt securities	8,551,349	100,369,360	108,920,709	7,704,790	93,130,633	100,835,423
	35,855,435	107,080,810	142,936,245	36,123,978	99,697,328	135,821,306

Items pledged as collateral:

Assets of the Company are pledged as collateral with financial institutions. Mandatory cash reserves and investment securities are also held with the Financial Services Commission. The balance below represents the total for which the transferee has the right by contract or custom to sell or re-pledge.

	Asset	
	2023	2022
	$ '000	$ '000
Balance with regulators	780,320	744,332

Credit risk exposure- financial investments subject to impairment

The following tables contain analyses of the credit risk exposure of financial investments for which an ECL allowance is recognized. The Company categorises its financial assets into investment grade, non-investment grade, watch, default and unrated.

The maximum exposure to credit risk for financial assets carried at fair value represents their amortised cost, as this is the maximum amount of credit loss the Company will suffer in the event of a total default of the counterparty. For financial assets carried at FVTOCI, the amounts shown in the tables will therefore not necessarily reconcile to the financial statements, as the carrying amounts have been adjusted for fair value movements.

The securities purchased for resale, policy loans, deposits and lease receivables are all stage 1 and there is no ECL. The maximum exposure is therefore equivalent to the carrying amounts as follows:

	2023				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit-impaired	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Credit grade:					
Investment	11,411,200	-	-	-	11,411,200
Non-investment	17,691,779	363,819	-	-	18,055,598
Default	-	-	440,589	-	440,589
Gross carrying amount	29,102,979	363,819	440,589	-	29,907,387
Loss allowance	(6,576)	(5,758)	(36,833)		(49,167)
Carrying amount	29,096,403	358,061	403,756	-	29,858,220

8. Financial Investments (Continued)

Credit risk exposure- financial investments subject to impairment (continued)

	2022 Restated				
	ECL Staging				
FINANCIAL INVESTMENTS – AMORTISED COST	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Investment	12,287,241	-	-	-	12,287,241
Non-investment	11,656,463	107,284	-	-	11,763,747
Default	-	-	430,007	-	430,007
Gross carrying amount	23,943,704	107,284	430,007	-	24,480,995
Loss allowance	(9,791)	(1,962)	(86,026)		(97,779)
Carrying amount	23,933,913	105,322	343,981	-	24,383,216

Mortgage loans are included above and are collaterised by the underlying residential and commercial properties. The values ascribed to these properties have been considered in arriving at the LGDs for each mortgage loan. The total value of the collateral as at year end with respect mortgage loans that were credit-impaired at the reporting date (stage 3) was $1,418,866,000 (2022 - $562,212,000).

	2023				
	ECL Staging				
DEBT SECURITIES – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Investment	3,623,189	-	-	-	3,623,189
Non-investment	2,212,223	-	-	-	2,212,223
Maximum credit exposure	5,835,412	-	-	-	5,835,412
Loss allowance	(3,364)				(3,364)
Maximum credit exposure, net of ECL	5,832,048	-	-	-	5,832,048

	2022 Restated				
	ECL Staging				
DEBT SECURITIES – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Credit grade:					
Investment	3,578,094	-	-	-	3,578,094
Non-investment	2,563,524	-	-	-	2,563,524
Maximum credit exposure	6,141,618	-	-	-	6,141,618
Loss allowance	(10,199)				(10,199)
Maximum credit exposure, net of ECL	6,131,419	-	-	-	6,131,419

Maximum exposure to credit risk - Financial instruments not subject to impairment

For financial investments measured at FVTPL which are related to under the unit-linked funds insurance and investment contracts, the unit holders bear the credit risk and the Company has no direct credit exposure.

	Maximum exposure to credit risk	
	2023	**2022**
	$ '000	**$ '000**
Financial assets designated at fair value		
Debt securities	37,622,732	36,803,146

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk

The following tables explain the changes in the maximum exposure to credit risk between the beginning and the end of the period due to these factors. With the exception of FVTOCI investments, the maximum exposure to credit risk equals the carrying amount.

	ECL Staging				
DEBT SECURITIES – FVTOCI	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Purchased credit-impaired**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Maximum exposure to credit risk as at January 1, 2022	7,323,361	10,171	-	-	7,333,532
Transfers:					
New financial assets originated or purchased	354,709	-	-	-	354,709
Financial assets fully derecognised during the period	(999,627)	-	-	-	(999,627)
Changes in principal and interest	(500,642)	(10,171)	-	-	(510,813)
Foreign exchange adjustment	(36,183)	-	-	-	(36,183)
Maximum exposure to credit risk as at December 31, 2022	6,141,618	-	-	-	6,141,618
Transfers:					
New financial assets originated or purchased	247,879	-	-	-	247,879
Financial assets fully derecognised during the period	(555,688)	-	-	-	(555,688)
Changes in principal and interest	(28,037)	-	-	-	(28,037)
Foreign exchange adjustment	29,640	-	-	-	29,640
Maximum exposure to credit risk as at December 31, 2023	5,835,412	-	-	-	5,835,412

8. Financial Investments (Continued)

IFRS 9 maximum exposure to credit risk (Continued)

FINANCIAL INVESTMENTS - AMORTISED COST	ECL Staging				
	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Purchased credit-impaired	Total
	$ '000	$ '000	$ '000	$ '000	$ '000
Maximum exposure to credit risk as at January 1, 2022	25,466,351	500,474	319,405	-	26,286,230
Transfers:	-	-	-	-	
Transfer from Stage 1 to Stage 2	(17,300)	17,300	-	-	-
Transfer from Stage 1 to Stage 3	(68,622)	-	68,622	-	-
Transfer from Stage 2 to Stage 1	303,217	(303,217)	-	-	-
Transfer from Stage 2 to Stage 3	-	(100,748)	100,748	-	-
Transfer from Stage 3 to Stage 2	-	10,618	(10,618)	-	-
Transfer from Stage 3 to Stage 1	20,743	-	(20,743)	-	-
New financial assets originated or purchased	22,936,276	-	-	-	22,936,276
Financial assets fully derecognised during the period	(24,413,373)	(11,139)	(10,630)	-	(24,435,142)
Changes in principal and interest	(283,447)	(6,004)	(16,777)	-	(306,228)
Foreign exchange adjustment	(141)	-	-	-	(141)
Maximum exposure to credit risk as at December 31, 2022	23,943,704	107,284	430,007	-	24,480,995
Transfers:		-	-	-	
Transfer from Stage 1 to Stage 2	(84,200)	84,200	-	-	-
Transfer from Stage 1 to Stage 3	(103,854)	-	103,854	-	-
Transfer from Stage 2 to Stage 1	20,892	(20,892)	-	-	-
Transfer from Stage 2 to Stage 3	-	(39,278)	39,278	-	-
Transfer from Stage 3 to Stage 2	-	12,299	(12,299)	-	-
Transfer from Stage 3 to Stage 1	61,806	-	(61,806)	-	-
New financial assets originated or purchased	35,096,941	38,685	-	-	35,135,626
Financial assets fully derecognised during the period	(47,043,721)	-	(49,629)	-	(47,093,350)
Changes in principal and interest	17,211,411	181,521	(8,816)	-	17,384,116
Maximum exposure to credit risk as at December 31, 2023	29,102,979	363,819	440,589	-	29,907,387

The Company manages its exposure to credit risk by analysing the financial investments by type of debt security, whether corporate or sovereign, and the location and sector of the issuer. The table below is a summary of the significant category and sector concentrations of debt instruments subject to expected credit losses.

8. Financial Investments (Continued)

Concentration of debt instruments
The Company also manages its exposure to credit risk by analysing the financial investments by type of debt security, whether corporate or sovereign, and the location and sector of the issuer. The table below is a summary of the significant category and sector concentrations of debt instruments subject to expected credit losses.

The table below is a summary of financial instruments by location, sovereign and corporate.

	2023	2022
	$ '000	$ '000
Debt securities		
Sovereign debt instruments		
Jamaica	90,947,636	90,411,906
USA	3,022,703	2,526,077
Other	128,687	117,878
Corporate debt instruments		
Jamaica	25,393,862	22,990,261
Trinidad & Tobago	72,179	71,590
USA	6,119,337	5,166,953
Other	450,756	642,998
	126,135,160	121,927,663

The table below is a summary sector concentration of corporate instruments.

	2023	2022
	$ '000	$ '000
Corporate debt instruments		
Communication Services	574,609	766,651
Consumer Discretionary	1,876,398	1,441,957
Consumer Staples	628,020	465,757
Energy	7,068,401	6,500,818
Financials	15,629,276	14,105,604
Health Care	1,236,036	1,146,226
Industrials	2,112,686	1,830,713
Information Technology	1,180,750	888,082
Materials	400,288	384,675
Real Estate	252,682	298,173
Tourism	27,865	29,493
Utilities	1,049,123	1,013,652
	32,036,134	28,871,801

9. Lease Receivables

	2023	2022
	$ '000	$ '000
Gross investment in finance leases -		
Later than one year and not later than five years (i)	94,428	94,428

(i) The above represents the principal amount for lease receivables and does not include unearned interest.

10. Investment Properties

	2023	2022
	$ '000	$ '000
At beginning of year	1,591,456	1,105,647
Disposal during the year	(247,219)	-
Fair value gains	178,000	224,180
Net transfers from/to Real Estate Developed for Resale and Other Assets	-	261,629
At end of year	1,522,237	1,591,456

The investment properties as at 31 December were valued at current market value by NIA Jamaica Langford & Brown and Allison Pitter and Co. Limited, qualified property appraisers and valuers.

Rental income and repairs and maintenance expenditure in relation to investment properties are as follows:

	2023	2022
	$ '000	$ '000
Rental income	58,052	44,929
Direct operating expenses	-	(581)

During the year, only some of the properties were tenanted and generated rental income. Operating expenses related to the properties which were not tenanted was NIL The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, Fair Value Measurement. The valuations have been performed using a sales comparison approach but, as there have been a limited number of similar sales in the local market, adjustments have been made to incorporate adjustments using judgement, regarding size, age, condition of comparable properties and the state of the local economy that are unobservable.

11. Intangible Assets

	Goodwill	Contractual Customer Relationship	Computer Software	Total
	$'000	**$'000**	**$'000**	**$'000**
Cost -				
At January 1, 2022	1,385,317	1,428,973	805,238	3,619,528
Additions			18,642	18,642
Impairment charge	(530,127)	-		(530,127)
At December 31, 2022	855,190	1,428,973	823,880	3,108,043
Additions	-	-	23,784	23,784
At December 31, 2023	855,190	1,428,973	847,664	3,131,827
Amortisation -				
At January 1, 2022	-	1,428,973	681,865	2,110,838
Amortisation charge	-	-	44,989	44,989
At December 31, 2022	-	1,428,973	726,854	2,155,827
Amortisation charge	-	-	43,757	43,757
At December 31, 2023	-	1,428,973	770,611	2,199,584
Net Book Value -				
At December 31, 2022	855,190	-	97,026	952,216
At December 31, 2023	855,190	-	77,053	932,243

Amortisation charges of $43,757,000 (2022 - $44,989,000) have been included in expense for the company. Customer relations were amortised over 10 – 20 years and computer software are being amortised over 5 years.

The allocation of goodwill to the Company's Cash Generating Unit (CGU) is as follows:

	2023	2022
	$ '000	**$ '000**
Long Term Insurance Division	855,190	855,190

At December 31, 2023, management tested goodwill allocated to the Individual Lines Division for impairment.

The recoverable amount of Long Term Insurance Division is determined using fair value less costs to sell through the Capitalised Earnings Approach. These amounts use projected sustainable earnings based on audited earnings and financial budgets approved by management covering a three-year period and the earnings multiples stated below. The recoverable amounts are considered to be level 3 in the fair value hierarchy due to the unobservable inputs used in the valuation.

On adoption of IFRS 17, the cash flow projections for each Cash Generating Unit were restated. Sagicor Life Jamaica Short Term Insurance Division revised projected net inflows reduced significantly which led to a full write off of the CGU's goodwill.

(expressed in Jamaican dollars unless otherwise indicated)

11. Intangible Assets (Continued)

Management's approach and the key assumptions used to determine the CGU's Fair Value Less Cost of Sell (FVLCS) were as follows:

	2023				2022			
	Earnings Multiple	Cost to Sell	Post-tax Discount Rate	Long-term Growth Rate	Earnings Multiple	Cost to Sell	Post-tax Discount Rate	Long-term Growth Rate
Long Term Insurance Division	9.6%	5%	15.8%	4.5%	9.4	0.50%	14.68%	4.50%
Short Term Insurance Division	-	-	-	-	10.3	0.50%	14.26%	5.00%

The inputs are determined as follows:

- Earnings multiple represents the inverse of the capitalisation rate that is, 1 divided by post-tax discount rate less long-term growth rate.
- Cost to sell is estimated cost, based on management's experience of the typical incidental costs associated with a sale of business such as legal and professional fees as well as statutory charges, to dispose of the CGU as a going-concern business
- Post-tax discount rate reflects specific risks related to the business, industry and country of operation.
- Long-term growth rate (%) is based on historical/projected financial performance of each CGU, nominal GDP growth rates and factors specific to the industry each CGU operates in.

12. Property, Plant and Equipment

	Leasehold Buildings & Improvements	Freehold Land &	Furniture & Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost or Valuation -					
At January 1, 2022	572,948	2,395,398	1,975,538	175,401	5,119,285
Additions	12,106	-	130,251	18,300	160,657
Revaluation adjustments	-	178,949	-	-	178,949
Disposals	-	-	(101)	(18,950)	(19,051)
At December 31, 2022	585,054	2,574,347	2,105,688	174,751	5,439,840
Additions	32,433		96,643	19,204	148,280
Revaluation adjustments	-	419,469	-	-	419,469
Disposals	-	-	(283)	-	(283)
At December 31, 2023	**617,487**	**2,993,816**	**2,202,048**	**193,955**	**6,007,306**
Accumulated Depreciation -					
At January 1, 2022	332,744	23,502	1,626,317	125,494	2,108,057
Charge for the year	35,050	17,458	115,614	36,848	204,970
Relieved on revalued assets	-	(13,005)	-	-	(13,005)
Relieved on disposals	-	-	(101)	(18,950)	(19,051)
At December 31, 2022	**367,794**	**27,955**	**1,741,830**	**143,392**	**2,280,971**
Charge for the year	36,792	18,154	119,861	20,528	195,335
Relieved on revalued assets	-	(13,359)	-	-	(13,359)
Relieved on disposals	-	-	(268)	-	(268)
At December 31, 2023	**404,586**	**32,750**	**1,861,423**	**163,920**	**2,462,679**
Net Book Value -					
At December 31, 2022	217,260	2,546,392	363,858	31,359	3,158,869
At December 31, 2023	212,901	2,961,066	340,625	30,035	3,544,627

In accordance with the Company's policy, owner-occupied properties were independently revalued during the year by professional real estate valuators. The excess of the revalued amount of these property, plant and equipment over the carrying value on such date, amounting to $432,828,000 (2022 - $191,954,000), has been credited to investment and fair value reserves.

If revalued assets of the Company were stated on a historical cost basis, the amounts would be as follows:

	2023	2022
	$ '000	$ '000
Cost	589,042	589,042
Accumulated depreciation	(68,767)	(64,585)
Net book value	520,275	524,457
Carrying value of revalued assets	2,961,066	2,546,392

13. Insurance and Reinsurance Contract Assets and Liabilities

The table below presents a summary of contract assets and liabilities held by the Company

	2023 $'000	2022 $'000
Insurance contract assets	7,781	-
Insurance contract liabilities	124,512,467	117,357,993
Reinsurance contract assets	381,017	112,170
Reinsurance contract liabilities	293,899	290,269

The following table presents insurance contract and reinsurance contract assets and liabilities by contract type and summarises those contracts which are measured under the premium allocation approach (PAA) and those which are not measured under the PAA.

	2023 $'000	2022 $'000
Insurance contracts issued (includes direct participation contracts)		
Contracts measured under PAA - net (asset) / liability, end of period	5,027,057	4,128,482
Contracts not measured under PAA (GMM/ VFA) - net (asset) / liability, end of period	119,477,629	113,229,511
Total - Net (asset) / liability, end of period	124,504,686	117,357,993
Reinsurance contracts held		
Contracts measured under PAA - net asset / (liability), end of period	5,109	111,955
Contracts not measured under PAA (GMM) - net asset / (liability), end of period	82,009	(290,055)
Total - Net asset /(liability), end of period	87,118	(178,100)

13. Insurance and Resinurance Contract Assets and Liabilities (continued)

The following tables explain the components of insurance contract and reinsurance contract assets and liabilities, in addition to changes in these balances for the period.

i. a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Short Term Insurance

Insurance contracts issued Contracts measured under PAA	2023				2022			
	LRC	LIC			LRC	LIC		
	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Insurance contract liabilities, beginning of period	(357,207)	4,277,877	207,812	4,128,482	(188,701)	4,222,147	220,112	4,253,558
Insurance contract assets, beginning of period		-	-	-	-	-	-	-
Net balance – (asset) / liability, beginning of period	(357,207)	4,277,877	207,812	4,128,482	(188,701)	4,222,147	220,112	4,253,558
Insurance revenue	(20,234,874)	-	-	(20,234,874)	(17,701,185)	-	-	(17,701,185)
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	17,626,811	26,402	17,653,213	-	16,377,909	(12,300)	16,365,609
Insurance acquisition cash flows amortisation	2,209,842	-	-	2,209,842	1,938,187	-	-	1,938,187
Total insurance service expenses	2,209,842	17,626,811	26,402	19,863,055	1,938,187	16,377,909	(12,300)	18,303,796
Total amounts recognised in the insurance services result	(18,025,032)	17,626,811	26,402	(371,819)	(15,762,998)	16,377,909	(12,300)	602,611
Total amounts recognised in total comprehensive income	(18,025,032)	17,626,811	26,402	(371,819)	(15,762,998)	16,377,909	(12,300)	602,611
Cash flows								
Premiums received	20,020,294	-	-	20,020,294	17,584,098	-	-	17,584,098
Claims and other directly attributable expenses paid	-	(16,555,256)	-	(16,555,256)	-	(16,322,179)	-	(16,322,179)
Insurance acquisition cash flows	(2,194,644)	-	-	(2,194,644)	(1,989,606)	-	-	(1,989,606)
Total cash flows	17,825,650	(16,555,256)	-	1,270,394	15,594,492	(16,322,179)	-	(727,687)
Net balance – (asset) / liability, end of period	(556,589)	5,349,432	234,214	5,027,057	(357,207)	4,277,877	207,812	4,128,482
Insurance contract liabilities, end of period	(345,063)	5,143,075	236,826	5,034,838	(357,207)	4,277,877	207,812	4,128,482
Insurance contract assets, end of period	(211,526)	206,357	(2,612)	(7,781)	-	-	-	-
Net balance – (asset) / liability, end of period	(556,589)	5,349,432	234,214	5,027,057	(357,207)	4,277,877	207,812	4,128,482

i. a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components(continued)

Long Term Insurance

	2023				2022			
	LRC		LIC		LRC		LIC	
Insurance contracts issued **Contracts not measured under PAA**	Excluding loss component	Loss component		Total	Excluding loss component	Loss component		Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Insurance contract liabilities, beginning of period	99,206,924	11,333,578	2,689,009	113,229,511	110,494,914	10,477,969	3,589,242	124,562,125
Insurance revenue	(15,847,148)	-	-	(15,847,148)	(13,725,405)	-	-	(13,725,405)
Insurance service expenses				-				-
Incurred claims and other directly attributable expenses	-	(397,207)	10,043,623	9,646,416	-	(359,939)	8,072,086	7,712,147
Losses on onerous contracts and reversal of those losses	-	124,898	-	124,898	-	872,648	-	872,648
Insurance acquisition cash flows amortisation	577,321	-	-	577,321	151,675	-	-	151,675
Total insurance service expenses	577,321	(272,309)	10,043,623	10,348,635	151,675	512,709	8,072,086	8,736,470
Total amounts recognised in the insurance services result	(15,269,827)	(272,309)	10,043,623	(5,498,513)	(13,573,730)	512,709	8,072,086	(4,988,935)
Finance income / (expenses) from insurance contracts issued	3,600,839	510,250		4,111,089	(12,102,295)	458,694	-	(11,643,601)
Effect of exchange rate changes	763,062	129,187	4,953	897,202	(754,799)	(53,755)	(2,126)	(810,680)
Total amounts recognised in total comprehensive income	(10,905,926)	367,128	10,048,576	(490,222)	(26,430,824)	917,648	8,069,960	(17,443,216)
Investment components	(10,794,271)	-	10,794,271	-	(11,289,026)	-	11,289,026	-
Cash flows								
Premiums received	31,193,198	-	-	31,193,198	28,450,317	-	-	28,450,317
Claims and other directly attributable expenses paid	-	-	(20,672,852)	(20,672,852)	81,301	(62,039)	(20,259,219)	(20,239,957)
Insurance acquisition cash flows	(3,782,006)	-	-	(3,782,006)	(2,099,758)	-	-	(2,099,758)
Total cash flows	27,411,192	-	(20,672,852)	6,738,340	26,431,860	(62,039)	(20,259,219)	6,110,602
Net balance – (asset) / liability, end of period	104,917,919	11,700,706	2,859,004	119,477,629	99,206,924	11,333,578	2,689,009	113,229,511
Insurance contract liabilities, end of period	104,917,918	11,700,706	2,859,005	119,477,629	99,206,924	11,333,578	2,689,009	113,229,511
Insurance contract assets, end of period	-	-	-	-	-	-	-	-
Net balance – (asset) / liability, end of period	104,917,918	11,700,706	2,859,005	119,477,629	99,206,924	11,333,578	2,689,009	113,229,511

13. Insurance and Resinurance Contract Assets and Liabilities (continued)
i. b) Reconciliation of the measurement components of insurance contract balances

Long Term Insurance(Continued)

	2023				2022			
Insurance contracts issued **Contracts not measured under PAA**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Insurance contract liabilities, beginning of period	73,899,251	7,543,682	31,786,578	113,229,511	87,915,274	9,043,322	27,603,529	124,562,125
Changes that relate to current service								
CSM recognised in net income / (loss) for the services provided	-	-	(4,869,702)	(4,869,702)	-	-	(3,802,826)	(3,802,826)
Change in the risk adjustment for non-financial risk for risk expired	-	(940,584)	-	(940,584)	-	(789,726)	-	(789,726)
Experience adjustments	186,875	-	-	186,875	(1,269,031)	-	-	(1,269,031)
	186,875	(940,584)	(4,869,702)	(5,623,411)	(1,269,031)	(789,726)	(3,802,826)	(5,861,583)
Changes that relate to future service								-
Changes in estimate that adjust the CSM	(6,656,311)	1,643,422	5,012,889	-	(1,443,045)	(322,853)	1,765,898	-
Changes in estimates that result in onerous contract losses or reversal of losses	(200,358)	143,916	-	(56,442)	600,839	(49,304)	-	551,535
Contracts initially recognised in the period	(5,889,152)	913,394	5,157,098	181,340	(5,685,808)	867,768	5,139,154	321,114
	(12,745,821)	2,700,732	10,169,987	124,898	(6,528,014)	495,611	6,905,052	872,649
Total amounts recognised in the insurance service result	(12,558,946)	1,760,148	5,300,285	(5,498,513)	(7,797,045)	(294,115)	3,102,226	(4,988,934)
Finance income / (expenses) from insurance contracts issued	2,183,689	355,471	1,571,929	4,111,089	(11,564,786)	(1,201,718)	1,122,903	(11,643,601)
Effect of exchange rate changes	801,060	23,657	72,485	897,202	(764,740)	(3,860)	(42,080)	(810,680)
Total amounts recognised in total comprehensive income	(9,574,197)	2,139,276	6,944,699	(490,222)	(20,126,571)	(1,499,693)	4,183,049	(17,443,215)
Cash flows								-
Premiums received	31,193,198	-	-	31,193,198	28,450,317	-	-	28,450,317
Claims and other directly attributable expenses paid	(20,672,852)	-	-	(20,672,852)	(20,240,011)	54	-	(20,239,957)
Insurance acquisition cash flows	(3,782,006)	-	-	(3,782,006)	(2,099,758)	-	-	(2,099,758)
Total cash flows	6,738,340	-	-	6,738,340	6,110,548	54	-	6,110,602
Net balance – (asset) / liability, end of period	71,063,394	9,682,958	38,731,277	119,477,629	73,899,251	7,543,683	31,786,578	113,229,512
Insurance contract liabilities, end of period	71,063,394	9,682,958	38,731,277	119,477,629	73,899,251	7,543,682	31,786,578	113,229,511
Net balance – (asset) / liability, end of period	71,063,394	9,682,958	38,731,277	119,477,629	73,899,251	7,543,682	31,786,578	113,229,511

13. Insurance and Resinurance Contract Assets and Liabilities (continued)

i. c) Impact of contracts recognised in the period

Long Term Insurance(Continued)

	2023			2022		
	Contract issued		Total	Contract issued		Total
Insurance contracts issued	Non-onerous	Onerous		Non-onerous	Onerous	
	$'000	$'000	$'000	$'000	$'000	$'000
Estimates of present value of future cash outflows						
Insurance acquisition cash flows	(3,770,370)	(264,316)	(4,034,686)	(3,104,105)	(514,808)	(3,618,913)
Claims and other directly attributable expenses	(14,651,960)	(1,305,608)	(15,957,568)	(14,357,997)	(3,305,390)	(17,663,387)
Estimates of present value of future cash outflows	(18,422,330)	(1,569,924)	(19,992,254)	(17,462,102)	(3,820,198)	(21,282,300)
Estimates of present value of future cash inflows	24,462,664	1,418,742	25,881,406	23,403,744	3,564,364	26,968,108
Risk adjustment for non-financial risk	(883,236)	(30,158)	(913,394)	(802,488)	(65,280)	(867,768)
CSM	(5,157,098)	-	(5,157,098)	(5,139,154)	-	(5,139,154)
Increase / (decrease) in insurance contract liabilities from contracts recognised in the period	-	(181,340)	(181,340)	-	(321,114)	(321,114)

i. d) Amounts determined on transition to IFRS 17 – The CSM by transition method

Long Term Insurance(Continued)

	2023			2022		
Insurance contracts issued	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
	$'000	$'000	$'000	$'000	$'000	$'000
CSM, beginning of period	25,866,285	5,920,293	31,786,578	23,237,920	4,365,609	27,603,529
Changes that relate to current service				-	-	-
CSM recognised in net income / (loss) for the services provided	(4,094,544)	(775,158)	(4,869,702)	(3,251,420)	(551,406)	(3,802,826)
Changes that relate to future service						
Changes in estimates that adjust the CSM	2,532,267	2,480,622	5,012,889	(268,191)	2,034,089	1,765,898
Contracts initially recognised in the period	5,157,098	-	5,157,098	5,139,154	-	5,139,154
	3,594,821	1,705,464	5,300,285	1,619,543	1,482,683	3,102,226
Finance income / (expenses) from insurance contracts issued	1,402,294	169,635	1,571,929	1,008,822	114,081	1,122,903
Effect of exchange rate changes	-	72,485	72,485	-	(42,080)	(42,080)
Total amounts recognised in total comprehensive income	4,997,115	1,947,584	6,944,699	2,628,365	1,554,684	4,183,049
CSM, end of period	30,863,400	7,867,877	38,731,277	25,866,285	5,920,293	31,786,578

13. Insurance and Resinurance Contract Assets and Liabilities (continued)

ii. a) Reconciliation of the remaining coverage and the incurred claims components

Short Term Insurance

Reinsurance contracts held Contracts measured under PAA	2023 Remaining coverage Excluding loss recovery component	2023 Incurred claims Present value of future cash flows	2023 Incurred claims Risk adjustment for non-financial risk	2023 Total	2022 Remaining coverage Excluding loss recovery component	2022 Incurred claims Present value of future cash flows	2022 Incurred claims Risk adjustment for non-financial risk	2022 Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reinsurance contract assets, beginning of period	(344,248)	450,621	5,582	111,955	(356,765)	432,294	5,810	81,339
Net balance – (asset) / liability, beginning of period	(344,248)	450,621	5,582	111,955	(356,765)	432,294	5,810	81,339
Net income / (expenses) from reinsurance contracts held								
Reinsurance expense	(754,598)	-	-	(754,598)	(558,494)	-	-	(558,494)
Other incurred directly attributable expenses	-	532,906	118	533,024	-	326,409	(228)	326,181
Net income / (expenses) from reinsurance contracts held	(754,598)	532,906	118	(221,574)	(558,494)	326,409	(228)	(232,313)
Total amounts recognised in total comprehensive income	(754,598)	532,906	118	(221,574)	(558,494)	326,409	(228)	(232,313)
Cash flows								
Premiums paid net of ceding commissions and other directly	629,202	-	-	629,202	571,011	-	-	571,011
Recoveries from reinsurance	-	(514,474)	-	(514,474)	-	(308,082)	-	(308,082)
Total cash flows	629,202	(514,474)	-	114,728	571,011	(308,082)	-	262,929
Net balance – asset / (liability), end of period	(469,644)	469,053	5,700	5,109	(344,248)	450,621	5,582	111,955
Reinsurance contract liabilities, end of period	(90,925)	19,856	(100)	(71,169)	-	-	-	-
Reinsurance contract assets, end of period	(378,719)	449,197	5,800	76,278	(344,248)	450,621	5,582	111,955
Net balance – asset / (liability), end of period	(469,644)	469,053	5,700	5,109	(344,248)	450,621	5,582	111,955

Long Term Insurance

Reinsurance contracts held Contracts not measured under PAA	2023 Remaining coverage Excluding loss recovery component	2023 Remaining coverage Loss recovery Component	2023 Incurred claims	2023 Total	2022 Remaining coverage Excluding loss recovery component	2022 Remaining coverage Loss recovery Component	2022 Incurred claims	2022 Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reinsurance contract liabilities, beginning of period	(391,792)	7,453	94,069	(290,270)	(556,116)	-	-	(556,116)
Reinsurance contract assets, beginning of period	36	-	179	215		8,742	148,175	156,917
Net balance – asset / (liability), beginning of period	(391,756)	7,453	94,248	(290,055)	(556,116)	8,742	148,175	(399,199)
Net income / (expenses) from reinsurance contracts held				-	-	-	-	-
Reinsurance expenses	(86,257)	-	-	(86,257)	(71,083)	-	-	(71,083)
Claims recovered	-	(395)	353,592	353,197	-	(2,201)	1,279	(922)
Changes that relate to future service – changes in the FCF do not adjust the CSM for the group of underlying insurance contracts	-	(6,126)	-	(6,126)	-	841	-	841
Net income / (expenses) from reinsurance contracts held	**(86,257)**	**(6,521)**	**353,592**	**260,814**	**(71,083)**	**(1,360)**	**1,279**	**(71,164)**
Finance income / (expenses) from reinsurance contracts held	128,685	78	-	128,763	61,102	71	-	61,173
Effect of exchange rate changes	-	-	-	-	(1,945)	-	-	(1,945)
Total amounts recognised in total comprehensive income	42,428	(6,443)	353,592	389,577	(11,926)	(1,289)	1,279	(11,936)
Cash flows								
Premiums paid net of ceding commissions and other directly	89,006	-	-	89,006	176,286	-	-	176,286
Recoveries from reinsurance	-	-	(106,519)	(106,519)	-	-	(55,206)	(55,206)
Total cash flows	89,006	-	(106,519)	(17,513)	176,286	-	(55,206)	121,080
Net balance – asset / (liability), end of period	(260,322)	1,010	341,321	82,009	(391,756)	7,453	94,248	(290,055)
Reinsurance contract liabilities, end of period	(204,783)	1,010	(18,957)	(222,730)	(391,792)	7,453	94,069	(290,270)
Reinsurance contract assets, end of period	(55,539)	-	360,278	304,739	36	-	179	215
Net balance – asset / (liability), end of period	**(260,322)**	**1,010**	**341,321**	**82,009**	**(391,756)**	**7,453**	**94,248**	**(290,055)**

13. Insurance and Resinurance Contract Assets and Liabilities (continued)

ii. b) Reconciliation of the measurement components of reinsurance contract balances

Long Term Insurance

Reinsurance contracts held Contracts not measured under PAA	**2023** Present value of future cash flows	**2023** Risk adjustment for non-financial risk	**2023** CSM	**2023** Total	**2022** Present value of future cash flows	**2022** Risk adjustment for non-financial risk	**2022** CSM	**2022** Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Reinsurance contract liabilities, beginning of period	(343,241)	36,732	16,239	(290,270)	(391,296)	40,879	(48,981)	(399,398)
Reinsurance contract assets, beginning of period	215	-	-	215	199		-	199
Net balance – asset / (liability), beginning of period	(343,026)	36,732	16,239	(290,055)	(391,097)	40,879	(48,981)	(399,199)
Changes that relate to current service								
CSM recognised in net income / (loss) for the services received	-	-	(10,236)	(10,236)	-	-	1,887	1,887
Change in the risk adjustment for non-financial risk for risk expired	-	(7,504)	-	(7,504)	-	(6,731)	-	(6,731)
Experience adjustments	284,679	-	-	284,679	(67,162)	-	-	(67,162)
	284,679	(7,504)	(10,236)	266,939	(67,162)	(6,731)	1,887	(72,006)
Changes that relate to future service								
Changes in estimate that adjust the CSM	(371,680)	160,858	210,822	-	(30,546)	(9,265)	39,811	-
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	6,421	14,622	(27,169)	(6,126)	3,111	1,398	(3,668)	841
Contracts initially recognised in the period	(26,436)	5,861	20,575	-	(33,149)	5,205	27,944	-
	(391,695)	181,341	204,228	(6,126)	(60,584)	(2,662)	64,087	841
Net income / (expenses) from reinsurance contracts held	(107,016)	173,837	193,992	260,813	(127,746)	(9,393)	65,974	(71,165)
Finance income / (expenses) from reinsurance contracts held	255,417	(130,349)	3,696	128,764	56,735	5,192	(754)	61,173
Effect of exchange rate changes	-	-	-	-	(1,998)	54	-	(1,944)
Total amounts recognised in total comprehensive income	148,401	43,488	197,688	389,577	(73,009)	(4,147)	65,220	(11,936)
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	89,006	-	-	89,006	176,286	-	-	176,286
Recoveries from reinsurance	(106,519)	-	-	(106,519)	(55,206)	-	-	(55,206)
Total cash flows	(17,513)	-	-	(17,513)	121,080	-	-	121,080
Net balance – asset / (liability), end of period	(212,138)	80,220	213,927	82,009	(343,026)	36,732	16,239	(290,055)
Reinsurance contract liabilities, end of period	(394,209)	57,925	113,556	(222,728)	(343,241)	36,732	16,239	(290,270)
Reinsurance contract assets, end of period	182,071	22,295	100,371	304,737	215	-	-	215
Net balance – asset / (liability), end of period	(212,138)	80,220	213,927	82,009	(343,026)	36,732	16,239	(290,055)

13. Insurance and Resinurance Contract Assets and Liabilities (continued)

Long Term Insurance

ii. c) Amounts determined on transition to IFRS 17 – The CSM by transition method

Long Term Insurance

Reinsurance contracts held	2023 New contracts and contracts measured under the full retrospective approach $'000	2023 Contracts measured under the fair value approach at transition $'000	2023 Total $'000	2022 New contracts and contracts measured under the full retrospective approach $'000	2022 Contracts measured under the fair value approach at transition $'000	2022 Total $'000
CSM, beginning of period	(39,918)	23,679	(16,239)	-	48,981	48,981
Changes that relate to current service						
CSM recognised in net income / (loss) for the services provided	8,516	1,720	10,236	2,210	(4,097)	(1,887)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(38,978)	(171,844)	(210,822)	(14,938)	(24,873)	(39,811)
Contracts initially recognised in the period	(20,575)	-	(20,575)	(27,944)	-	(27,944)
Reversal of loss-recovery component from onerous underlying		27,169	27,169	-	3,668	3,668
	(51,037)	(142,955)	(193,992)	(40,672)	(25,302)	(65,974)
Finance income / (expenses) from insurance contracts issued	(3,696)	-	(3,696)	754	-	754
Total amounts recognised in total comprehensive income	(54,733)	(142,955)	(197,688)	(39,918)	(25,302)	(65,220)
CSM, end of period	(94,651)	(119,276)	(213,927)	(39,918)	23,679	(16,239)

13. Insurance and Resinurance Contract Assets and Liabilities (continued)

iii. Liability for Incurred Claims

Summary of LIC by type of insurance

	Long term insurance	Short term insurance	Total
December 31, 2023	**$'000**	**$'000**	**$'000**
Gross LIC:			
Insurance contracts issued			
Direct participation contracts issued	2,859,005	5,583,646	8,442,651
			-
Reinsurers' share of LIC:			
Reinsurance contracts held			
	341,321	474,753	816,074
December 31, 2022			
Gross LIC:			
Insurance contracts issued			
Direct participation contracts issued	2,689,009	4,485,689	7,174,698
Reinsurers' share of LIC:			
Reinsurance contracts held	94,248	456,203	550,451

The liability for incurred claims represented by insurance lines of business is as follows:

	Gross LIC		Reinsurers' share	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Life insurance and annuity benefits	8,238,906	2,689,009	796,319	94,248
Health	203,745	4,485,689	19,754	456,203
	8,442,651	7,174,698	816,073	550,451

14. Retirement Benefits

	2023 $ '000	2022 $ '000
Retirement benefit assets -		
Pension scheme	96,121	546,030
Retirement benefit obligations -		
Other post-retirement benefits	2,342,574	1,791,903
	2,342,574	1,791,903

The Company operates a defined contribution plan for eligible sales agents and administration staff joining on or after August 1, 2009 and a defined benefit plan for eligible administrative staff before August 1, 2009. The assets are held in a trust fund and are separate and apart from the assets of the Company. The defined benefits for the staff are based on service and salary, whereas the benefits for agents are based on contributions and interest.
The solvency level (the ratio of assets to past service liabilities) as at the last triennial funding valuation (2021) was 108%.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. In absence of guidance from the regulator, the actuaries have agreed on a minimum employer contribution rate of 0.50% of payroll per annum where plan rules do not specify a minimum.

The Trustees of the pension schemes ensure that benefits are funded, benefits are paid, and that assets are invested to maximise returns subject to acceptable investment risks while considering the liability profile.

Any plan surplus or funding deficiency for the defined benefits plans as determined by independent actuaries annually using the Projected Unit Credit Method are absorbed by the Company.

(a) Pension schemes

The amounts recognised in the statement of financial position are determined as follows:

	2023 $ '000	2022 $ '000
Present value of funded obligations	19,853,694	17,350,296
Fair value of plan assets	(19,949,815)	(18,551,494)
Surplus of funded plan	(96,121)	(1,201,198)
Unrecognised Asset due to Asset Ceiling	-	655,168
Asset in the statement of financial position	(96,121)	(546,030)

Movement in the minimum funding requirement/asset ceiling recognised in the statement of financial position:

	2023 $ '000	2022 $ '000
Balance at start of year	655,168	-
Interest income on assets	85,172	-
Re-measurement: Losses from changes in experience	(740,340)	655,168
Net (losses)/gains recognised in other comprehensive income	(655,168)	655,168
Balance, end of year	-	655,168

Movement in the present value of the defined benefit obligations recognised in the statement of financial position is as follows:

	2023 $ '000	2022 $ '000
Liability at beginning of year	17,350,296	21,525,417
Current service cost	421,937	481,941
Interest cost	2,106,769	1,600,183
Net expense recognised in income	2,528,706	2,082,124
Re-measurement:		
Losses/(Gains) from changes in financial assumptions	1,682,483	(4,712,747)
Gains from changes in experience	(1,165,227)	(1,134,180)
Net losses/ (gains) recognised in OCI	517,256	(5,846,927)
Contributions by the members	668,003	633,945
Value of purchased annuities	357,161	354,393
Benefits paid	(1,567,728)	(1,398,656)
Net liability, end of year	19,853,694	17,350,296

14. Retirement Benefits (Continued)

(a) Pension schemes (Continued)

Movement in the fair value of plan assets recognised in the statement of financial position:

	2023 $ '000	2022 $ '000
Opening balance	18,551,494	20,592,172
Contributions made by the Employer	440,621	411,833
Contributions by the members	668,003	633,945
Value of purchased annuities	357,161	354,393
Benefits paid	(1,567,728)	(1,398,656)
Interest income on plan assets	2,337,928	1,572,737
Re-measurement:		
Gains/(Losses) from changes in financial assumptions	660,202	(1,626,034)
Losses from changes in experience	(1,497,866)	(1,988,896)
Net gains/ (losses) recognised in OCI	1,398,321	(3,614,930)
Balance, end of year	19,949,815	18,551,494

The amounts recognised in the income statements as follows:

	2023 $ '000	2022 $ '000
Current service cost	421,937	481,941
Interest cost on plan obligations	2,106,769	1,600,183
Interest income on plan assets	(2,337,928)	(1,572,737)
Interest on Effect of the Asset Ceiling	85,172	-
Total, included in staff cost (Note 32(a))	275,950	509,387

The amounts recognised in OCI (Note 33(c) is as follows:

	2023 $ '000	2022 $ '000
Change in financial assumptions	1,022,281	(3,086,713)
Interest income on plan assets	332,639	854,716
Change in Effect of Asset Ceiling	(740,340)	655,167
	614,580	(1,576,830)
Deferred tax	(153,645)	394,208
	460,935	(1,182,622)

The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate J$ Benefits	11.0%	13.0%
Discount rate - US$ Indexed Benefits	7.5%	10.0%
Inflation	6.0%	5.5%
Expected return on plan assets	11.5%	13.0%
Future salary increases	9.5%	9.5%
Future pension increases	0.5%	50.0%
Average expected remaining working lives (years)	13	13

Pension plan assets are comprised as follows:

	2023		2022	
	$ '000	%	$ '000	%
Equities	4,455,141	22	5,190,806	28
Mortgages and real estate	3,259,970	16	3,038,804	16
Money market fund	310,151	2	77,150	0
Fixed income fund	1,935,165	10	1,449,950	8
Foreign currency fund	1,928,029	10	2,008,946	11
Global market fund	550,910	3	543,167	3
Inflation-linked	2,147,140	11	1,732,142	9
	14,586,506	74	14,040,965	75
Value of purchased annuities	5,363,309	26	4,510,529	25
	19,949,815	100	18,551,494	100

14. Retirement Benefits (Continued)

(a) Pension schemes (Continued)

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

(b) Other post-retirement benefits

In addition to pension benefits, the Company offers retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The amounts recognised in the statement of financial position are determined as follows:

	2023 $ '000	2022 $ '000
Present value of unfunded obligations	2,638,739	2,053,997
Fair value of plan assets	(296,165)	(262,094)
Liability in the statement of financial position	2,342,574	1,791,903

Movement in the amounts recognised in the statement of financial position:

	2023 $ '000	2022 $ '000
Liability at beginning of year	2,053,997	3,112,913
Current service cost	36,718	73,637
Interest cost	260,383	245,061
Net expense recognised in income	297,101	318,698
Re-measurement:		
Losses/(Gains) from changes in financial assumptions	356,859	(1,430,142)
Losses from changes in experience	36,102	153,781
Net losses/ (gains) recognised in OCI	392,961	(1,276,361)
Benefits paid	(105,320)	(101,253)
Liability at the end of the year	2,638,739	2,053,997

The amounts recognised in the income statement are as follows:

	2023 $ '000	2022 $ '000
Current service cost	36,718	73,637
Interest cost on plan obligation	260,383	245,061
Interest income on plan assets	(34,071)	(19,414)
Total, included in staff cost (Note 32(a))	263,030	299,284

The amounts recognised in OCI are as follows:

	2023 $ '000	2022 $ '000
Change in financial assumptions	356,859	(1,430,142)
Interest income on plan assets	36,102	153,781
	392,961	(1,276,361)
Deferred tax	(98,240)	319,090
	294,721	(957,271)

The principal actuarial assumption used was as follows:

	2023	2022
Rate of medical inflation	9.00%	8.50%

14. Retirement Benefits (Continued)

(b) Other post-retirement benefits (Continued)

Movement in the fair value of plan assets recognised in the statement of financial position:

	2023 $ '000	2022 $ '000
Balance, as previously reported	262,094	242,680
Interest income on plan assets	34,071	19,414
Balance, end of year	296,165	262,094

(c) Plan risks

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks. The Company does not use derivatives to manage its plan risks. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. The Company has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

(i) Investment risk
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform this yield, this will create a deficit.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term assets with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

(ii) Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liability, although this will be partially offset by an increase in the return on plan's assets which are linked to debt investment.

(iii) Salary risk
The present value of the plan liabilities is calculated in reference to the future salaries of members. Therefore, an increase in the salary of members will increase the plan's liability.

(iv) Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(d) Sensitivity tests

(i) The effect of a 1% increase/decrease in the medical inflation rate assumption:

2023		2022	
Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%
Increase/ (Decrease) in Health & Life benefits $ '000	Increase/ (Decrease) in Health & Life $ '000	Increase/ (Decrease) in Health & Life benefits $ '000	Increase/ (Decrease) in Health & Life benefits $ '000
(258,946)	312,323	(180,000)	214,000

14. Retirement Benefits (Continued)

(d) Sensitivity tests (Continued)

(ii) Impact of a 1% increase/decrease in the discount rate assumption:

2023		2022	
Decrease by 1% Increase/ (Decrease) in Pension benefits $ '000	Decrease by 1% Increase/ (Decrease) in Health & Life benefits $ '000	Decrease by 1% Increase/ (Decrease) in Pension benefits $ '000	Decrease by 1% Increase/ (Decrease) in Health & Life benefits $ '000
735,391	345,550	448,000	235,000

2023		2022	
Increase by 1% Increase/ (Decrease) in Pension benefits $ '000	Increase by 1% Increase/ (Decrease) in Health & Life benefits $ '000	Increase by 1% Increase/ (Decrease) in Pension benefits $ '000	Increase by 1% Increase/ (Decrease) in Health & Life benefits $ '000
(589,105)	(283,606)	(371,000)	(196,000)

(iii) Impact of a 1% increase/decrease in future salary increases:

2023		2022	
Decrease by 1% Increase/ (Decrease) in Pension benefits $ '000	Decrease by 1% Increase/ (Decrease) in Health & Life benefits $ '000	Decrease by 1% Increase/ (Decrease) in Pension benefits $ '000	Decrease by 1% Increase/ (Decrease) in Health & Life benefits $ '000
(221,100)	(13,347)	(142,000)	(10,000)

2023		2022	
Increase by 1% Increase/ (Decrease) in Pension benefits $ '000	Increase by 1% Increase/ (Decrease) in Health & Life benefits $ '000	Increase by 1% Increase/ (Decrease) in Pension benefits $ '000	Increase by 1% Increase/ (Decrease) in Health & Life benefits $ '000
250,480	15,222	159,000	12,000

14. Retirement Benefits (Continued)

(d) Sensitivity tests (Continued)

(iv) Impact of a .5% (2022 - .5%) increase/decrease in future pension increases:

2023		2022	
Decrease by .5% Increase/ (Decrease) in Pension benefits $ '000	Increase by .5% Increase/ (Decrease) in Pension benefits $ '000	Decrease by .5% Increase/ (Decrease) in Pension benefits $ '000	Increase by .5% Increase/ (Decrease) in Pension benefits $ '000
(622,734)	662,501	(481,000)	509,000

(v) Impact of a 1-year change in life expectancy:

2023		2022	
Decrease by 1-year Increase/ (Decrease) in Pension benefits $ '000	Decrease by 1 year Increase/ (Decrease) in Health & Life $ '000	Decrease by 1-year Increase/ (Decrease) in Pension benefits $ '000	Decrease by 1 year Increase/ (Decrease) in Health & Life benefits $ '000
(54,583)	(78,466)	(31,000)	(53,000)

2023		2022	
Increase by 1-year Increase/ (Decrease) in Pension benefits $ '000	Increase by 1 year Increase/ (Decrease) in Health & Life $ '000	Increase by 1-year Increase/ (Decrease) in Pension benefits $ '000	Increase by 1 year Increase/ (Decrease) in Health & Life benefits $ '000
52,422	78,237	29,000	52,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2023 consists of bonds and equities.

The weighted average duration of the defined benefit obligation is 30 years (2022 – 30 years).

15. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 25% (2022 - 25%) for the Company.

Deferred tax assets and liabilities, net recognized on the statement of financial position are as follows:

	2023	2022
	$ '000	$ '000
Deferred income tax assets, net	(4,686,768)	(506,442)

Deferred tax assets and liabilities recognised on the statement of financial position, prior to offsetting, are as follows:

	2023	2022
	$ '000	$ '000
Deferred income tax assets	(5,023,066)	(778,162)
Deferred income tax liabilities	336,298	271,720
	(4,686,768)	(506,442)

The amounts shown in the statement of financial position included the following:

	2023	2022
	$ '000	$ '000
Deferred tax assets to be recovered after more than 12 months	(651,605)	(803,334)

The movement on the deferred income tax account is as follows:

	2023	2022
	$ '000	$ '000
Balance as at 1 January	(506,442)	(631,895)
Tax Impact of initial application of IFRS 17 (a)	(3,895,484)	-
Tax credited to the income statement (Note 33(a))	(101,678)	(376,194)
Tax (credited)/charged to components in OCI (Note 33(c))	(183,164)	501,647
Balance as at 31 December	(4,686,768)	(506,442)

	Property, plant and equipment	Fair value gains	Unused Tax Losses	Unrealised foreign exchange gains	Post-employment benefits	Other	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
At January 1, 2022	103,689	490,230		(299,965)	(950,873)	25,024	(631,895)
(Credited)/Charged to income statement	(13,880)	(417,999)		13	(73,894)	129,566	(376,194)
(Credited)/Charged to OCI	7,984	(220,570)			713,298	935	501,647
At December 31, 2022	97,793	(148,339)	-	(299,952)	(311,469)	155,525	(506,442)
Tax Impact of initial application of IFRS 17 (a)			(3,895,484)				(3,895,484)
At December 31, 2022	97,793	(148,339)	(3,895,484)	(299,952)	(311,469)	155,525	(4,401,926)
(Credited)/Charged to income statement	(9,274)	(119,005)	-	(50,415)	1,740	75,276	(101,678)
(Credited)/Charged to OCI	16,978	51,743	-		(251,885)	-	(183,164)
At December 31, 2023	105,497	(215,601)	(3,895,484)	(350,367)	(561,614)	230,801	(4,686,768)

Deferred income tax assets and liabilities are attributable to the following items:

	2023	2022
	$ '000	$ '000
Deferred income tax assets -		
Unrealised foreign exchange	(350,367)	(299,952)
Tax losses unutilised (a)	(3,895,484)	-
Post-employment benefits	(561,614)	(311,469)
Fair Value Gains	(215,601)	(148,336)
Other	-	(18,405)
	(5,023,066)	(778,162)
Deferred income tax liabilities -		
Property, plant and equipment	105,497	97,793
Other	230,801	173,927
	336,298	271,720
	(4,686,768)	(506,442)

(a) The measurement of revenue and the ultimate determination of profits under IFRS 17, will result in profits recorded in prior periods being subject to corporation tax twice. To address this, a “tax transitional amount” was determined as the difference between retained earnings under IFRS 4 and the restated amount. Deferred income tax was recorded on the amount.

16. Related Party Balances and Transactions

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

Related companies include its subsidiary, the ultimate parent company, parent company and fellow subsidiaries. Related parties include directors, key management and companies for which the Company and its parent company provide management services. Related parties also include the PIF and other managed funds.

(a) The statement of financial position includes the following balances with related parties and companies:

	2023 $ '000	2022 $ '000
Due from related parties -		
Ultimate parent company	105,990	61,585
Parent company	4,701,963	3,672,614
Fellow subsidiaries	37,274	5,873
Other managed funds	268,173	41,173
	5,113,400	3,781,245

	2023 $ '000	2022 $ '000
Due to related companies -		
Parent company	99,488	150,654
Other related companies	55,441	27,514
Other managed funds	219,434	136,313
	374,363	314,481

	2023 $ '000	2022 $ '000
Loans and Financial Investments-		
Promissory Note with Parent	10,377,808	10,174,613
Loans with subsidiary	58,282	58,281
Short term deposits	1,523	1,523
Securities purchased under resale agreements with Sagicor Investment Jamaica Limited	2,472,519	2,708,753
Sagicor Select Funds Units	53,837	56,747
Sagicor Sigma Global Funds Units	28,759,307	28,623,520
	41,723,276	41,623,437

16 Related Party Balances and Transactions (Continued)

(b) The following arose from transactions with related parties and companies during the year:

	2023 $ '000	2022 $ '000
Parent company -		
Management fees	2,654,748	2,213,251
Investment income	223,096	212,875
Ultimate Parent company -		
Shared services fees	151,813	67,931
Fellow subsidiaries -		
Investment income	240,531	231,674
Administration fee income	50,679	45,135
Commission Expense	124,628	108,111
Sagicor Pooled Investment Funds -		
Management fee income	1,274,187	1,355,404
Administration fee income	98,412	88,849
Other related parties -		
Sagicor Sigma Global Funds administration fee income	1,473,942	1,410,058
Lease expense	614,923	517,473
Lease interest expense	56,086	71,476
Other administration fee income	22,934	
Self-Directed Funds management fee income	224,565	226,704
Key management compensation -		
Salaries and other short-term benefits	666,642	635,946
Share based payments	213,200	213,486
Contributions to pensions and insurance schemes	31,499	28,489
	911,341	877,921
Directors' emoluments -		
Fees	41,353	27,239
Other expenses	-	12
Management remuneration (included above)	271,781	316,938
	313,134	344,189

17. Other Assets

	2023 $ '000	2022 $ '000
Due from sales representatives	713,683	581,615
Real estate developed for resale – (i)	4,280,587	3,874,229
Due from related parties (Note 16(a))	5,113,400	3,781,245
Service contract assets		
Due from Government Employees Administrative Scheme Only Fund, Government Pensioners Administrative Scheme Only Fund and Other ASO	216,660	225,232
Prepayments	1,291,507	1,085,368
Other receivables	315,309	104,719
	11,931,146	9,652,408
Provision against doubtful receivables	(7,737)	(7,737)
	11,923,409	9,644,671

Of the carrying amount, $4,280,587,000 (2022 - $3,962,106,000) is expected to be recovered after more than twelve months after the financial year end. The remaining balance is expected to be recovered less than twelve months after the financial year end.

(i) Real estate developed for sale relates to the construction of residential and commercial complexes.

18. Share Capital

	2023 $ '000	2022 $ '000
Authorised		
13,598,340,000 (2022 – 13,598,340,000)		
Ordinary shares		
Issued and fully paid:		
3,760,991,782 (2022 – 3,760,991,782)		
Ordinary shares at no par	7,854,938	7,854,938

19. Equity Reserves

	Note	Investment and Fair Value Reserves		Other Reserves		
		Owner occupied properties fair value reserve	Fair value reserves (FVTOCI)	Capital redemption reserve	Special investment reserve	Total
		$'000	$'000	$'000	$'000	$'000
Balance, December 31, 2021, as previously reported		1,818,671	(389,965)	2,675	390,640	1,822,021
Impact of application of IFRS 9 policy choices as a result of IFRS 17 implementation		-	(124,000)	-	-	(124,000)
Restated Balance at January 1, 2022		1,818,671	(513,965)	2,675	390,640	1,698,021
Net gains recycled to revenue on disposal and maturity of FVTOCI securities		-	12,403	-	-	12,403
Net unrealized losses on FVTOCI securities		-	(881,630)	-	-	(881,630)
Provision for expected credit losses- IFRS 9 on FVTOCI securities		-	3,124	-	-	3,124
Unrealized gains on revaluation of owner-occupied properties		191,954		-	-	191,954
Deferred tax on unrealized capital (losses)/ gains		(7,984)	220,890	-	-	212,906
Total comprehensive income for the year		183,970	(645,213)	-	-	(461,243)
Transfers between reserves -						
To special investment reserve	2(o)	-	-	-	35,706	35,706
Total transfers between reserves		-	-	-	35,706	35,706
Restated Balance at December 31, 2022		2,002,641	(1,159,178)	2,675	426,346	1,272,484
Net gains recycled to revenue on disposal and maturity of FVTOCI securities		-	33,938	-	-	33,938
Net unrealized gains on FVTOCI securities		-	194,690	-	-	194,690
Provision for expected credit losses- IFRS 9 on FVTOCI securities		-	(6,821)	-	-	(6,821)
Unrealized gains on revaluation of owner-occupied properties		432,828	-	-	-	432,828
Deferred tax on unrealized capital gains		(16,978)	(51,743)	-	-	(68,721)
Total comprehensive income for the year		415,850	170,064	-	-	585,914
Transfers between reserves -						
To special investment reserve		-	-	-	49,936	49,936
Total transfers between reserves		-	-	-	49,936	49,936
Balance at December 31, 2023		2,418,491	(989,114)	2,675	476,282	1,908,334

The Investment and Fair Value Reserve represents the unrealised surplus or deficit on the re-measurement of securities classified as FVOTCI and the revaluation of property, plant and equipment. The reserves also include ECL's recognized and reversed on disposal and sale of investments and an adjustment for gains or losses on FVTOCI securities which have matured or have been disposed of. They also include actuarial liabilities recognized in OCI.

The Special Investment Reserve represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001 Note 2(o).

20. Stock Options

Long-term incentive plan

The Company offers a Long-Term Incentive (LTI) plan to senior executives. Under the LTI plan, executives are entitled but not obliged to purchase the Sagicor Group Jamaica Limited stock at a pre-specified price at some future date. The options are granted each year on the date of the Board of Directors Human Resources Committee meeting following the performance year at which the stock option awards are approved. Stock options vest in 4 equal instalments beginning the first December 31 following the grant date and for the next three December 31st dates thereafter (25% per year). Options are not exercisable after the expiration of 7 years from the date of grant. The number of stock options in each stock option award is calculated based on the LTI opportunity via stock options (percentage of applicable salary) divided by the Black-Scholes value of a stock option of Sagicor Group Jamaica Limited stock on 31 March of the measurement year. The exercise price of the options is the closing bid price on 31 March of the measurement year.

Details of the combined share options outstanding are as follows:

		2023		2022	
		Options (thousands)	Weighted Average exercise price in $ per share	Options (thousands)	Weighted Average exercise price in $ per share
At beginning of year		7,982	40.61	7,638	35.21
Granted	-2023				
	-2022	1,996	57.44	1,964	51.88
Expired		(371)	42.27		
Exercised		(282)	17.48	(1,620)	28.81
At end of year		9,325	44.85	7,982	40.61
Exercisable at the end of the period		6,151	38.30	5,212	38.96

Stock options outstanding at the end of the year for the company have the following expiry dates and exercise prices:

Expiry Date	2023 $ '000	Exercise Price	2022 $ '000	Exercise Price
March 2023	-	10.49	210	10.49
March 2024	292	23.65	296	23.65
March 2025	782	34.10	788	34.10
March 2026	1,339	36.45	1,398	36.45
March 2027	1,678	39.99	1,784	39.99
March 2028	1,523	52.40	1,569	52.40
'March 2029	1,807	51.88	1,936	51.88
'March 2030	1,903	57.44		
	9,324	44.85	7,981	40.61

For options outstanding at the end of the year, exercise prices range from $23.65 to $57.44 (2022 - $10.49 to $51.88). The remaining contractual terms range from 3 months to 7 years (2022 – 3 months to 7 years).

The weighted average share price for options exercised during the year was $17.48 (2022 - $28.81) and the cost of these options was $4,929,360 (2022 - $3,580,000).

The stock options reserve balance at the year-end represents the accumulated fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares. The fair value of the options granted during the year as determined using the Black-Scholes valuation model was $34,750,360. The significant inputs into the model were:

	2023	2022
Share Price	$ 52.90	$ 57.44
Dividend Yield	2.38%	2.71%
Standard Deviation	28%	29%
Risk Free ratio	6.30%	5.40%
Expected Volatility period	7 years	7 years

The Company recognized cumulative expenses of $28,435,742 in the Stock Option (2022 - $53,694,000) and share options expense of $28,053,709 (2022 - $26,250,000) in the income statement.

20. Stock Options (Continued)

Long-term incentive plan (Continued)

In 2022, the Sagicor Group Jamaica Board HR & Compensation Committee approved the amendment to the termination rules in the Sagicor Group Jamaica LTI Plan to conform with those in the SFC Plan. This amendment relates to the Accelerated Vesting under certain circumstances.

The Company also has in place a share purchase plan which enables its administrative and sales staff to purchase a pool of Sagicor Group Jamaica Limited shares at a predetermined discount rate of the closing bid price on December 31 each year. During 2023, the Staff Share Purchase Plan Trust purchased 3,000,000 shares(2022 – nil) shares over the Stock Exchange for a total value of $nil (2022 - nil). At the point at which the shares are transferred to staff, the Subsidiary Companies recognize their share of the cost of those shares in the income statement.

21. Investment and Fair Value Reserve

This represents the unrealised surplus or deficit on the re-measurement of securities classified as FVOTCI and the revaluation of property, plant and equipment. The reserves also include ECL's recognized and reversed on disposal and sale of investments and an adjustment for gains or losses on FVTOCI securities which have matured or have been disposed of. An analysis of the investment and fair value reserves is as follows:

	2023 $ '000	2022 $ '000
Unrealised gains on owner-occupied properties	2,418,491	2,002,641
Unrealised gains on FVTOCI securities	(989,114)	(1,159,178)
	1,429,377	843,463

22. Other Reserves

Special Investment Reserve
This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001 (Note 2 (o)).

23. Dividends Declared

	2023 $ '000	2022 $ '000
First interim dividend – 0.24 cents per share (2022 – Nil per share)	900,000	-
Second interim dividend – 0.24 cents per share (2022 – Nil per share)	900,000	-
	1,800,000	-

Dividends represented a dividend per stock unit of $0.48 (2022 $Nil).

24. Due to Banks and Other Financial Institutions

	Interest Rate %	Maturity Period	2023 $ '000	2022 $ '000
Long term loans:				
National Housing Trust	various	various	299,571	215,697
Bank overdraft:				
Sagicor Bank Jamaica Limited	48%	2023	317,416	485,724
			616,987	701,421

The current portion of the Due to Banks and other Financial Liabilities is disclosed under Note 38(c) (ii).

a) *National Housing Trust (NHT)*
This is a third-party financing agreement between the company and the National Housing Trust and attracts interest rates ranging from 0.0% to 2%.

b) *Bank Overdrafts*
The bank overdraft balance represents book overdraft at year end. The actual balances at bank were positive at year end.

25. Other Liabilities

	2023 $ '000	2022 $ '000
Accounts payable and accruals	594,380	433,794
Dividends payable	71,416	73,638
Due to related parties (Note 16)	374,363	314,481
Premiums not applied	3,480,570	3,362,275
Mortgage principal and real estate payables	643,379	248,604
Staff related payables and Statutory payables	1,773,819	1,065,466
Cheques issued but uncashed	286,395	252,133
Miscellaneous	797,744	495,855
	8,022,066	6,246,246

Of the carrying amount, nil (2022 - $66,812,000) is expected to be settled after more than twelve months after the financial year end. The remaining balance is expected to be settled less than twelve months after the financial year end.

26. Investment Contract Liabilities

	2023 $ '000	2022 $ '000
Amortised cost -		
Amounts on deposit	14,710,787	13,867,416
Deposit administration fund	1,500,042	1,441,571
Other investment contracts	134,875	117,595
	16,345,704	15,426,582

The current portion of Financial Instruments disclosed under Note 38(c) (ii).

The fair value of financial liabilities at amortised cost is based on a discounted cash flow valuation technique. This discount rate is determined by current market assessment of the time value of money and risk specific to the liability.

27. Insurance Revenue and Service Expenses

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held, for 2023 and 2022, is included in the following tables.

Additional information on amounts recognised in the statement of income and OCI is included in the insurance contract balances reconciliations in Note 13.

(a)

	2023 $ '000	2022 $ '000
Insurance revenue		
Contracts not measured under the PAA		
Amounts relating to the changes in the LRC:		
Expected incurred claims and other directly attributable expenses after loss	9,459,541	8,981,178
Change in the risk adjustment for non-financial risk for the risk expired after loss	940,584	789,726
CSM recognised in profit or loss for the services provided	4,869,702	3,802,826
Insurance acquisition cash flows recovery	577,321	151,675
Insurance revenue for contracts not measured under the PAA	15,847,148	13,725,405
Insurance revenue from contracts measured under the PAA	20,234,874	17,701,185
Total insurance revenue	36,082,022	31,426,590
Insurance service expenses		
Incurred claims and other directly attributable expenses	(27,299,629)	(24,077,756)
Losses on onerous contracts and reversal of those losses	(124,898)	(872,648)
Insurance acquisition cash flows amortisation	(2,787,163)	(2,089,862)
Total insurance service expenses	(30,211,690)	(27,040,266)
Net income / (expenses) from reinsurance contracts held		
Reinsurance expenses – contracts not measured under the PAA		
Amounts relating to the changes in the remaining coverage:		
Change in the risk adjustment recognised for the risk expired	(7,504)	(6,731)
Experience adjustments	284,679	(67,162)
CSM recognised for the services received	(10,236)	1,887
Reinsurance expenses – contracts not measured under the PAA	266,939	(72,006)
Reinsurance expenses – contracts measured under the PAA	(754,598)	(558,494)
Other incurred directly attributable expenses	533,024	326,181
Changes that relate to future service – changes in the FCF that do not adjust the CSM	(6,126)	841
Total net income / (expenses) from reinsurance contracts held	39,239	(303,478)
Total insurance service result	5,909,571	4,082,846

(b) Amounts determined on transition to IFRS 17

For insurance contracts not measured under the PAA, an analysis of the related CSM by transition method is included below:

INSURANCE CONTRACTS ISSUED	2023 $ '000	2022 $ '000
Insurance revenue		
New contracts and contracts measured under the full retrospective approach at	8,215,223	6,640,131
Contracts measured under the fair value approach at transition	7,631,925	7,085,274
CSM, end of year		
New contracts and contracts measured under the full retrospective approach at	30,863,400	25,866,285
Contracts measured under the fair value approach at transition	7,867,877	5,920,293
	38,731,277	31,786,578
REINSURANCE CONTRACTS HELD		
CSM, end of year		
New contracts and contracts measured under the full retrospective approach at	(94,651)	(39,918)
Contracts measured under the fair value approach at transition	(119,276)	23,679
	(213,927)	(16,239)

27 Insurance Revenue and Service Expenses (Continued)

(c) Expected recognition of the contractual service margin

The following tables summarise the expected recognition of the contractual service margin based on the estimate of the CSM using

	2023 $ '000	2022 $ '000
INSURANCE CONTRACTS ISSUED		
Contracts not measured under the PAA		
Number of years until expected to be recognised		
1	3,233,497	2,621,705
2	2,716,525	2,429,284
3	2,320,523	2,267,773
4	2,022,609	2,132,034
5	1,803,903	2,011,945
6-10	7,029,532	8,524,747
>10	19,604,688	11,799,090
Total	38,731,277	31,786,578

	2023 $ '000	2022 $ '000
REINSURANCE CONTRACTS HELD		
Contracts not measured under the PAA		
Number of years until expected to be recognised		
1	4,554	1,837
2	7,133	4,115
3	5,369	3,613
4	4,279	3,216
5	3,620	3,024
6-10	16,415	434
>10	172,557	-
Total	213,927	16,239

28. Total Investment Income and Net Insurance Finance Result

	2023	2023	2023
	Amortized cost assets	**FVTOCI assets**	**Total**
	$ '000	**$ '000**	**$ '000**
Interest income -			
Debt securities	193,594	355,139	548,733
Mortgage loans	302,845	-	302,845
Securities purchased for re-sale	150,036	-	150,036
Deposit	503,941	-	503,941
Total Interest Income	1,150,416	355,139	1,505,555
Net gain on de-recognition of financial assets measured at FVTOCI			18,915
			1,524,470
FVTPL investments			
Interest income			8,189,891
Dividend income			138,137
Unrealised gain on financial assets			1,140,419
Net gain on de-recognition of financial assets			546,932
			10,015,379
Investment properties:			
Appreciation on investment properties			178,000
Net Rental income			58,052
			236,052
Other investment income and expense:			
Other direct investment expense			(15,175)
Income earned and capital gain from assets measured at FVTPL and other investment			10,236,256
Total Investment Income			11,760,726
Interest expense -			
Investment contracts			(703,609)
Due to banks and other financial institutions			(4,614)
Lease liabilities			(56,086)
			(764,309)
Expected credit loss			53,493
Net investment income			11,049,910

28. Total Investment Income and Net Insurance Finance Result (Continued)

	2022 Amortized cost assets $ '000	2022 FVTOCI assets $ '000	2022 Total $ '000
Interest income -			
Debt securities	158,137	321,038	479,175
Mortgage loans	232,652	-	232,652
Securities purchased for re-sale	232,359	-	232,359
Deposit	25,593	-	25,593
	648,741	321,038	969,779
Net loss on de-recognition of financial assets measured at FVTOCI			(5,695)
Net gain on de-recognition of financial assets measured at amortised cost			579,058
			1,543,142
FVTPL investments			
Interest income			7,717,840
Dividend income			181,156
Unrealised losses on financial assets			(15,178,479)
Net losses on de-recognition of financial assets			(6,441)
			(7,285,924)
Investment properties:			
Unrealised gains			224,180
Net Rental income			52,279
			276,459
Income earned and capital losses from assets measured at FVTPL and other investment income			(7,009,465)
Total investment loss			(5,466,323)
Interest expense -			
Investment contracts			(650,313)
Due to banks and other financial institutions			(1,821)
Lease liabilities			(71,475)
			(723,609)
Expected credit losses			(57,664)
Net investment loss			(6,247,596)

28. Total Investment Income and Net Insurance Finance Result (Continued)

An analysis of net investment income and net insurance finance expenses is presented in the following tables:

	2023 $ '000	2022 $ '000
Net investment income / (expenses) – Underlying assets (a)		
Interest income earned from financial assets measured at amortised cost and FVTOCI	702,128	760,123
Net gain on de-recognition of financial assets measured at FVTOCI	95,067	-
Interest income earned and capital net gain/ (loss) from assets measured at FVTPL and other investment income	9,302,797	(6,560,768)
Net credit impairment gain/ (loss)	515	(3,611)
Net investment gains / (losses) – Underlying assets	**10,100,507**	**(5,804,256)**
Net investment income / (expenses) – Other investments		
Gain on derecognition of amortised cost investments	-	579,058
Losses on derecognition of assets carried at FVTOCI	(76,152)	(5,695)
Interest income earned from financial assets measured at amortised cost and FVTOCI	803,427	209,656
Net gain/ (losses) on FVTPL investments	712,582	(725,156)
Net credit impairment gain / (loss)	52,978	(54,053)
Net investment income / (expenses) – Other investments	**1,492,835**	**3,810**

(a) Underlying assets are those directly related to the insurance portfolio.

	2023 $ '000	2022 $ '000
Net investment income – Other		
Investment property – rental income	58,052	52,279
Investment property – unrealised gains	178,000	224,180
Net investment income – Other	236,052	276,459
Total net investment income / (expenses)	**11,829,394**	**(5,523,987)**
Finance (expenses)/ income from insurance contracts issued		
Changes in fair value of underlying assets of contracts measured under the VFA	(647,655)	2,450,521
Interest accreted	(3,239,243)	(2,647,807)
Effect of changes in interest rates and other financial assumptions	(224,190)	11,840,888
	(4,111,088)	11,643,602
Finance (expenses) / income from reinsurance contracts held		
Interest accreted	110	(3,304)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	128,653	64,477
	128,763	61,173
Net insurance finance	(3,982,325)	11,704,775
Summary of the amounts recognised in the statement of income		
Net investment income / (expenses) – Underlying assets (a)	10,100,507	(5,804,256)
Net investment income / (expenses) – Other investments	1,492,835	3,810
Net investment income – Other	236,052	276,459
Net insurance finance (expense)/ income	(3,982,325)	11,704,775
	7,847,069	6,180,788

29. Fee and Other Income

	2023 $ '000	2022 $ '000
Administration fees	1,645,967	1,498,907
Management fees	1,498,752	1,582,108
	3,144,719	3,081,015
Other:		
Foreign exchange (losses)/ gains	(131,758)	219,789
Gains on Real Estate Developed for Resale (i)	-	416,586
Other operating income	712,708	1,171,852
	3,725,669	4,889,242

(i) The net gains on the disposal of real estate developed for resale is as follows:

Sales Proceeds	-	1,516,203
Cost to Develop Real Estate Sold	-	(1,099,617)
	-	416,586

30. Finance Costs

Finance costs represent interest costs incurred on loans used for business development.

31. Restatements

Effective 1 January 2023, IFRS 17 replaced IFRS 4 Insurance Contracts, materially changing the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements.

(1) Change in Accounting Policies
Refer to Note 2 (q) for the accounting policies under IFRS 17.

(2) Transition Approach
In accordance with the transition requirements of IFRS 17, the Company has restated its financial statements, and is therefore presenting:

i) An opening Statement of Financial Position as at 31 December 2021, the date of transition to IFRS 17. Differences between the carrying value of assets, liabilities and equity previously recorded and those under IFRS 17 were recorded in Retained Earnings.

ii) Statement of Financial Position, Income Statement, Statement of Comprehensive Income and Cash Flows as previously reported under IFRS 4 and the restated position under IFRS 17.

(3) Redesignation of Financial Assets
The Company has elected to designate the financial assets, previously held at amortised cost and fair value through OCI (FVTOCI), as Fair Value through Profit and Loss (FVTPL). IFRS 9 – Financial instruments ("IFRS 9") was previously implemented by the Company on January 1, 2018. The Company has restated prior periods to reflect changes in designation of its financial assets held in respect of activities connected with contracts within the scope of IFRS 17 effective January 1, 2022. The Company was not required to restate prior periods and the re-statement of assets presents certain challenges. The Company decided to restate prior periods using a simplified method, ignoring the effect of assets derecognised during the year ended 31 December 2022. The Company recognised the difference between the previous carrying amount and the carrying amounts of those financial assets at 1 January 2022 as an adjustment to Retained Earnings.

(4) Presentation
Several assets and liabilities experienced no change to their measurement but have been moved to other areas of the financial statements, including:

i) Premiums Receivable, Policy Loans and Other Policy Liabilities and amounts in Other Assets and Other Liabilities directly related to the insurance portfolios were reclassified to insurance contract liabilities under IFRS 17 with no remeasurement and no impact to equity.

ii) Due to/from Reinsurers – Due to/from Reinsurers have now been reclassified to reinsurance contract assets/liabilities as they are related to reinsurance contracts.

(5) Deferred Income Tax
Deferred tax adjustments were recorded on the FVTPL gains/losses on securities reclassified from OCI and AC to FVTPL.

The details of restatements as a result of the adoption of IFRS 17 and related changes to IFRS 9 are detailed in the sections below.

31. Restatements Continued

(a) STATEMENT OF FINANCIAL POSITION

	January 1, 2022 As previously stated	Adjustments IFRS 9 & 17 adjustments[1]	January 1, 2022 Restated
	$'000	$'000	$'000
ASSETS			
Financial investments (b)	154,464,400	15,806,210	170,270,610
Reinsurance contract assets	535,924	(535,924)	-
Premium due and unpaid	3,305,720	(3,305,720)	-
Other assets impacted by IFRS 17 and/or IFRS 9:			-
Due from sales representatives	1,585,362	(1,060,447)	524,915
Reinsurance contract assets	-	81,535	81,535
Other assets neither impacted by IFRS 17 nor IFRS 9	23,210,454	(430,015)	22,780,439
TOTAL ASSETS	183,101,860	10,555,639	193,657,499
EQUITY AND LIABILITIES:			
Total equity	62,071,164	(26,195,577)	35,875,587
Liabilities			
Policyholders' Funds:			
Life and health insurance contracts liabilities	85,882,477	(85,882,477)	-
Investment contract liabilities[2]	14,400,621	-	14,400,621
Other policy liabilities	5,399,481	(5,399,481)	-
Insurance contract liabilities	-	128,815,684	128,815,684
Reinsurance contract liabilities	467,959	(68,564)	399,395
Other liabilities impacted by IFRS 17 and/or IFRS 9:			-
Regulatory fees and Statutory payables	1,221,982	-	1,221,982
Miscellaneous	37,755	-	37,755
Due to brokers and agents	1,011,416	(1,011,416)	-
Other liabilities neither impacted by IFRS 17 nor IFRS 9	12,609,005	297,470	12,906,475
Total Liabilities	121,030,696	36,751,216	157,781,912
TOTAL EQUITY AND LIABILITIES	183,101,860	10,555,639	193,657,499

31. Restatements Continued

(a) STATEMENT OF FINANCIAL POSITION (Continued)

	December 31, 2022 As previously stated	Adjustments IFRS 9 & 17 adjustments[1]	December 31, Restated
	$'000	$'000	$'000
ASSETS			
Financial investments (c)	158,974,465	5,770,547	164,745,012
Reinsurance contract assets	499,179	(387,009)	112,170
Premium due and unpaid	3,521,135	(3,521,135)	-
Deferred income taxes	616,993	(110,551)	506,442
Other assets impacted by IFRS 17 and/or IFRS 9:			-
Due from sales representatives	1,560,217	(978,602)	581,615
Other Receivables	94,264	10,455	104,719
Other assets neither impacted by IFRS 17 nor IFRS 9	22,394,655	(530,127)	21,864,528
TOTAL ASSETS	187,660,908	253,578	187,914,486
EQUITY AND LIABILITIES:			
Total equity	71,801,120	(27,847,603)	43,953,517
Liabilities			
Policyholders' Funds:			
Life and health insurance contracts liabilities	82,817,273	(82,817,273)	-
Investment contract liabilities[2]	15,426,582	-	15,426,582
Other policy liabilities	5,657,914	(5,657,914)	-
Insurance contract liabilities	-	117,357,993	117,357,993
Reinsurance contract liabilities	435,602	(145,333)	290,269
Other liabilities impacted by IFRS 17 and/or IFRS 9:			-
Accounts payable and accruals	433,794	-	433,794
Miscellaneous	29,278	466,577	495,855
Due to brokers and agents	974,064	(974,064)	-
Other liabilities neither impacted by IFRS 17 nor IFRS 9	10,085,281	(128,806)	9,956,475
Total Liabilities	115,859,788	28,101,180	143,960,968
TOTAL EQUITY AND LIABILITIES	187,660,908	253,577	187,914,485

31. Restatements (continued)

(a) STATEMENT OF FINANCIAL POSITION (Continued)

[1] IFRS 17 adjustments refer to derecognition, reclassification and remeasurement as a result of the application of IFRS 17.
[2] No restatement for Investment contract liabilities. It is included for completeness of Policyholders' Funds previously reported.

(b) FINANCIAL INVESTMENTS

As at January 1, 2022 and January 1, 2023, certain assets under IFRS 9 were redesignated as FVTPL on implementation of IFRS 17 to effectively reduce the possibility of an accounting mismatch.

	December 31, 2022 As previously stated				January 1, 2023 Restated
	Carrying value	Amount reclassified to Insurance	Amount reclassified as FVTPL	Amount remeasured as FVTPL	Carrying value
	$'000	$'000		$'000	$'000
Financial investments FVTPL -					
Debt Securities	7,704,790	-	87,069,065	6,061,568	100,835,423
Equities	34,985,883	-	-	-	34,985,883
Total FVTPL	42,690,673	-	87,069,065	6,061,568	135,821,306
Financial investments at FVTOCI -					
Debt Securities	19,717,327	-	(14,432,505)	-	5,284,822
Financial investments at amortized cost, net of ECL -					
Debt Securities	88,443,978	-	(72,636,560)	-	15,807,418
Securities purchased under resale agreement	2,708,753	-	-	-	2,708,753
Mortgage Loans	3,896,481	-	-	-	3,896,481
Short term deposits	1,970,564	-	-	-	1,970,564
Total investments at amortised cost, net of	97,019,776	-	(72,636,560)	-	24,383,216
Total financial investments excluding policy loans	159,427,776	-	-	6,061,568	165,489,344
Policy loans previously reported[3]	291,021	(291,021)	-	-	-
Less Pledged asset (Note 10)[4]	(744,332)	-	-	-	(744,332)
Total financial investments	158,974,465	(291,021)	-	6,061,568	164,745,012

	December 31, 2021 As previously stated				January 1, 2022 Restated
	Carrying value	Amount reclassified to Insurance	Amount reclassified as FVTPL	Amount remeasured as FVTPL	Carrying value
	$'000	$'000		$'000	$'000
Financial investments FVTPL -					
Debt Securities	7,233,393	-	79,766,263	16,104,062	103,103,718
Equities	32,372,928	-	-	-	32,372,928
Total FVTPL	39,606,321	-	79,766,263	16,104,062	135,476,646
Financial investments at FVTOCI -					
Debt Securities	15,214,076	-	(24,864,591)	-	(9,650,515)
Financial investments at amortized cost, net of ECL -					
Debt Securities	85,458,755	-	(54,901,671)	-	30,557,084
Securities purchased under resale agreement	3,224,307	-	-	-	3,224,307
Mortgage Loans	3,501,547	-	-	-	3,501,547
Short term deposits	7,846,766	-	-	-	7,846,766
Total investments at amortised cost, net of	100,031,375	-	(54,901,671)	-	45,129,704
Total financial investments excluding policy loans	154,851,772	-	1	16,104,062	170,955,835
Policy loans previously reported[3]	297,853	(297,853)	-	-	-
Less Pledged asset (Note 10)[4]	(685,225)	-	-	-	(685,225)
Total financial investments	154,464,400	(297,853)	1	16,104,062	170,270,610

[3] Policy loans were reclassified to insurance contract liabilities under IFRS 17 with no remeasurement and no impact to equity.
[4] There is no redesignation for Pledged assets. Pledged assets are included for completeness of financial investments.

31. Restatements (continued)

(c) INCOME STATEMENT

	December 31, 2022	Adjustments	December 31,
	As previously stated	IFRS 9 & 17 adjustments1	As per restated FS
	$'000	$'000	$'000
Insurance revenue	51,434,407	(20,007,817)	31,426,590
Insurance service expenses	(31,934,083)	4,893,817	(27,040,266)
Net expenses from reinsurance contracts held	(419,432)	115,954	(303,478)
INSURANCE SERVICE RESULT	19,080,892	(14,998,046)	4,082,846
NET INVESTMENT INCOME	6,047,666	(12,295,262)	(6,247,596)
NET INSURANCE FINANCE INCOME	-	11,704,775	11,704,775
NET INSURANCE AND INVESTMENT RESULT	25,128,558	(15,588,533)	9,540,025
Fees, hotel and other income	5,035,102	(145,860)	4,889,242
Administration and Commission expenses	(16,911,660)	12,028,007	(4,883,653)
Depreciation and amortisation	(624,092)	(223,972)	(848,064)
Other taxes and levies	(224,904)	-	(224,904)
	(12,725,554)	11,658,175	(1,067,379)
Profit before Taxation	12,403,004	(3,930,358)	8,472,646
Taxation	(2,481,122)	437,279	(2,043,843)
NET PROFIT	9,921,882	(3,493,079)	6,428,803

(d) STATEMENT OF COMPREHENSIVE INCOME

Items that may be subsequently reclassified to profit or loss			
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Fair value reserve	(2,707,161)	2,046,421	(660,740)
Gains recycled to the income statement on sale and maturity of FVTOCIsecuritie	12,403	-	12,403
Provision for expected credit losses on securities designated as FVTOCI	44,167	(41,043)	3,124
Change in actuarial liabilities recognised in other comprehensive income	164,323	(164,323)	-
	(2,486,268)	1,841,055	(645,213)
Items that will not be subsequently reclassified to profit or loss			
Owner Occupied Property (OOP)	183,970	-	183,970
Re-measurements of retirement benefits obligations	2,139,893	-	2,139,893
	2,323,863	-	2,323,863
Total other comprehensive income recognised directly in stockholders'	(162,405)	162,405	-
TOTAL COMPREHENSIVE INCOME	9,759,477	(3,330,674)	6,428,803

31. Restatements (continued)

(e) STATEMENT OF CASH FLOWS

	December 31, 2022	Adjustments	December 31,
	As previously stated	IFRS 9 & 17 adjustments	Restated
	$'000	$'000	$'000
Cash Flows from Operating Activities			
Net profit	9,921,882	(3,493,079)	6,428,803
Adjustments for:			
Items not affecting cash			
Adjustments to reconcile net profit to net cash provided by operating activities	(17,293,054)	3,493,076	(13,799,978)
Interest and dividends received	8,576,003	1	8,576,004
Interest paid	(723,610)	-	(723,610)
Income and asset taxes paid	(1,821,272)	-	(1,821,272)
Net cash used in operating activities	(1,340,051)	(2)	(1,340,053)
Cash Flows from Investing Activities			
Net cash used in investing activities	(179,299)	-	(179,299)
Cash Flows from Financing Activities			
Net cash generated from financing activities	(453,185)	(1)	(453,186)
Effect of exchange rate on cash and cash equivalents	(47,004)	3	(47,001)
Cash and cash equivalents	(2,019,539)	-	(2,019,539)
Cash and cash equivalents at beginning of year	14,825,550	-	14,825,550
CASH AND CASH EQUIVALENTS AT END OF YEAR	12,806,011	-	12,806,011

32. Administration Expenses

	2023			
	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Advertising and branding	251,585	6,964	152,383	410,932
Auditors renumeration	-	-	89,241	89,241
Commissions and fees	3,363	13,747	1,533	18,643
Communication and technology	190,764	312,785	664,714	1,168,263
Employee training	-	-	52,698	52,698
Fraud and operational losses	-	-	365	365
Innovations	236	267	186	689
Insurance expense	-	-	42,368	42,368
Legal & professional fees	37,911	45,838	562,755	646,504
Management fees(i)	275,201	612,036	1,767,511	2,654,748
Office accommodation	126,290	48,685	214,766	389,741
Policy stamp duty and reimbursements	54,619	-	12,366	66,985
Postage, printing and office supplies	25,834	30,635	24,666	81,135
Salaries & related benefits (a)	1,559,212	1,357,786	1,366,909	4,283,907
Sales and convention incentives	359,919	-	34,602	394,521
Service outsourced	43,304	104,188	631,464	778,956
Other expenses	63,794	151,993	496,022	711,809
Depreciation & amortisation	170,475	145,736	295,332	611,543
	3,162,507	2,830,660	6,409,881	12,403,048

(a) Staff costs

	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Salaries	1,103,435	1,011,929	715,046	2,830,410
Payroll taxes	155,392	126,845	104,033	386,270
Pension costs (Note 14)	111,156	87,176	77,618	275,950
Other post-retirement benefits (Note 14)	50,778	21,108	191,144	263,030
Share based compensation	32,291	24,133	151,079	207,503
Restructuring costs	-	-	64,326	64,326
Other	106,160	86,595	63,663	256,418
	1,559,212	1,357,786	1,366,909	4,283,907

(i) This represents management fees charged by the parent company for shared services received by the entity.

32. Administration Expenses (Continued)

	2022			
	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Advertising and branding	136,654	4,303	131,400	272,357
Auditors renumeration	-	-	75,431	75,431
Commissions and fees	4,953	20,100	1,998	27,051
Communication and technology	157,863	276,012	510,253	944,128
Employee training	-	-	50,953	50,953
Fraud and operational losses	-	-	725	725
Innovations	78	248	576	902
Insurance expense	-	-	23,400	23,400
Legal & professional fees	37,904	71,082	189,724	298,710
Management fees(i)	468,585	1,055,766	688,901	2,213,252
Office accommodation	129,629	39,988	154,093	323,710
Policy stamp duty and reimbursements	51,021	-	19,985	71,006
Postage, printing and office supplies	44,178	31,606	17,006	92,790
Salaries & related benefits (a)	1,380,910	1,156,039	1,778,896	4,315,845
Sales and convention incentives	303,905	-	28,242	332,147
Service outsourced	25,413	66,538	610,220	702,171
Other expenses	68,036	75,436	552,784	696,256
Depreciation & amortisation	165,803	140,353	317,937	624,093
Impairment of intangible asset	-	-	530,127	530,127
	2,974,932	2,937,471	5,682,651	11,595,054

Staff costs

	Attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Salaries	1,023,612	840,103	455,562	2,319,277
Payroll taxes	144,825	128,006	341,065	613,896
Pension costs (Note 14)	126,834	104,861	277,692	509,387
Other post-retirement benefits (Note 14)	(27,199)	(18,695)	345,178	299,284
Share based compensation	5,083	2,251	(701)	6,633
Restructuring costs	-	-	83,863	83,863
Other	107,755	99,513	276,237	483,505
	1,380,910	1,156,039	1,778,896	4,315,845

(i) This represents management fees charged by the parent company for shared services received by the entity.

33. Taxation

(a) Tax is computed as follows:

	2023 $ '000	2022 $ '000
Current year taxation -		
Corporation tax @ 25% (2022-25%)	1,945,201	2,420,037
Deferred income tax (Note 15) -		
Deferred tax credit relating to the origination and reversal of temporary differences	(101,678)	(376,194)
Taxation	1,843,523	2,043,843
Asset tax @ 0.25%	227,355	224,484
Withholding tax	78	420
Other taxes	227,433	224,904

(b) Reconciliation of applicable tax charges to effective tax charge:

	2023 $ '000	2022 $ '000
Profit before taxation	9,981,142	8,472,646
Tax at 25%	2,495,286	2,118,162
Adjusted for:		
Investment income not subject to income tax	(2,827,441)	(3,118,645)
Asset tax not deductible for tax purposes	33,601	32,719
Expenses not deductible for tax purposes	2,280,682	1,786,532
Net effect from IFRS 17 Restatement	-	1,263,967
Net effect of other charges and allowances	(138,605)	(38,892)
Taxation expense	1,843,523	2,043,843

(c) The tax credit/(charge) relating to components of OCI is as follows:

	2023			2022		
	Before tax $ '000	Tax (charge)/ credit $ '000	After tax $ '000	Before tax $ '000	Tax (charge)/ credit $ '000	After tax $ '000
Fair value gains/(losses) on FVTOCI securities	228,628	(51,743)	176,885	(868,907)	220,570	(648,337)
Re-measurement of post-employment benefits	(1,007,541)	251,885	(755,656)	2,853,191	(713,298)	2,139,893
Impairment charges	(6,821)	-	(6,821)	4,059	(935)	3,124
Unrealised gains/(losses) on owner-occupied properties	432,828	(16,978)	415,850	191,954	(7,984)	183,970
Other comprehensive income	(352,906)	183,164	(169,742)	2,180,297	(501,647)	1,678,650

34. Leases

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2023 $ '000	2022 $ '000
Right-of-use asset		
Buildings	455,378	616,267
Land	53,764	54,961
	509,142	671,228
Lease liabilities		
Current	444,060	390,714
Non-current	117,691	454,164
	561,751	844,878

Additions to the right-of-use assets during the 2023 financial year were $210,368,000 (2022- $ 19,925,000).

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	2023 $ '000	2022 $ '000
Depreciation charge of right-of-use assets		
Buildings	371,257	372,936
Land	1,197	1,197
	372,454	374,133

	2023 $ '000	2022 $ '000
Interest expense (included in Interest and other interest expense)	56,086	71,476

(c) The total cash outflow for leases in 2023 was $549,581,000 (2022- $495,139,000)

(d) During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $210,368,000 (2022- $ 19,925,000).

35. Investment in Subsidiary

On November 30, 2019 Sagicor Life Jamaica Limited acquired a 70% interest in Bailey Williams Limited, at a cost of $459,018,000. The shares were acquired from related parties who maintain a 30% interest in the company.

36. Cash Flows

(a) Operating activities

	Note	2023 $ '000	2022 $ '000
Adjustments for non-cash items, interest and dividends:			
Depreciation and amortization	11/12/34	611,546	1,154,219
Interest and dividend income	28	(9,833,583)	(8,868,775)
Interest expense and other finance costs/ (income)	28	4,746,634	(10,981,166)
Income tax expense	33	1,843,523	2,043,843
Asset and Other tax expense	33	227,433	224,904
Gain on disposal of investment securities	28	(565,847)	(566,922)
Fair value (gains) / losses on trading securities	28	(1,140,419)	15,178,479
Expected credit loss	28/38(d)	(53,493)	57,664
Gains on revaluation of investment properties	10	(178,000)	(224,180)
Movement in Insurance contract liabilities		2,138,402	996,591
Movement in Reinsurance contract assets		(136,454)	(78,588)
Movement in Investment contract liabilities		919,122	1,068,325
Retirement benefit obligations		(6,962)	295,585
Effect of exchange gains on foreign currency		1,098,510	(90,014)
		(329,588)	209,965
Changes in other operating assets and liabilities:			
Due to related parties		(1,272,271)	929,163
Due to bank and other financial institutions		83,874	170,505
Other assets		(1,411,372)	(1,477,800)
Other liabilities		1,715,835	(1,750,497)
		(883,934)	(2,128,629)
Net investment purchases:			
Proceeds on sale of investment securities		27,477,393	27,045,452
Purchase of investment securities		(36,242,164)	(38,926,766)
		(8,764,771)	(11,881,314)

(b) Investing Activities

	Note	2023 $ '000	2022 $ '000
Property, plant and equipment, net			
Purchase of property, plant and equipment	12	(148,280)	(160,657)

36. Cash Flows (Continued)

(c) Net debt reconciliation

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent bank and other loans, lease liabilities, excluding bank overdrafts and amounts included as cash and cash equivalents:

	2023 $ '000	2022 $ '000
At January 1, 2022	1,546,300	1,959,887
Bank Overdraft classified as cash and cash equivalent	(485,724)	(666,077)
	1,060,576	1,293,810
Changes due to financing activities:		
Lease repayments	(493,495)	(423,664)
Changes due to operating activities:		
Drawdown, net of repayments (Note 36(a)	83,874	170,505
Non-Cash Movements:		
New leases	210,368	19,925
Bank Overdraft classified as cash and cash equivalent	317,416	485,724
At December 31, 2023	1,178,739	1,546,300

37. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities at FVTPL are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items.

(ii) Investment securities classified as FVTOCI are measured at fair value by reference to quoted market prices or dealer quotes when available (level 1). If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques. Investments in unit trusts are based on prices quoted by the fund managers (level 2).

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(iv) Loans are net of provision for impairment. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received (level 3). Expected cash flows are discounted at current market rates to determine fair value.

The amounts included in the financial statements for cash and cash equivalents, receivables, payables and related party balances reflect their approximate fair values because of the short-term maturity of these instruments.

Differences between the fair values and the carrying values are accounted for in determining the amount of policyholders' liabilities that must be set aside each year.

The table below summaries the carrying amount and fair value of financial assets and financial liabilities not presented on the Company's statement of financial position at their fair value:

	Carrying 2023 $ '000	Fair Value 2023 $ '000	Carrying Value 2022 $ '000	Fair Value 2022 $ '000
Financial Assets				
Lease receivables	94,428	94,428	94,428	94,428
Financial investments –				
Investments at amortized cost	29,858,220	29,866,294	24,383,216	24,484,655
Financial Liabilities				
Due to banks and other financial institutions	616,987	616,987	701,421	701,421

37. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments that are measured in the statement of financial position at fair value at December 31, 2023, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Company uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

In assessing the fair value of non-traded financial liabilities, the Company uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

Certain of the Company's liabilities are unit linked, i.e. derive their value from a pool of assets which are carried at fair value. The Company assigns a fair value hierarchy of Level 2 to the contract liability if the liability represents the unadjusted fair value of the underlying pool of assets.

(iii) Level 3 – inputs for the instrument that are not based on observable market data

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as
- The fair value is derived from inputs that are not based on observable market data.

Level 3 assets designated as FVTPL include debt securities and equities for which the full income return, and capital returns accrue to holders of unit linked liabilities. These assets are valued with inputs other than observable market data.

The techniques and methods described in the preceding section (ii) for non-traded financial assets and liabilities may also be used in determining the fair value of Level 3 instruments.

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Financial Assets				
Financial investments	13,878,092	133,939,219	316,669	148,133,980
Non-Financial Assets				
Property, plant & equipment	-	-	2,961,066	2,961,066
Investment property	-	-	1,522,237	1,522,237
	13,878,092	133,939,219	4,799,972	152,617,283

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Financial Assets				
Financial investments	12,230,648	128,400,644	474,836	141,106,128
Non-Financial Assets				
Property, plant & equipment	-	-	2,546,392	2,546,392
Investment property	-	-	1,591,456	1,591,456
	12,230,648	128,400,644	4,612,684	145,243,976

37. Fair Values of Financial Instruments (Continued)

The table below shows the Company's assets, subsequently measured at fair value, categorized as level 3, in the fair value measurement hierarchy.

Description	Fair value at 2023 $ '000	Fair value at 2022 $ '000	Unobservable	Range of unobservable $ '000	Range of unobservable $ '000	Relationship of unobservable
Investment properties (Note 10)	1,522,237	1,591,456	Comparable Sale	5%	5%	Increased in comparable sale prices will have direct correlation to the fair value.
Property, plant & equipment (Note 12)	2,961,066	2,546,392	Comparable Sale	5%	5%	Increased in comparable sale prices will have direct correlation to the fair value.
Unquoted ordinary shares	316,669	474,836	Adjustments to Net Assets	10%	10%	Increases in adjusted net assets of the underlying entities will have a direct correlation to fair value.
	4,799,972	4,612,684				

Reconciliation of level 3 unquoted ordinary equity –

	2023 $ '000	2022 $ '000
Balance at beginning of year	474,836	497,305
Total gains – income statement	(166,643)	23,537
Purchases	-	63,927
Sales	-	(103,587)
FX changes	8,476	(6,346)
Balance at end of year	316,669	474,836

The gains or losses recorded in the income statement are included in Note 28.

38. Insurance and Financial Risk Management

The Company's activities expose it to a variety of financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company has a risk management framework with clear terms of reference. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management committees and senior managers. Policy frameworks which set out the risk profiles for the Company's risk management, control and business conduct standards for the Company's operations have been put in place. Each policy has a member of Executive Management charged with overseeing compliance with that policy.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees/departments/structures for managing and monitoring risks, as indicated below.

(i) Board Audit Committee
The Board Audit Committee comprises independent directors. The Committee:

- Oversees how management monitors internal controls, compliance with the Company's risk management policies and adequacy of the risk management framework to risks faced by the Company;
- Reviews the Company's annual and quarterly financial statements, related policies and assumptions and any accompanying reports or statements; and
- Reviews the internal audit function as well as the external auditor's independence, objectivity and effectiveness.

The Board Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

(ii) Board Capital Allocation and Investment Committee
The Board Capital Allocation and Investment Committee comprises mainly of independent directors. As part of its Terms of Reference, the Committee:

- Oversees the solvency position of the Company;
- Oversees the return on capital employed;
- Decides on the allocation of capital for the Company;
- Considers new capital funding options;
- Oversees the Company's financial risk management framework;
- Approves the investment policies within which the Company's investment portfolios are managed;
- Reviews the performance of the Company's investment portfolios;
- Ensures adherence to prudent standards in making investment and lending decisions and in managing investments and loans; and
- Approves new investment projects over certain thresholds, ensuring the required rates of returns are considered.

(iii) Asset/Liability Management (ALM) Committee
The Company has in place an Asset/Liability Management (ALM) Committee. This Committee:

- Monitors the profile of the Company's assets and liabilities;
- Plans, directs and monitors various financial risks including, interest rate risk, equity risk, liquidity risk, currency risk and country risk;
- Provides guidance to the Investment Managers with regards to the appropriateness of investments assigned or purchased to support the liabilities of the various lines of business; and
- Monitors market interest rates and establishes the credited rate for various investment contracts.

(iv) Anti-Money Laundering (AML)
The Company has assigned responsibility for AML and anti-fraud to a designated department. The responsibilities of this department include:

- Maintaining and communicating the AML and Anti-fraud policies and procedures;
- Interrogating financial transactions to identify suspicious and threshold reportable items;
- Coordinating information received from operating departments on reportable items;
- Ensuring that adequate anti-fraud controls are in place; and
- Filing required reports with Management, Board of Directors and Regulatory bodies.

(v) Regulatory Compliance
The Board has assigned responsibility for monitoring regulatory compliance to a designated department. This department maintains a catalogue of all required regulatory filings and follows-up the respective departments to ensure timely submissions. The Department files the required performance reports with management and the Board of Directors.

38. Insurance and Financial Risk Management (Continued)

(vi) Enterprise Risk Management
The Company utilises an Enterprise Risk Management (ERM) framework, including policies and procedures designed to identify, measure and control risk in all business activities. The policies and procedures are reviewed periodically by senior managers and the Board of Directors.

The framework provides for quarterly evaluation of risks by senior management, with reporting to the Board Audit Committee. The risk exposures are prioritised each year and the top twenty (20) risks reported on.

The most important types of risk facing the Company are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) Insurance risk

The Company issues both short term and long-term contracts that transfer insurance risk or financial risk or both.

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

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

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

Long term insurance contracts

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

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the insurer's assessment of the risk. The insurer assesses the likely benefits and cash flows both in establishing the amount of premium payable under the contract and in estimating the statement of financial position liability arising from the contract.

For long-term contracts in-force, the Company has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its insurance contract liabilities. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

(i) Frequency and severity of claims
For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factors that could increase longevity are improvements in medical science and social conditions. At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue 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 return premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

38. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

(i) Frequency and severity of claims (Continued)

The table below presents the Company's concentration of insured benefits across five bands of insured benefits per individual life assured.The benefit insured figures are shown gross and net of the reinsurance contracts described below in Note 38 (b). During the year, these insurance contracts had triggered a recovery under the reinsurance held by the Company under Note 13. As was the case in the previous year, the risk is concentrated at the higher value bands."&" (These tables do not include annuity contracts, for which a separate analysis is reported in following pages).

	2023			
Individual Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance	%	After Reinsurance	%
	$ '000		$ '000	
0 – 200	6,778,431	0%	6,772,281	0%
200 - 400	9,755,439	1%	9,755,023	1%
400 - 800	68,086,094	4%	67,989,410	4%
800 - 1000	120,010,328	6%	119,324,739	6%
More than 1,000	1,708,509,113	89%	1,674,190,143	89%
Total	1,913,139,405	100%	1,878,031,596	100%

	2022			
Individual Life Benefits Assured per Life ($'000)	Total Benefits Insured			
	Before Reinsurance	%	After Reinsurance	%
	$ '000		$ '000	
0 – 200	6,678,111	0%	6,670,310	0%
200 - 400	10,127,609	1%	10,127,262	1%
400 - 800	70,674,900	4%	70,564,084	4%
800 - 1000	116,419,112	7%	115,625,170	7%
More than 1,000	1,536,151,288	88%	1,506,640,486	88%
Total	1,740,051,020	100%	1,709,627,312	100%

38. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

(i) Frequency and severity of claims (Continued)

The table below represents the Company's concentration of insured benefits across five bands of insured benefits per group individual life assured. The benefit insured figured are shown gross and net of reinsurance.

Group Life Benefits Assured per Life ($'000)	2023			
	Total Benefits Insured			
	Before Reinsurance	%	After Reinsurance	%
	$ '000		$ '000	
0 – 200	295	0%	295	0%
200 - 400	1,234	0%	1,234	0%
400 - 800	13,400	0%	13,400	0%
800 - 1000	8,490	0%	8,490	0%
More than 1,000	925,034,394	100%	862,219,043	100%
Total	925,057,813	100%	862,242,462	100%

Group Life Benefits Assured per Life ($'000)	2022			
	Total Benefits Insured			
	Before Reinsurance	%	After Reinsurance	%
	$ '000		$ '000	
0 – 200	295	0%	295	0%
200 - 400	2,034	0%	2,034	0%
400 - 800	15,800	0%	15,800	0%
800 - 1000	13,690	0%	13,690	0%
More than 1,000	1,195,734,372	100%	1,179,830,614	100%
Total	1,195,766,191	100%	1,179,862,433	100%

38. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

(i) Frequency and severity of claims (Continued)

The following tables for the Company's annuity contracts illustrate the concentration of risk based on five bands that group these contracts in relation to the amount payable per annum as if the annuity was in payment at the year end. The greatest risk concentration is consistent with the prior year. The Company does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity Payable per annum per annuitant ($'000)	**Total Benefits Insured**			
	2023	**%**	**2022**	**%**
	$ '000		**$ '000**	
0 – 20	6,882	0%	7,092	0%
20 - 40	17,115	0%	15,228	0%
40 - 80	56,664	1%	55,351	1%
80 - 100	47,037	1%	48,719	1%
More than 100	5,777,591	98%	5,472,561	98%
Total	5,905,289	100%	5,598,951	100%

For interest-sensitive and unit-linked contracts the Company charges for mortality risks on a monthly basis for all insurance contracts and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk. Delays in implementing increases in charges, and market or regulatory restraints over the extent of any increases may reduce this mitigating effect.

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. The Company reinsures the excess of the insured benefit for new business for standard risks under an excess of loss reinsurance arrangement. Medically impaired lives are reinsured at a higher cost than standard risks. The Company does not place any reinsurance for contracts that insure survival risk. Insurance risk for contracts is also affected by the policyholders' rights 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 policyholders' behaviour. On the assumption that the policyholders will make decisions rationally, overall risk can be assumed to be heightened by such behaviour.

The Company has factored the impact of policyholders' behaviour into the assumptions used to measure these liabilities.

38. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Long term insurance contracts (Continued)

(ii) Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in the policyholder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation as to the actual experience of the Company is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. The best estimate of future mortality is based on standard industry tables adjusted for the Company's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on the mortality investigations performed by independent actuarial bodies. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

(iii) Process used in deriving assumptions
The assumptions for long term life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

For long-term insurance contracts, at the reporting date, the Company determines current best estimate assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The best estimate assumptions are determined based on experience studies and the current circumstances of the business. The risk adjustment is also included (Note 3(b)) which reflects an amount that Company would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

Short term insurance contracts

Short-duration life and health insurance contracts
Short-term contracts are typically for one year's coverage, with an option to renew under terms that may be amended by the insurer. In determining the premium payable under the contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. This is the process of underwriting, which establishes appropriate pricing guidelines, and may include specific tests and enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles to limit amounts of potential losses incurred.

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a medical expense or a death claim. Settlement of these benefits is expected generally within one year. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are premium risk, claims risk and reinsurance risk (See Note 38(b)).

Premium risk is the risk that the premium rate has been set too low for the risk being assumed.

Claims risk is the risk that:
- the number of claims may exceed expectations
- the severity of claims incurred may exceed expectations
- the claim amount may develop during the interval between occurrence and settlement.

38. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (Continued)

Short term insurance contracts(Continued)

For the Company's life and health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

(i) Frequency and severity of claims
These contracts are mainly issued to employers to insure their commitments to their employees in terms of their employee benefit plans. This risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. The Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy. Excess of loss reinsurance contracts have been purchased by the Company to limit the maximum loss on any one life and health claims, see Note 38(b) for retention limits.

(ii) Sources of uncertainty in the estimation of future claim payments
There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(iii) Process used in deriving assumptions
The assumptions for short-duration life contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

The process to derive the assumptions for short-duration life contracts is similar to long-term insurance contracts. However, the short-term nature of the mortality risk underwritten makes the Company's estimate of the liability covering death benefit payments less uncertain than in the case of long-term contracts.

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Company selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

For other insurance risks, insurers limit their exposure by event or per person by excess of loss or quota share treaties.

(expressed in Jamaican dollars unless otherwise indicated)

38. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk (Continued)

Retention limits represent the level of risk retained by the insurer. The Board of Directors approved policy retention limits. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Company are summarised below

Type of insurance contract - 2023	**Retention by insurers**
Health insurance contracts with groups	Retention per individual to a maximum J$2,500,000.
Life insurance contracts with individuals	Retention per individual to a maximum of J$35,000,000 and US$500,000
Life insurance contracts with groups	Retention per individual to a maximum of J$35,000,000 and US$100,000

Type of insurance contract - 2022	**Retention by insurers**
Health insurance contracts with groups	Retention per individual to a maximum J$2,250,000.
Life insurance contracts with individuals	Retention per individual to a maximum of J$35,000,000 and US$500,000
Life insurance contracts with groups	Retention per individual to a maximum of J$35,000,000 and US$100,000

(c) Financial risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported accordingly. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Company's investment team. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

The nature of the Company's exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. For financial assets measured at either FVTOCI or amortised cost, credit risk exposure is the gross carrying amount, while financial assets measured at FVTPL.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(i) Credit risk (Continued)

Credit exposure

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties as defined in Note 3(b)(v).The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit exposure based on the carrying value of the financial instruments (detailed in Note 8) and insurance and reinsurance assets.

	2023					
	Investment grade	Non-investment grade	Watch	Default	Unrated	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	-	1,223,500	-	-	-	1,223,500
Financial investments & pledged assets	23,547,741	149,360,745	-	-	-	172,908,486
Lease Receivables	-	94,428	-	-	-	94,428
Reinsurance contract	381,017	-	-	-	-	381,017
Other assets	-	6,351,315	-	-	-	6,351,315
Total credit risk exposure	23,928,758	157,029,988	-	-	-	180,958,746

	2022					
	Investment grade	Non-investment grade	Watch	Default	Unrated	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash resources	-	1,110,313	-	-	-	1,110,313
Financial investments & pledged assets	10,127,732	136,536,504	-	-	-	146,664,236
Lease Receivables	-	94,428	-	-	-	94,428
Reinsurance contract	112,170		-	-	-	112,170
Other assets	-	4,685,074	-	-	-	4,685,074
Total credit risk exposure	10,239,902	142,426,319	-	-	-	152,666,221

The Company's maximum exposure to credit risk from insurance contract assets is as per balance on the Statement of Financial Position.

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

(expressed in Jamaican dollars unless otherwise indicated)

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(i) Credit risk (Continued)

Loss allowances

The most significant period-end assumptions used for the ECL were as follows:

At December 31, 2023

Economic variable assumptions for exposure corporate securities

		2024	**2025**	**2026**
S&P 500 Financial Index EPS	Base	42	46	45
	Upside	68	73	72
	Downside	27	29	29
World GDP growth rate	Base	2.9%	3.2%	3.2%
	Upside	4.5%	4.9%	4.9%
	Downside	2.1%	2.4%	2.4%
WTI Oil Prices/10	Base	7	7	7
	Upside	13	12	12
	Downside	3	3	3

At December 31, 2022

Economic variable assumptions for exposure corporate securities

		2023	**2024**	**2025**
S&P 500 Financial Index EPS	Base	60	50	50
	Upside	50	50	50
	Downside	70	50	50
World GDP growth rate	Base	2.7%	3.2%	3.4%
	Upside	4.1%	4.8%	5.1%
	Downside	1.9%	2.3%	2.4%
WTI Oil Prices/10	Base	8	7	7
	Upside	9	9	9
	Downside	3	3	3

Outlook for the next three (3) years from December 31, 2023:

		2024	**2025**	**2026**
Jamaica	Base	Stable	Stable	Stable
	Upside	Positive	Positive	Positive
	Downside	Negative	Negative	Negative

Outlook for the next three (3) years from December 31, 2022:

		2023	**2024**	**2025**
Jamaica	Base	Stable	Stable	Stable
	Upside	Stable	Positive	Positive
	Downside	Negative	Stable	Stable

Lending operations in Jamaica have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

Outlook for lending at December 31, 2023:

Jamaica	**Expected state for the next 12 months**	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Negative
Unemployment rate	Base	Stable
	Upside	Positive
	Downside	Negative

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(i) Credit risk (Continued)

Loss allowances (Continued)

Sagicor's lending operations in Jamaica have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

Jamaica	Expected state for the next 12 months	
Interest rate	Base	Stable
	Upside	Positive
	Downside	Stable
Unemployment rate	Base	Stable
	Upside	Stable
	Downside	Negative

The economic states assigned above are translated into numerical figures.

At December 31, 2023
ECL sensitivity analyses
The tables below show the sensitivity of the ECL to its various components.

		ECL impact of	
SICR criteria *	**Actual threshold applied**	**Change in threshold**	**Change in threshold**
Investments	2-notch downgrade since origination	1-notch downgrade since origination	-

* See note 3 (b) for full criteria for staging. The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in value**	**Increase in value ($'000)**	**Decrease in value ($'000)**
Investments - Corporate Debts	52%	(-/+5)%	261	(261)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(-/+5)%	3	(3)
Investments - Sovereign Debts (Government of Jamaica)	15%	(-/+5)%	390	(390)

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(i) Credit risk (Continued)

Loss allowances (Continued)

Weighting for downside scenario	**Actual value applied**	**Change in value**	**ECL impact of** Increase in value ($'000)	**ECL impact of** Decrease in value ($'000)
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	237	(237)
Lending products	15% (75% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	117	(125)

At December 31, 2022
SICR and IAS 1 critical estimated disclosure

SICR criteria *	**Actual threshold applied**	**Change in threshold**	**ECL impact of Change in threshold**
Investments	2-notch downgrade since origination	1-notch downgrade since origination	-

* See note 3(b)for full criteria for staging. The staging for lending products is primarily based on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(i) Credit risk (Continued)

Loss allowances (Continued)

			ECL impact of	
Loss Given Default	**Actual value applied**	**Change in value**	**Increase in value ($'000)**	**Decrease in value ($'000)**
Investments - Corporate Debts	52%	(-/+5)%	8,291	(8,291)
Investments - Sovereign Debts (excluding Government of Barbados and Government of Jamaica)	35%	(-/+5)%	3	(3)
Investments - Sovereign Debts (Government of Jamaica)	15%	(-/+5)%	38,023	(38,023)

			ECL impact of	
Weighting for downside scenario	**Actual value applied**	**Change in value**	**Increase in value ($'000)**	**Decrease in value ($'000)**
Investments - excluding Government of Barbados	10% (80% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	7,288	(7,288)
Lending products	15% (75% for base scenario and 10% for upside scenario)	(- /+ 5) % - keep the weighting for base scenario and adjust the weighting for upside scenario accordingly	78	(78)

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Company is exposed to daily calls on their available cash resources from its policyholders and its investment contract holders through claims, withdrawals and surrenders. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Liquidity risk management process

The Company's liquidity management process, as carried out within the Company and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit and optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

Certain investment portfolios within the Company contain securities which can only be disposed of over a period of time. In such instances, the Company generally maintains higher levels of short term instruments to compensate for the relative illiquidity of the aforementioned securities.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

Liquidity risk management process (Continued)

The tables below present the undiscounted cash flows payable (both interest and principal cash flows) of the Company's financial liabilities based on contractual repayment obligations. The Company expects that many policyholders/customers will not request repayment on the earliest date the Company could be required to pay. The expected maturity dates of financial liabilities are based on estimates made by management as determined by retention history. Liquidity risk tables are shown for insurance contract liabilities and financial liabilities.

	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Financial Liabilities - December 31, 2023				
Due to banks and other financial liabilities	341,579	83,434	473,784	898,797
Other liabilities	7,867,138	-	-	7,867,138
Lease liabilities	468,179	181,947	-	650,126
Investment contracts liabilities	12,133,258	4,807,514	-	16,940,772
Total undiscounted liabilities	20,810,154	5,072,895	473,784	26,356,833

	Within 1 year	1-5 years	Over 5 years	Total
	$000	$000	$000	$000
Undiscounted Insurance and Financial Liabilities - December 31, 2022				
Due to banks and other financial liabilities	500,914	58,612	343,031	902,557
Other liabilities	7,138,141	-	-	7,138,141
Lease liabilities	436,768	466,026	208,438	1,111,232
Investment contracts liabilities	12,621,820	3,226,100	-	15,847,920
Total undiscounted liabilities	20,697,643	3,750,738	551,469	24,999,850

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

The following table summarises the maturity profile of portfolios of insurance contracts issued and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	2023			
	Within 1 year	1 to 5 years	Over 5 years	Total
	$000	$000	$000	$000
Insurance contract liabilities	(1,353,563)	(8,970,345)	86,530,374	76,206,466
Reinsurance contract liabilities	408,420	(63,817)	(719,026)	(374,423)
Total	(945,143)	(9,034,162)	85,811,348	75,832,043

	2022			
	Within 1 year	1 to 5 years	Over 5 years	Total
	$000	$000	$000	$000
Insurance contract liabilities	(13,422,408)	(42,000,027)	127,383,028	71,960,593
Reinsurance contract liabilities	160,055	28,604	101,610	290,269
Total	(13,262,353)	(41,971,423)	127,484,638	72,250,862

The amounts of insurance contract liabilities that are payable on demand are set out below:

	2023		2022	
	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
	$000	$000	$000	$000
Long term contracts	54,963	119,477,629	49,405	113,229,511
	54,963	119,477,629	49,405	113,229,511

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

The tables below reflect the expected maturities of the Company's discounted financial assets and liabilities at the year-end date.

	2023			
	Within 1 Year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Financial Assets				
Cash resources	1,223,500	-	-	1,223,500
Financial investments and pledged assets excluding equities	28,715,056	7,979,746	107,287,161	143,981,963
Lease receivables	-	94,428	-	94,428
Other assets	6,351,315	-	-	6,351,315
Total financial assets	36,289,871	8,074,174	107,287,161	151,651,206

	2023			
	Within 1 Year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Financial Liabilities				
Due to banks and other financial institutions	328,646	43,174	245,167	616,987
Other liabilities	7,867,138	-	-	7,867,138
Lease liabilities	444,060	117,691	-	561,751
Investment contract liabilities	12,071,842	4,273,862	-	16,345,704
Total financial liabilities	20,711,686	4,434,727	245,167	25,391,580
On statement of financial position liquidity gap	15,578,185	3,639,447	107,041,994	126,259,626
Cumulative liquidity gap	15,578,185	19,217,632	126,259,626	

	2022			
	Within 1 Year	**1-5 years**	**Over 5 years**	**Total**
	$000	**$000**	**$000**	**$000**
Total financial assets	21,426,493	14,278,627	95,029,550	130,734,670
Total financial liabilities	12,115,160	(15,252,567)	181,244,669	178,107,262
On statement of financial position liquidity gap	9,311,333	29,531,194	(86,215,119)	(47,372,592)
Cumulative liquidity gap	9,311,333	38,842,527	(47,372,592)	

Equity securities balance of $34,015,536,000 (2022 - $34,985,883,000) held within underlying assets is excluded from the table above.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(ii) Liquidity risk (Continued)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Company is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

(iii) Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Investment department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

The Company's investment portfolios were impacted by the widening of credit spreads and resulted in significant fall-off in asset prices. The Company has continually monitored its portfolios to determine if any further action would have been needed to protect the Company's balance sheet and have re-balanced portfolios where necessary. The investment portfolios across the company, particularly in the main asset classes (fixed income, equities and real estate) were positively impacted in the recovery both locally and internationally.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, other than those arising from currency or interest rate risk, whether those changes are caused by factors specific to the instrument or affecting all similar instruments in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as FVTPL. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Company.

The Company's investments in equity securities are publicly traded on the Jamaica Stock Exchange (JSE), the National Association of Securities Dealers Automated Quotation System (NASDAQ) and the New York Stock Exchange (NYSE). The Company's sensitivity to equity securities price risk is disclosed in Note 39.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Company takes an open position in a currency. To control this exchange risk the Asset and Liability Committee (ALCO) has approved limits for net open position in each currency for both intra-day and overnight position. This limit may vary from time to time as determined by ALCO.

The Company also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Currency risk (Continued)

Concentrations of currency risk
The company is most sensitive to currency risk in its operating currencies which float against the United States dollar.

The following tables summarise the exposure of the company to foreign currency exchange rate risk. Included in the tables are the Company's financial and insurance assets and liabilities at carrying amounts categorised by currency.

	2023			
	Jamaican $	**US$**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**
Financial Assets				
Cash resources	920,093	303,407	-	1,223,500
Financial investments and pledged assets	128,694,354	49,297,846	-	177,992,200
Lease receivables	94,428	-	-	94,428
Reinsurance contracts	381,012	5	-	381,017
Other assets	6,351,315	-	-	6,351,315
Total financial assets	136,441,202	49,601,258	-	186,042,460
Financial Liabilities				
Due to banks and financial institutions	616,987	-	-	616,987
Other liabilities	7,867,138	-	-	7,867,138
Insurance contract liabilities	82,218,078	42,294,389	-	124,512,467
Lease liabilities	561,751	-	-	561,751
Investment contracts liabilities	13,713,138	2,632,566	-	16,345,704
Reinsurance contract liabilities	293,899	-	-	293,899
Total financial liabilities	105,270,991	44,926,955	-	150,197,946
Net on statement of financial position interest sensitivity gap	31,170,211	4,674,303	-	35,844,514

	2022			
	Jamaican $	**US$**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**
Total assets	123,437,661	42,277,495	5,590	165,720,746
Total liabilities	134,831,944	43,275,318	-	178,107,262
Net on statement of financial position	(11,394,283)	(997,823)	5,590	(12,386,516)

Sensitivity to foreign exchange risk is discussed in Note 39.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk
Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount. The Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored at least quarterly.

The return on investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

The Company monitors interest rate risk by calculating the mean duration of the investment portfolio and the liabilities issued. The mean duration is an indicator of the sensitivity of the assets and liabilities to change in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows from the contracts using best estimate assumptions.

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

(i) Long term traditional insurance contracts and some investment contracts
Insurance and investment contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial components of these benefits may include a guaranteed fixed interest rate and hence the Company's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

(ii) Long term insurance contracts and investment contracts without fixed terms
For unit-linked contracts the Company matches all the assets on which the unit prices are based with assets in the portfolio. There is no price, currency, credit, or interest rate risk for these contracts.

The Company's primary exposure to financial risk for these contracts is the risk of volatility in asset management fees due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

A decrease of 10% in the value of the assets would reduce the asset management fees to $346,715,000 (2022 - $333,525,000) per annum.

Unit-linked and interest-sensitive universal life type contracts have embedded surrender options. These embedded derivatives vary in response to the change in a financial variable (such as equity prices and interest rates). At year end, all embedded derivatives within insurance contract liabilities were closely related to the host contract and did not require separation.

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

(iii) Short term contracts
For short term insurance contracts, the Company has matched the insurance contract liabilities with a portfolio of debt securities. The financial assets in this portfolio are characterised by interest rate risk.

Short term liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

The following tables summarise carrying amounts of statement of financial position assets, financial liabilities and insurance contract liabilities in order to arrive at the company's interest rate gap based on earlier of contractual repricing or maturity dates.

The disclosures provided in this note are based on the Company's investment portfolio as at December 31, 2023 and 2022.

	2023				
	Within 1 year	**1-5 years**	**Over 5 years**	**Non-Interest bearing**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Assets					
Cash resources	1,223,500	-	-	-	1,223,500
Financial investments and pledged assets	32,599,006	6,689,018	102,497,047	36,207,129	177,992,200
Lease receivables	-	94,428	-	-	94,428
Reinsurance contract assets	(579,016)	(51,324)	(578,273)	1,589,630	381,017
Other assets	-	-	-	6,351,315	6,351,315
Total assets	33,243,490	6,732,122	101,918,774	44,148,074	186,042,460

	2023				
	Within 1 year	**1-5 years**	**Over 5 years**	**Non-Interest bearing**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Liabilities					
Due to bank and other financial institutions	616,987	-	-	-	616,987
Loan Payable	-	-	-	-	-
Other liabilities	-	-	-	7,867,138	7,867,138
Lease liabilities	444,060	117,691	-	-	561,751
Insurance contract liabilities	(14,472,304)	(15,729,242)	151,728,526	2,985,487	124,512,467
Reinsurance contract liabilities	(446,626)	(39,589)	(446,053)	1,226,167	293,899
Investment contracts liabilities	12,071,842	4,273,862	-	-	16,345,704
Total liabilities	(1,786,041)	(11,377,278)	151,282,473	12,078,792	150,197,946
On statement of financial position interest sensitivity gap	35,029,531	18,109,400	(49,363,699)	32,069,282	35,844,514
Cumulative interest sensitivity gap	35,029,531	53,138,931	3,775,232	35,844,514	

	2022				
	Within 1 year	**1-5 years**	**Over 5 years**	**Non-Interest bearing**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Total financial and insurance assets	18,803,267	13,322,717	92,132,509	46,450,748	170,709,241
Total financial and insurance liabilities liabilities	10,720,877	8,147,672	193,231,875	17,675,969	229,776,393
On statement of financial position interest sensitivity gap	8,082,390	5,175,045	(101,099,366)	28,774,779	(59,067,152)
Cumulative interest sensitivity gap	8,082,390	13,257,435	(87,841,931)	(59,067,152)	

The table summarises the average effective yields by the earlier of the contractual repricing or maturity dates:

(expressed in Jamaican dollars unless otherwise indicated)

38. Insurance and Financial Risk Management (Continued)

(c) Financial risk (Continued)

(iii) Market risk (Continued)

Cash flow and fair value interest rate risk (Continued)

	2023					
	Immediately rate sensitive	**Within 3 months**	**3 to 12 months**	**1 to 5 Years**	**Over 5 Years**	**Weighted Average**
	%	%	%	%	%	%
Investments (1)	3.84	5.42	6.56	9.06	5.88	
Mortgages (2)	-	10.94	5.99	6.42	5.94	5.99
Bank overdraft	48.00	-	-	-	-	48.00
Amounts due to banks and other financial institutions			0.90			

	2022					
	Immediately rate sensitive	**Within 3 months**	**3 to 12 months**	**1 to 5 Years**	**Over 5 Years**	**Weighted Average**
	%	%	%	%	%	%
Investments (1)	-	5.91	7.11	3.35	8.73	7.79
Mortgages (2)	-	7.95	9.25	7.54	6.29	6.34
Bank overdraft	48.00	-	-	-	-	48.00
Amounts due to banks and other financial institutions	-	-	2.00	-	-	2.00

(1) Yields are based on book values and contractual interest adjusted for amortization of premiums and discounts.

(2) Yields are based on book values, net of allowances for impairment and contractual interest rates.

Sensitivity

The Company's sensitivity to interest rate risk is disclosed in Note 39.

(iv) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

39. Sensitivity Analysis

The Company's contractual service margin and financial results can be impacted by possible movements in key assumptions, such as the discount rate, timing of cash flows, and rates of lapse and mortality. The correlation of assumptions will have a significant effect in determining the ultimate impacts. Sensitivity information will also vary according to the current economic assumptions.

The Company's financial results will be affected by changes in the rates of mortality, morbidity, lapse, other policyholder behavior and expenses (insurance risks). The nature of those impacts and the extent to which they impact current period earnings depends on the change, the extent to which it relates to past, current or future periods and, where applicable, the extent to which the change impacts onerous or non-onerous groups of contracts.

Changes in the rates of current or future insurance risk that relate to the LIC relate to past service and will impact earnings in the period that those changes are realized. Changes in the rates of insurance risk experienced in the current period that relate to the LRC will also impact earnings in the period that those changes are realized.

For contracts measured under PAA, the liability for incurred claims is sensitive to the key assumptions. Changes in the weighted average term to settlement, expected loss and inflation rate can impact the overall performance of the Company. The correlation of assumptions will have a significant effect in determining the ultimate impacts.

Changes in the rates of insurance risk expected in the future, and changes in the rates of insurance risk experienced in the current period, in relation to the LRC will affect expected cash flows. To the extent that the changes relate to onerous groups of contracts, or the CSM on non-onerous groups is insufficient to offset any adverse impact of the changes, the impact of the changes will be recognised in earnings in the period realized. Where the changes impact non-onerous groups of contracts, the impact of changes in the LRC will be offset by changes in the CSM with a corresponding change in the CSM release that will be expected in future periods.

Where the insurance contracts are reinsured, the impacts of changes on direct contracts will be offset to the extent of the reinsurance.

The determination of insurance contract liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. These factors are discussed in detail in Note 3(b)(i).

(i) Sensitivity arising from the valuation of life insurance and annuity contracts

In summary, the valuation of liabilities of life insurance and annuity contracts is sensitive to:

- the economic scenario,
- the investments allocated to back the liabilities,
- the underlying assumptions used, and
- risk adjustment for non-financial risks

The Appointed Actuary tests the liabilities under several economic scenarios. These tests have been done and the liabilities have been derived from the scenarios which produce the worst results.

39. Sensitivity Analysis (Continued)

(i) Sensitivity arising from the valuation of life insurance and annuity contracts (Continued)

The assumption for future investment yields has a significant impact on contract liabilities. The other assumptions to which the liabilities of the Company are most sensitive, are in descending order of impact:

- Mortality and morbidity
- Operating expenses and taxes
- Lapse rates

The following sensitivity analysis shows the impact (gross and net of reinsurance held) on contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Insurance contracts issued	2023		
	Change in assumptions	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**
	%	**$'000**	**$'000**
Mortality/morbidity rate	+10%	471,882	471,882
Longevity	+10%	(222,362)	(222,362)
Expenses	+10%	176,814	176,814
Lapse and surrenders rate	+10%	107,279	107,279
		-	-
		-	-
Mortality/morbidity rate	-10%	(477,466)	(477,466)
Expenses	-10%	(176,592)	(176,592)
Lapse and surrenders rate	-10%	(146,402)	(146,402)

39. Sensitivity Analysis (Continued)

(i) Sensitivity arising from the valuation of life insurance and annuity contracts (Continued)

	2022 Restated		
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax gross of reinsurance
	%	$'000	$'000
Mortality/morbidity rate	+10%	478,675	478,675
Longevity	+10%	(215,530)	(215,530)
Expenses	+10%	186,267	186,267
Lapse and surrenders rate	+10%	93,487	93,487
Mortality/morbidity rate	-10%	(484,539)	(484,539)
Longevity	-10%	233,158	233,158
Expenses	-10%	(186,118)	(186,118)
Lapse and surrenders rate	-10%	(129,787)	(129,787)

	2023			2022	
	Change in assumptions	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	Impact of CSM before tax gross of reinsurance	Impact of CSM before tax net of reinsurance
	%	$'000	$'000	$'000	$'000
Mortality/morbidity rate	+10%	4,724,416	4,645,219	4,594,115	4,520,226
Longevity	+10%	(1,464,877)	(1,464,877)	(1,410,884)	(1,410,884)
Expenses	+10%	1,080,339	1,080,346	959,566	959,567
Lapse and surrenders rate	+10%	2,355,689	2,334,208	1,917,125	1,898,195
				-	-
				-	-
Mortality/morbidity rate	-10%	(4,793,428)	(4,713,243)	(4,666,194)	(4,591,234)
Longevity	-10%	1,605,228	1,605,228	1,547,081	1,547,081
Expenses	-10%	(1,079,812)	(1,079,819)	(959,156)	(959,157)
Lapse and surrenders rate	-10%	(2,568,394)	(2,544,897)	(2,208,578)	(2,187,889)

39. Sensitivity Analysis (Continued)

(ii) Sensitivity arising from a decline in equity prices

The Company is sensitive to fair value risk on its at FVTPL equity securities. The effects of an increase by 5% (2022- 5%) and a decrease by 10% (2022- 10%) in equity prices at the year-end date are set out below.

	Carrying Value	Effect of 10% decrease at December 31, 2023	Effect of 5% increase at December 31, 2023
	$000	$000	$000
Financial assets at FVTPL equity securities:			
Listed on Jamaica Stock Exchange	4,223,420	(422,342)	211,171
Listed on US Stock Exchange	700,964	(70,096)	35,048
Other	29,091,152	(2,909,115)	1,454,558
	34,015,536	(3,401,554)	1,700,777

	Carrying Value	Effect of 10% decrease at December 31, 2022	Effect of 5% increase at December 31, 2022
	$000	$000	$000
Financial assets at FVTPL equity securities:			
Listed on Jamaica Stock Exchange	4,463,150	(446,315)	223,158
Listed on US Stock Exchange	1,424,376	(142,438)	71,219
Other	29,098,357	(2,909,836)	1,454,918
	34,985,883	(3,498,589)	1,749,295

39. Sensitivity Analysis (Continued)

(iii) Sensitivity arising from currency risk

The Company is most sensitive to currency risk in its operating currencies which float against the United States dollar.

The effect of further depreciation and appreciation in the Jamaican dollar (JMD) relative to the United States dollar (USD) at the year-end date is considered in the following tables.

	2023			2022 Restated		
	Balances Denominated in other than JMD	Effect of 10% depreciation at December 31, 2023	Effect of 10% appreciation at December 31, 2023	Balances Denominated in other than JMD	Effect of 4% depreciation at December 31, 2022	Effect of 1% appreciation at December 31, 2022
	$000	$000	$000	$000	$000	$000
Statement of financial position:						
Assets	49,601,258	44,641,132	54,561,384	42,277,495	40,586,395	42,700,270
Liabilities	44,926,955	40,434,260	49,419,651	43,275,318	41,544,305	43,708,071
Net position	4,674,303	4,206,872	5,141,733	(997,823)	(957,910)	(1,007,801)
Impact on Net Profit						
Other comprehensive Income		(467,431)	467,430		39,913	(9,978)

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on contractual service margin, profit before tax, and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous period.

	2023			2022 Restated		
	Change in exchange rate	Impact on CSM before tax	Impact on profit before tax	Change in exchange rate	Impact on CSM before tax	Impact on profit before tax
	%	$000	$000	%	$000	$000
JMD/USD exchange rate						
Insurance and reinsurance contract assets	+10%	1,496,283	(136,026)	+10%	3,571,351	(324,668)
Financial assets	+10%	8,511,773	-	+10%	7,282,495	-
Insurance and reinsurance contract assets	-10%	1,224,231	136,026	-10%	2,922,015	324,668
Financial assets	-10%	(8,511,773)	-	-10%	(7,282,495)	-

39. Sensitivity Analysis (Continued)

(iv) Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and other components of equity.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

	2023			2022 Restated		
	Change in interest rate	Impact on profit before tax	Impact on equity	Change in interest rate	Impact on profit before tax	Impact on equity
		$000	$000		$000	$000
Insurance and reinsurance contracts	+100 bps	(82,577)	-	+50 bps	(82,585)	-
Insurance and reinsurance contracts	-100 bps	83,733	-	-50 bps	83,721	-
Debt instruments						
Long Term Insurance	+100 bps	(8,434,595)	(345,172)	+50 bps	(4,009,815)	(178,364)
Short Term Insurance	+100 bps	(303,357)	(2,377)	+50 bps	(161,433)	(1,705)
Debt instruments						
Long Term Insurance	-100 bps	9,343,520	392,162	-50 bps	4,510,409	189,722
Short Term Insurance	-100 bps	330,598	2,503	-50 bps	169,225	1,735

40. Capital Management

The Company manages its capital resources according to the following objectives:

(i) To comply with capital requirements established by insurance and other financial intermediary regulatory authorities;

(ii) To comply with internationally recognised capital requirements for insurance, where local regulations do not require these international standards;

(iii) To safeguard its ability to meet future obligations to policyholders, depositors, note-holders and stockholders;

(iv) To provide adequate returns to stockholders by pricing insurance, investment and other contracts commensurately with the level of risk; and

(v) To maintain a strong capital base which is sufficient for the future development of the Company's operations.

The principal capital resource of the Company comprises its stockholders' equity.

The Company deploys its capital resources to activities carried out through various lines of business. The capital is deployed in such a manner as to ensure that each line of business generates the desired return on capital employed, that the operating companies have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

Required capital adequacy information is filed with the regulators in the countries in which the Company operates, Jamaica, monthly.

The capital adequacy of the principal operating entities within the Company is set out below.

Capital adequacy is calculated monthly by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements.To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure is the Jamaican Life Insurance Capital Adequacy Test (JA-LICAT) which became effective January 1, 2023 as per the Insurance Regulations, 2001 amended 2023. Minimum Continuing Surplus and Capital Requirement (MCCSR) was in effect prior to 2023. The minimum standard requirement for LICATand MCCSR ratio is 100% and 150% respectively. Sagicor Life Jamaica Limited exceeded the standard requirement at year-end.

During 2023 and 2022, the Company complied with all of the externally imposed capital requirements to which it is subject.

41. Fiduciary Risk

The Company provides administration, investment management or advisory services to third parties which involve making allocation and purchase and sale decisions in relation to a wide range of financial instruments.

42. Commitments

In the normal course of business, the Company has entered into commitments at the year-end date for which no provision has been made in these financial statements. The off statement of financial position commitments and their maturity profiles are as follows:

	Contractual cash flows within 1 year	Contractual Cash flows 1-5 years	Contractual Cash flows after 5 years	Current year Total
	$'000	$'000	$'000	$'000
At December 31, 2023				
Loan commitments	643,842	-	-	643,842
Capital commitments	1,281,036	-	-	1,281,036
	1,924,878	-	-	1,924,878

	Contractual cash flows within 1 year	Contractual Cash flows 1-5 years	Contractual Cash flows after 5 years	Current year Total
	$'000	$'000	$'000	$'000
At December 31, 2022				
Loan commitments	324,492	-	-	324,492
Capital commitments	321,682	-	-	321,682
	646,174	-	-	646,174

43. Contingent Liabilities

Legal proceedings
The Company is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Company, and the amount can be reasonably estimated.

In respect of claims asserted against the Company which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Company which is immaterial to both the financial position and results of operations.

Significant matters are as follows:

(a) A suit has been filed by a customer for breach of contract, and breach of trust in the amount of US$8,928,500, being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds. No provision was made in these financial statements for this claim as the matter has not been heard.

(b) A former employee, along with seven (7) former employees of America Life Insurance Company (“ALICO”) had been contributing to ALICO’s pension scheme in excess of ten (10) years prior to their termination. Upon termination, their contributions were refunded. The Company's position is that the refund of their contribution disqualified them from being eligible for a deferred annuity at retirement on the basis of the language of the pension trust deed. The Claimants hold the view that membership in the scheme for ten (10 years) or more creates a vested entitlement to the deferred annuity.

44. Offsetting Financial Assets and Financial Liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	2023						
	Related amounts not set off in the statement of financial position						
	Gross amounts of financial assets $'000	Gross amounts set off on the statement of financial $'000	Net amounts of financial assets presented on the statement of financial $'000	Impact of master Netting Agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net Amount $'000
ASSETS							
Cash resources	1,223,500	-	1,223,500	-	-	-	1,223,500
Financial investments	177,992,200	-	177,992,200	-	-	(780,320)	177,211,880
Lease receivables	94,428	-	94,428	-	-	-	94,428
Other assets	6,351,315	-	6,351,315	-	-	-	6,351,315
	185,661,443	-	185,661,443	-	-	(780,320)	184,881,123

	2022						
	Related amounts not set off in the statement of financial position						
	Gross amounts of financial assets $'000	Gross amounts set off on the statement of financial position $'000	Net amounts of financial assets presented on the statement of financial position $'000	Impact of master Netting Agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net Amount $'000
ASSETS							
Cash resources	1,110,313	-	1,110,313	-	-	-	1,110,313
Financial investments	165,489,344	-	165,489,344	-	-	(744,332)	164,745,012
Lease receivables	94,428	-	94,428	-	-	-	94,428
Other assets	4,685,038	-	4,685,038	-	-	-	4,685,038
	171,379,123	-	171,379,123	-	-	(744,332)	170,634,791

44. Offsetting Financial Assets and Financial Liabilities (Continued)

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	2023						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets	Gross amounts set off on the statement of financial position	Net amounts of financial assets presented on the statement of financial position	Impact of master Netting Agreements	Cash collateral	Financial instruments collateral	Net Amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES							
Due to banks and other financial liabilities	616,987	-	616,987	-	-	-	616,987
Other liabilities	7,867,138	-	7,867,138	-	-	-	7,867,138
	8,484,125	-	8,484,125	-	-	-	8,484,125

	2022						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets	Gross amounts set off on the statement of financial position	Net amounts of financial assets presented on the statement of financial position	Impact of master Netting Agreements	Cash collateral	Financial instruments collateral	Net Amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES							
Due to banks and other financial liabilities	701,421	-	701,421	-	-	-	701,421
Other liabilities	6,246,246	-	6,246,246	-	-	-	6,246,246
	6,947,667	-	6,947,667	-	-	-	6,947,667

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