Separate Financial Statements of

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

December 31, 2020

Contents **Page**

COLONIAL LIFE
INSURANCE COMPANY (TRINIDAD) LIMITED
P.O. Box 443, 29 St. Vincent Street, Port of Spain, Republic of Trinidad & Tobago, W.I.
Tel: (868) 623-1421, Fax: (868) 627-3821, Email: info@clico.com, Website: clico.com

Statement of Management's Responsibilities
Colonial Life Insurance Company (Trinidad) Limited

Management is responsible for the following:

a) Preparing and fairly presenting the accompanying separate financial statements of Colonial Life Insurance Company (Trinidad) Limited (the Company), which comprise the separate statement of financial position as at December 31, 2020, the separate statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended notes, comprising significant accounting policies and other explanatory information;

b) Ensuring that the Company keeps proper accounting records;

c) Selecting appropriate accounting policies and applying them in a consistent manner;

d) Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud and the achievement of the Company's operational efficiencies;

e) Ensuring that the system of internal control operated effectively during the reporting period;

f) Producing reliable financial reporting that complies with laws and regulations, including the Companies and Insurance Acts; and

g) Using reasonable and prudent judgment in the determination of estimates.

In preparing these separate financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago as modified by the Insurance Act Act 6 of 1980, for the exclusion of the preparation of consolidated financial statements in accordance with IFRS 10 - Consolidated Financial Statements. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Certain directives issued by the Central Bank of Trinidad and Tobago have resulted in the curtailment of the Company's operations. Subject to Note 1 thereafter, the Company continues to maintain its operations in the normal course of business and continues to operate as a going concern.

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

Jacinta Sohun	Claire Gomez-Miller
Chief Financial Officer	Executive Chairman
Date: May 24, 2021	Date: May 24, 2021

3. OPINION OF THE APPOINTED ACTUARY

The actuarial certificates are required by the Insurance Act and the Section 5 Part 1 of the Second Schedule of the Insurance Regulations.

3.1. Actuarial Certification – Long-term insurance and investment contracts

This actuarial certificate and opinion are provided in accordance with the provisions of the Insurance Act, with respect to the long-term insurance business of the Colonial Life Insurance Company (Trinidad) Limited.

I have examined the financial position and valued the long-term insurance and investment contract liabilities for the Colonial Life Insurance Company (Trinidad) Limited as reported on its balance sheet as at
December 31, 2020 and the corresponding change in insurance and investment contract liabilities for the year then ended.

In my opinion

- The methods and procedures used in the verification of the valuation data are sufficient and reliable and fulfill the acceptable standards of care;
- The valuation of long-term insurance and investment contract liabilities has been made in accordance with generally accepted actuarial principles with such changes as determined and directions made by the Insurance (Caribbean Policy Premium Method) Regulations;
- The methods and assumptions used to calculate the consolidated actuarial and other insurance and investment contract liabilities are appropriate to the circumstances of the Company and of the said policies and claims;
- The long-term insurance and investment contract liabilities represented in the balance sheet of the Company amounting to $TT 7,718,801,000 ($TT 7,615,568,000 within the statutory fund and
$TT 103,223,000 outside of the Statutory Fund) makes proper provision for the future obligations under the Companies' policies and meets the requirements of the Act and any other Regulations made there-under and
- A proper charge on account of these liabilities has been made in the revenue account.

Simone Brathwaite, FCIA, FSA, CERA | April 30, 2021

Appointed Actuary, CLICO

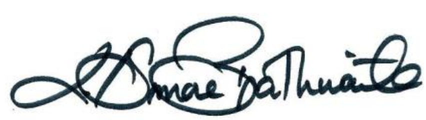
3.2. Actuarial Certification – Short-term insurance and investment contracts

This actuarial certificate and opinion are provided in accordance with the requirements of the Insurance Act with respect to the short-term investment business (EFPA) registered as at December 31, 2020.

I have valued the short-term investment contracts of the Company for its balance sheet as at December 31, 2020.

In my opinion:

- The methods and procedures used in the verification of the valuation data are sufficient and reliable and fulfill the acceptable standards of care;
- The valuation of short-term investment contracts (EFPA) has been made in accordance with generally accepted actuarial principles, and the Resolution Plan;
- The short-term EFPA investment contracts represented in the balance sheet of the Company amounting to $TT 145,043,000 ($TT 81,508,000 within the Statutory Fund and $TT 63,535,000 outside of the Statutory Fund) makes proper provision for the future obligations under the Companies' policies and meets the requirements of the Act and any other Regulations made there-under; and
- A proper charge on account of these liabilities has been made in the revenueaccount



Simone Brathwaite, FCIA, FSA, CERA April 30, 2021

Appointed Actuary, CLICO

KPMG
Chartered Accountants
Savannah East
11 Queen's Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: https://home.kpmg/tt

Independent Auditors' Report
To the Shareholders of
Colonial Life Insurance Company (Trinidad) Limited

Qualified Opinion

We have audited the separate financial statements of Colonial Life Insurance Company (Trinidad) Limited ("the Company"), which comprise the separate statement of financial position as at December 31, 2020, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the disclosed basis of accounting.

Basis for Qualified Opinion

The Company's investments in subsidiaries are stated at fair values categorised within Level 3 of the fair value hierarchy. The total carrying value of these assets is $2.58 billion (2019: $2.58 billion), representing 19.1% (2019: 17.3%) of total assets. The Company has not disclosed a description of the valuation techniques and the quantitative information about significant unobservable inputs used in the fair value measurements for the reasons that are more fully explained in Note 4.3. Disclosure of the valuation techniques and the quantitative information about significant unobservable inputs used in the fair value measurement is required by IFRS 13 *Fair Value Measurement*.

In addition, the valuation of the investments in subsidiaries is based on outdated information as updated information is not available to management for further analysis. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in Methanol Holdings International Limited as at December 31, 2020, because updated financial information about Methanol Holdings International Limited was not provided to us. Consequently, we were unable to determine whether there are any adjustments to the amounts shown in the separate financial statements for investments in subsidiaries and the separate statements of profit or loss and other comprehensive income as at and for the year ended December 31, 2020, were necessary.

Basis for Qualified Opinion (continued)

The Company's investment in one of its associates, stated in these separate financial statements at $654 million, is based on audited financial statements of the associate as at June 30, 2020, which is non-coterminous with that of the Company. Financial information about the associate for the period July 1, 2020, to December 31, 2020 was provided. However, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in that associate as at December 31, 2020, because the subsidiary of the associate holding the significant observable input has no audited financial statements. Consequently, we were unable to determine whether any adjustments to the amounts shown in the separate financial statements for investments in associates and the separate statement of other comprehensive income as at and for the year ended December 31, 2020, were necessary.

The Company has recorded $125 million in fair value of properties as at December 31, 2020 for which there are no current valuation provided. We were unable to obtain sufficient appropriate audit evidence about the fair value of these properties. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The Company is analysing cash and balances with banks and short term deposits, accounts payable and loans and receivables to determine whether or not they are appropriately recorded in the financial statements as at December 31, 2020. We have not been provided with sufficient appropriate audit evidence to determine the impact these accounts would have on the statements of financial position and profit or loss once reconciled.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit* of the *Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of Matter – The impact of the Central Bank of Trinidad and Tobago intervention

We draw attention to Note 1 to the separate financial statements, which describes the amendment to the Central Bank Act that was passed by the Parliament of the Republic of Trinidad and Tobago and its implications for the Company. We note that the Company was required to cease writing new business, effective August 2014 onwards, and that the Company continues to manage the run-off of existing policies. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Basis of Accounting and Restriction of Use

We draw attention to Note 2(a) to the separate financial statements, which describes the basis of accounting. These separate financial statements, prepared for regulatory purposes, are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, as modified by the Insurance Act, Act 6 of 1980, for the exclusion of the preparation of consolidated financial statements in accordance with IFRS 10 – Consolidated Financial Statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate 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 auditors' 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 skepticism 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.

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

- 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 auditors' 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 auditors' 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.

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
May 24, 2021

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Separate Statement of Financial Position

December 31, 2020

	Notes	2020	2019
		$'000	**$'000**
ASSETS			
Property and equipment	6	60,144	70,468
Investment properties	7	353,900	363,763
Investment in associates	8	670,289	647,259
Investment in subsidiaries	9	2,583,173	2,583,173
Investment securities	10	1,947,264	2,536,834
Loans and other receivables	12	161,906	154,858
Deferred tax assets	31	17,314	21,035
Taxation recoverable		86,595	14,144
Cash and balances with banks and short-term deposits	13	368,029	826,177
Assets held for sale	14	7,306,800	7,688,277
Total assets		13,555,414	14,905,988
EQUITY			
Share capital	15	14,750	14,750
Accumulated surplus		1,213,916	1,089,485
Valuation reserves	16	2,010,587	2,118,851
Total equity		3,239,253	3,223,086
LIABILITIES			
Investment contracts	18	145,043	145,485
Mutual fund obligation	19	41,857	41,011
Due to related parties	20	70,811	68,956
Debt securities issued	21	2,061,484	3,017,977
Taxation payable		64,939	58,826
Accounts payable	22	205,474	624,233
Liabilities directly associated with assets held for sale	14	7,726,553	7,726,414
Total liabilities		10,316,161	11,682,902
Total equity and liabilities		13,555,414	14,905,988

The accompanying notes on pages 15 to 117 are an integral part of these separate financial statements.

Director ______________________ Director ______________________

Claire Gomez-Miller Martin Franklin

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Separate Statement of Profit or Loss

For the year ended December 31, 2020

	Notes	2020	2019
		$'000	**$'000**
Insurance premium		212,197	217,240
Reinsurance premium ceded		(2,156)	(7,130)
Net insurance premium	23	210,041	210,110
Insurance benefits and claims	24	(400,886)	(421,397)
Expenses for the acquisition of insurance and investment contracts		(2,800)	(3,097)
Change in value of insurance contracts		48,227	35,650
Underwriting expenses		(355,459)	(388,844)
Net results from insurance activities		(145,418)	(178,734)
Investment income	25	102,036	222,757
Impairment gain (loss) on financial assets		20,803	(1,113)
(Loss) gain on revaluation of investment properties	7	(9,350)	525
Other income	27	4,569	1,287
Net results from investing activities		118,058	223,456
Expenses for administration	28	(59,367)	(77,164)
Investment contract movements	29	(1,602)	(4,776)
Operating expenses		(60,969)	(81,940)
Results of operating activities		(88,329)	(37,218)
Finance costs	30	(126,217)	(148,320)
Operating loss before taxation		(214,546)	(185,538)
Taxation	31	17,621	(1,642)
Loss for the year before performance of assets held for sale		(196,925)	(187,180)
Profit from assets held for sale	14	316,155	310,870
Profit for the year		119,230	123,690

The accompanying notes on pages 15 to 117 are an integral part of these separate financial statements.

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Separate Statement of Other Comprehensive Income

For the year ended December 31, 2020

	Notes	2020	2019
		$'000	**$'000**
Profit for the year		119,230	123,690
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI			
- Net change in fair value	16	(104,017)	198,069
- Taxation		34,941	(2,798)
		(69,076)	195,271
Items that are or maybe reclassified to profit or loss			
Debt instruments at FVOCI:			
- Net change in fair value	16	10,031	51,952
- Revaluation of property	16	(3,040)	2,628
Assets held for sale:			
- Net change in fair value	16	(48,612)	203,142
Total other comprehensive income, net of tax		(110,697)	452,993
Total comprehensive income, net of tax		8,533	576,683

The accompanying notes on pages 15 to 117 are an integral part of these separate financial statements.

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Separate Statement of Changes in Equity

For the year ended December 31, 2020

	Share Capital $'000	Accumulated Surplus $'000	Valuation Reserves $'000	Total Equity $'000
Year ended December 31, 2020				
Balance at January 1, 2020	14,750	1,089,485	2,118,851	3,223,086
Reclassification of gain on disposal of equity investments at FVOCI to retained earnings	-	5,201	(5,201)	-
Profit for the year	-	119,230	-	119,230
Change in fair value equity investments at FVOCI, net of tax	-	-	(69,076)	(69,076)
Net change in fair value debt instruments at FVOCI	-	-	10,031	10,031
Revaluation of property	-	-	(3,040)	(3,040)
Assets held for sale:				
- Net change in fair value	-	-	(48,612)	(48,612)
Total comprehensive income	-	124,431	(115,898)	8,533
Transactions with owners of the Company				
Net movement in trustee's units held in Managed Funds	-	-	7,634	7,634
Balance at December 31, 2020	**14,750**	**1,213,916**	**2,010,587**	**3,239,253**

Separate Statement of Changes in Equity (continued)

For the year ended December 31, 2020

	Share Capital $'000	Accumulated Surplus $'000	Valuation Reserves $'000	Total Equity $'000
Year ended December 31, 2019				
Balance at January 1, 2019	14,750	964,812	1,692,363	2,671,925
Reclassification of gain on disposal of equity investments at FVOCI to retained earnings	-	983	(983)	-
Profit for the year	-	123,690	-	123,690
Change in fair value of equity investments at FVOCI, net of tax	-	-	195,271	195,271
Change in fair value of debt instruments at FVOCI:	-	-	51,952	51,952
Revaluation of property	-	-	2,628	2,628
Assets held for sale:				
- Net change in fair value	-	-	203,142	203,142
Total comprehensive income	-	124,673	452,010	576,683
Transactions with owners of the Company				
Net movement in trustee's units held in Managed Funds	-	-	(25,522)	(25,522)
Balance at December 31, 2019	**14,750**	**1,089,485**	**2,118,851**	**3,223,086**

The accompanying notes on pages 15 to 117 are an integral part of these separate financial statements.

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Separate Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
	$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss before taxation	(214,546)	(185,538)
Adjustments for:		
Depreciation	6,459	3,557
Net write offs and write backs	(7,872)	(10,498)
Loss (gain) on revaluation of investment properties	9,350	(525)
Property, plant and equipment impairment (adjustment)	1,401	(3,942)
Investment income	(102,036)	(222,757)
Impairment (gain) loss of financial assets	(20,803)	1,113
Change in value of insurance contracts	(48,227)	(35,560)
Investment contracts movements	(1,602)	(4,776)
Interest expense on debt security issued	125,953	148,006
Operating loss before changes in working capital	(251,923)	(310,920)
Changes in:		
- Insurance contracts	25,523	65,175
- Investment contracts	65,054	4,257
- Loans and receivables	68,254	-
- Accounts payable	(148,599)	(224,979)
- Due to related parties	1,855	(5,273)
Taxes paid	(5,292)	(4,084)
Net cash used in operating activities	(245,128)	(475,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debt securities	(902,674)	(730,913)
Net cash used in financing activities	(902,674)	(730,913)

The accompanying notes on pages 15 to 117 are an integral part of these separate financial statements.

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Separate Statement of Cash Flows (continued)

For the year ended December 31, 2020

	Note	2020	2019
		$'000	**$'000**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(576)	(1,118)
Proceeds from disposal of property and equipment		-	1,283
Dividends received		21,775	132,889
Interest received		80,261	80,918
Sale of investment securities		366,320	166,490
Purchase of investment securities		(28,956)	(67,157)
Redemption/(purchase) escrow		78,038	(78,038)
Change in fixed deposits maturing more than 3 months		31,447	80,881
Net cash from investing activities		548,309	316,148
Decrease in cash and cash equivalents		(599,493)	(890,589)
Increase in cash and cash equivalents – Assets held for sale	14	250,831	297,862
Net decrease in cash and cash equivalents		(348,662)	(592,727)
CASH AND CASH EQUIVALENTS AT START OF YEAR		576,592	1,169,319
CASH AND CASH EQUIVALENTS AT END OF YEAR		227,930	576,592
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Deposits maturing less than three months	13	7,659	334,059
Cash at bank	13	220,271	242,533
		227,930	576,592

During the year, certain assets were disposed of in the amount of $71.6 million (Note 14) (2019: $254 million) to extinguish debt to a related entity. This transaction did not result in an exchange of cash.

The accompanying notes on pages 15 to 117 are an integral part of these separate financial statements.

1. General Information

Colonial Life Insurance Company (Trinidad) Limited (the Company or CLICO) is incorporated in the Republic of Trinidad and Tobago and carries on long-term, group and annuity business for customers inside and outside of Trinidad and Tobago.

At December 31, 2008, the Company was a wholly owned subsidiary of CL Financial Limited (the Parent), which is also incorporated in the Republic of Trinidad and Tobago. The registered offices of the Company are located at 29 St Vincent Street, Port of Spain. Effective February 13, 2009, the Central Bank of Trinidad and Tobago (CBTT or Central Bank) assumed control of the Company pursuant to the exercise of its emergency powers under section 44(D) of the Central Bank Act. The Parent entered into involuntary liquidation during the year 2018.

On September 10, 2009, the Government of the Republic of Trinidad and Tobago (GORTT) injected additional capital into the Company by the acquisition of ordinary shares and preference shares. This transaction resulted in GORTT's ownership of 49% of the share capital of the Company.

On September 8, 2010, the Minister of Finance in his 2011 Budget Presentation proposed a plan to further address the issue of the Company's restructuring. During 2011, the Company commenced the pay-out process as outlined in the Budget Speech.

The first phase of the pay-out was started in March 2011 with payments to EFPA/GAAP/GAP policyholders with balances under $75,000. The second phase of the pay-out to EFPA/GAAP/GAP policyholders with policies over $75,000 in value started on December 1, 2011. Pay-outs for CSI Series 6 unit-holders with values under $75,000 commenced on June 21, 2011, while pay-outs to unit-holders with values over $75,000 commenced on March 1, 2012. This restructuring plan continued into 2012.

On September 17, 2011, the Parliament of Trinidad and Tobago passed the Central Bank (Amendment) Bill 2011 (the Bill). This amendment, which is to apply to all institutions subject to emergency State intervention, describes the process to stay all legal actions against the Company whilst it operates under the provisions of Section 44(D) of the Central Bank Act. The Bill provides that the stay continues to apply once the Court is satisfied that it is necessary in so far as any legal action against the Company constitutes a risk to the national good. Consequently, most matters against the Company have been stayed.

In May 2014, the Governor of the CBTT indicated that as part of the resolution strategy for CLICO, the Central Bank proposed to transfer CLICO's traditional insurance portfolio, for value to an acquiring insurance company that is appropriately capitalized, has a proven track record and the capacity to honour all obligations to policyholders. The final independent valuation of the Company's traditional portfolio as of December 31, 2013, was received in November 2014.

1. General Information (continued)

In August 2014, the Company was advised by the Central Bank to cease writing new business with limited exceptions. The effective date of this cessation was September 1, 2014. Based on this advisory the Company also terminated the services of its agents effective September 24, 2014.

In March 2015, the Central Bank directed CLICO to undertake, as part of Central Bank's resolution plan, the First Partial Distribution of cash to all Statutory Fund STIP holders, including the Government. The first partial distribution value paid to each holder represented 85% of the principal value at maturity for each policy. This first partial payment process commenced in March 2015 and continued throughout the year.

In July 2016, under the Central Bank's directive, CLICO commenced the final payment to all third party resident and non-resident STIP holders and holders of mutual fund contracts. This offer met the full payments on contractual liability under these policies.

During 2017, further to the receipt of directives from the Central Bank, CLICO continued to repay its liabilities to the Government, by cash as well as the transfer of certain investments to the Government.

During 2018, further to the receipt of directives from the Central Bank, CLICO continued to repay its liabilities to the Government, by cash as well as the transfer of certain investments to the Government. The Company was able to obtain some funds to pay towards this debt from the liquidation of CLICO Investment Bank (CIB).

On September 30, 2019, CLICO executed a sale and purchase agreement (SPA) with Sagicor Life Inc for the sale of the Company's traditional insurance portfolio. The effective date of the transfer is dependent on regulatory approval from the Central Bank.

Following a bidding process, on September 30, 2019, CLICO executed a sale and purchase agreement ("SPA") with the preferred bidder, Sagicor Life Inc. ("SAGICOR"), for the sale and transfer of the Company's traditional insurance portfolio ("the Portfolio"). The effective date of the transfer of the Portfolio is dependent on CLICO obtaining the required regulatory approvals from the Central Bank.

Further to following the execution of the SPA with SAGICOR, an Application for Leave to make a claim for judicial review of the SPA was filed in November 2019 by a claimant against the Central Bank in respect of the bidding process.

In April 2020, the Central Bank was served with a Draft Order of the High Court whereby granted the claimant leave to file a claim for judicial review as well as an interim injunction was made prohibiting the Central Bank from taking any steps to provide regulatory approval or to otherwise progress or finalize the transfer of the Portfolio to SAGICOR pending the hearing and final determination of this matter or until further order be granted. Pending this determination progress on the SPA has ceased.

1. General Information (continued)

In May 2020, the Central Bank appealed the said High Court decision of the Court with respect to the granting of leave for the judicial review. In July 2020, the Court granted an interim injunction to allow the parties (including CLICO, SAGICOR and the Central Bank) to commence and conduct all appropriate due diligence applicable for discovery activities with respect to the sale and transfer of the traditional insurance portfolio to resume.

The Central Bank appealed the Order of the Court with respect to the granting of Leave for the Judicial Review and on February 17, 2021, the Court of Appeal dismissed the Central Bank's Appeal by a 2:1 majority. The Central Bank has since taken steps to appeal this decision.

Going concern

CLICO continues to be cash flow positive and profitable on an operating recurring basis (after removing non-recurring and non-operating items) from its existing insurance policies and portfolio of investments. Due to the nature of the policies historically underwritten, CLICO continues to achieve a high degree of matching between its valuable assets and its insurance and investment contract liabilities. Further, as detailed in Note 21, the Company has the ability to exercise its discretion in repaying its debt security obligations and has the ability to be able to meet all of its obligations as they fall due.

Given that the Company has the ability to continue as a going concern and has no plans to cease operations despite the run-off of its ongoing policies in the next 18 months, the Directors have concluded that the financial statements should be prepared on a going concern basis.

The financial statements for December 31, 2020 were approved for issue on May 20, 2021, by the Board of Directors of the Company.

2. Basis of Preparation

(a) Basis of accounting

These financial statements, prepared for regulatory purposes, are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, as modified by the Insurance Act, Act 6 of 1980 for the exclusion of the preparation of consolidated financial statements in accordance with IFRS 10 – Consolidated Financial Statements. By extension, IAS 27 Separate Financial Statements is used to account for the investment in associate companies even though the Company does not meet the criteria to apply IAS 27.

2. Basis of Preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and buildings, investment securities, investment properties, investment in subsidiaries and associates, assets held for sale and insurance contracts which are all measured at fair value.

These financial statements have been prepared taking into account directives issued by the CBTT to the Company namely that:

1. CLICO's traditional insurance portfolio will be transferred, for value, to an acquiring insurance company.
2. CLICO would cease selling new business with limited exceptions from September 1, 2014.

(c) Functional and presentation currency

The financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional currency. Except as otherwise indicated, financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS as modified by the Insurance Act, Act 6 of 1980, for the exclusion of the preparation of consolidated financial statements in accordance with IFRS 10 - Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

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

Information about significant areas of estimation uncertainty that have a significant risk of resulting in a material change to assets and liabilities in the next financial year, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 4.

(e) Intra-group balances and transactions

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions have not been eliminated as they are accounted for, by their nature or function, as appropriate, in the separate line items in these financial statements.

3. Significant 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) Foreign currency translation

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

However, foreign currency differences arising from the translation of investment in equity securities and subsidiaries designated at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss) are recognised in OCI.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

(b) Property and equipment

(i) Recognition and measurement

Land and buildings comprise mainly former agency locations and offices occupied by the Company. Land and buildings are shown at fair value less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Valuations are made on the basis of current prices in an active market.

Artwork, which mainly comprised paintings commissioned for the Company's annual calendars, were valued in 2011 and that value was deemed to be cost and included in property and equipment. Artwork is shown at deemed cost less depreciation over its useful life. Useful life is determined to be equivalent to that of the buildings on which they hang. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Management is of the opinion that this gives a fair indication of realisable value if these items were sold in an orderly sale.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Significant Accounting Policies (continued)

(b) Property and equipment (continued)

(ii) Subsequent costs (continued)

Increases in the carrying amount on revaluation of land and buildings are recognised in other comprehensive income and accumulated in valuation reserves. Decreases that offset previous increases of the same asset are charged against those reserves; all other decreases are charged to profit or loss.

(iii) Depreciation

Land is not depreciated. Depreciation on other assets is calculated to write off the cost of each asset to their residual values over their estimated useful life as follows:

	Method	**Rate**
Buildings	Straight line	2%
Artwork	Straight line	2%
Furniture, fixtures and office equipment	Reducing balance	10%-20%
Motor vehicles	Reducing balance	20%
Computer equipment		
- Mainframe	Reducing balance	20%
- Deferred software	Straight Line	25%
- Peripherals	Reducing balance	20%

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

At the reporting date, the Company performs an assessment of the carrying amounts of property and equipment for indicators of impairment. If any such indication exists, then the asset`s recoverable amount is estimated. Where the carrying amount of an asset is greater that its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts. These are included in profit or loss. When revalued assets are sold, the amounts included in the valuation reserve are transferred to accumulated surplus. The transfer is not made through profit or loss.

3. Significant Accounting Policies (continued)

(c) Investment properties

Properties that are not occupied by the Company and held for long-term rental yields and/or capital appreciation are classified as investment properties.

Investment properties, principally comprising office buildings, are carried at fair value and changes in fair value are recorded in profit or loss. Fair value is based on current prices in an active market for all properties. These valuations are done biennial by independent professionally qualified appraisers and in intervening periods, if there are any changes in the economic environment, an assessment of the value is conducted.

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

If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in statement of changes in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to accumulated surplus; the transfer is not made through profit or loss.

(d) Investments in subsidiaries and associates

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in quoted subsidiaries and associated companies are classified as fair value through other comprehensive income and are stated at fair value based on quoted closing market prices.

Investments in unquoted subsidiaries and associated companies are classified as fair value through other comprehensive income and are stated at fair value using valuation techniques.

Note 2 (a) describes the reason for the exclusion of the preparation of consolidated financial statements. By extension, IAS 27 Separate Financial Statements is used to account for the investment in associate companies even though the Company does not meet the criteria to apply IAS 27.

3. Significant Accounting Policies (continued)

(e) Financial instruments

(i) Definition

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company's classification of its financial assets and liabilities is governed by IFRS 9.

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

(ii) Recognition

The Company recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue for a financial asset or financial liability not measured at Fair Value through Profit and Loss (FVTPL). Transaction costs on financial assets carried at fair value through profit or loss are expensed in the profit or loss.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed); and

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(iii) Derecognition (continued)

(ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI) is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment in an equity instrument.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred financial assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all of the risks and reward of ownership of a financial asset and it retains control of the financial asset, the Company continues to recognise the financial asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

(iv) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(iv) Classification (continued)

Financial assets (continued)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contract terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are designated at FVTPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company has made an irrevocable election at the time of initial recognition to account for equity investments at FVOCI.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(iv) Classification (continued)

Business model assessment (continued)

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

Financial assets that are held for trading are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payment of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In considering whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(v) Measurement

Financial instruments are measured initially at fair value, including any directly attributable transaction costs, except that for financial assets at fair value through profit or loss, transaction costs are included in profit or loss.

Financial assets

Subsequent to initial recognition all financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs.

'Fair value' is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(v) Measurement (continued)

Financial assets (continued)

Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit and loss.
Debt Investments at FVOCI	Measured at fair value. Interest income calculated using the effective interest rate method; foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity Investments at FVOCI	Measured at fair value. Dividends are recognised as income in profit or loss unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial assets at amortised cost	Measured at amortised cost using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on decrecognition is also recognised in profit or loss.

Financial liabilities

All non-trading financial liabilities are measured at amortised cost.

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(vi) Fair values of financial assets and liabilities

The fair value of financial assets and financial liabilities is determined as follows:

i. The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

ii. The fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The separate financial statements include holdings in unquoted shares which are measured at fair value (Notes 8 to 10). Fair value is estimated using a discounted cash flow model, which includes some assumptions which are not supportable by observable market prices or rates. If the fair value of unquoted equities cannot be measured reliably, these financial assets are measured at cost, being the fair value of the consideration paid for the acquisition of the investment less impairment losses. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(viii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Amortised cost is calculated on the effective interest rate method.

Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

3. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

(ix) Designation at fair value through profit or loss

Management designates financial assets and financial liabilities at fair value through profit or loss when the assets or liabilities are managed and reported internally on a fair value basis, or the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(f) Impairment of financial assets

IFRS 9 with its forward-looking 'expected credit loss' (ECL) model is used for the impairment review of the Company's financial assets. The impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI and lease receivables.

ECL can be calculated as lifetime or twelve months ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

The Company recognises loss allowances for ECL on:

- Financial assets measured at amortised cost; and
- Debt investments measured at FVOCI;

The Company measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is a 12-month ECL:

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

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

(i) Measurement of ECL

ECL is a probability-weighted estimate of credit losses and is measured as follows:

- *Financial assets that are not credit-impaired at the reporting date*: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive; and

3. Significant Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(i) Measurement of ECL (continued)

- *Financial assets that are credit impaired at the reporting date*: the difference between the gross carrying amount and the present value of the estimated future cash flows.

The key inputs into the measurement of ECL are the term structures of the following variables:

Probability of default (PD) is an estimate of the likelihood of default over a given period of time. To determine lifetime and 12 month PDs, the Company uses the PD tables supplied by Standard and Poors (S&P) based on the default history of obligors with the same rating.

Loss given default (LGD) is the magnitude of the likely losses if there is a default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

Exposure at default (EAD) represents the expected exposure in the event of a default. The Company derives EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount.

(ii) Credit impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or past-due event;
- The restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

3. Significant Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(ii) Credit impaired financial assets (continued)

A financial asset that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in sovereign debt is credit impaired, the Company considers changes in the rating agencies' assessments of creditworthiness from the date of purchase.

(iii) Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(g) Impairment – non-financial assets

The carrying amounts of the Company's other assets, other than deferred tax assets see accounting policy 3(f), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant Accounting Policies (continued)

(h) Cash and cash equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and deposits held at call with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of change in values and are held for meeting short-term cash commitments rather than for investment purposes.

These comprise investments in money market instruments and short-term deposits with original maturities of three months or less, net of bank overdrafts. Cash and cash equivalents are measured at amortised cost.

(i) Insurance and investment contracts – classification

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

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Company defines as significant insurance risk as the possibility of having to pay significant additional benefits on the occurrence of an insured event, more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(j) Insurance contracts

(1) Recognition and measurement

The Company issues insurance contracts that can be classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Long-term insurance contracts

These contracts insure events associated with human life (for example death, or survival) over a long duration.

They include the following:

i. Ordinary Life contracts – These contracts provide for payment of a known sum in the event of the death of the policyholder. The main risk is the premature death of the policyholder. The Company takes on this risk by contracting to pay the sum assured on death in return for a premium.

3. Significant Accounting Policies (continued)

(j) Insurance contracts (continued)

(1) Recognition and measurement (continued)

ii. Critical Illness contracts – These contracts provide for payment of the sum insured upon diagnosis of one of the critical illnesses specified in the contract. The main risk is the premature diagnosis of the specific critical illness. The Company takes on the risk by contracting to pay the sum insured in return for a premium.

iii. Individual Annuity, Group Annuity and Flexible Premium Annuity (FPA) contracts – These include deferred or immediate annuity and FPA contracts. These contracts provide for payment of a regular income upon maturity of the contract in the case of deferred annuities and for immediate commencement of payments in the case of an immediate annuity. The main risk is the policyholder outliving the life expectancy adopted for underwriting the policies.

The Company takes on this risk by contracting to provide an income to the policyholder while alive in return for an insurance premium.

Long-term insurance premium income is accounted for in profit or loss on the accrual basis. Premiums are shown before the deduction of commissions. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that is expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the expected benefit payments and the future administration expenses that are directly related to the contract, less the discounted value of the expected future contractual premiums (if any). In order to determine the liability, assumptions deemed appropriate by the Actuary, are made in respect of mortality, persistency, maintenance expenses and investment income that may occur over the future lifetime of a contract. A margin for adverse deviations is included in the assumptions.

The liabilities are recalculated at each reporting date using the assumptions established at that date.

3. Significant Accounting Policies (continued)

(j) Insurance contracts (continued)

(1) Recognition and measurement (continued)

Short-term insurance contracts

These contracts are short-duration life insurance contracts that are issued to employers which insure against the consequences of the death of employees that would affect the ability of his/her dependants to maintain their current level of income. These contracts are renewable annually. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Short-term insurance premiums are accounted for in profit or loss on the accrual basis. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred. Liabilities are estimated using the unearned premium approximation. This approximation is checked for reasonableness against the claims and expense experience of the group of contracts.

Provision for unearned premiums represents the proportions of short-term insurance premiums written in the year, which relate to periods of insurance subsequent to the reporting date and are computed on a pro-rata basis.

The provision for unexpired risks represents amounts set aside at the year-end, in addition to unearned premiums, in respect of subsequent risks to be borne by the Company under contracts of short-term insurance in force at the year-end.

(2) Liability adequacy test

The Company assesses at each reporting date whether the Company's recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts.

Current best estimates of future contractual cash flows, claims handling, administration expenses, as well as investment income from the assets backing such liabilities are all used to perform the annual actuarial valuation of the Company's long-term insurance liability. As such, no separate liability adequacy test is required. Details of the assumptions adopted in this valuation are disclosed in Note 17.2.

3. Significant Accounting Policies (continued)

(j) Insurance contracts (continued)

(3) Outstanding claims

Claims outstanding comprise the estimated cost of claims incurred but not settled at the end of the year. The provision is determined using the best information available of claims settlement patterns, anticipated inflation and settlement of claims.

Differences between the estimated cost and subsequent settlement of claims are recognised in the year in which they are settled or in which the claims outstanding are re-estimated and such differences could be significantly different.

The provision for unearned premium represents the portion of premiums written relating to the periods of insurance coverage subsequent to the end of the year.

(4) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

(5) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

3. Significant Accounting Policies (continued)

(j) Insurance contracts (continued)

(5) Reinsurance contracts held (continued)

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated using the same method used for these financial assets.

(k) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Any contract not recognised as an insurance contract under IFRS 4 is classified as an investment contract. The Company's investment contracts are classified as deposit administration contracts, managed funds and Executive Flexible Premium Annuity (EFPA)/Group Advanced Protection (GAP)/Group Annuity Advanced Performance Policy (GAAPP) policies.

Deposit administration business

These are investment products issued by the Company to registered pension schemes and used for accumulating retirement benefits for employees of an entity. The funds are normally used to purchase immediate annuities for the employees upon retirement.

Deposit administration contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability.

The interest or investment return provided to contract holders is recorded as 'investment contract expenses'.

3. Significant Accounting Policies (continued)

(k) Investment contracts (continued)

Managed Funds business

The managed fund is a unitised fund which is sold to pension plans. The pension plans' funds as well as their subsequent net inflows/outflows of contributions, benefits and expenses are used to purchase/sell units in the managed fund. The proceeds from units purchased by the pension plans are invested in specific investments, which are pooled, and the pension plans bear the investment risk. A valuation of the investment portfolio ascertaining the fair value of the assets and investment income earned is performed each month to determine the offer and bid prices of the units. The Company acts as a facilitator for the trading of units and can also be a holder of units at any valuation date. The units held by the Company are kept as a reserve, the value of which is separated from the pension plans units and credited to shareholders' equity. Administration and investment management fees are charged to the pension plans for services provided by the Company.

EFPA/GAP/GAAPP policies

This is a flexible single premium accumulation annuity product. GAP policies are corporate owned EFPAs and GAAPP policies formed a new group of single premium deferred accumulation annuity policies introduced in 2008. Additional premiums attracted the prevailing interest rate at the time. The interest accruing to policyholders is recorded as an investment contract expense.

The Company discontinued the sale of these products by 2010.

(l) Borrowings

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

Preference shares, which are mandatorily redeemable, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as interest expense.

(m) Taxation

Corporation tax on long-term business (other than approved annuity business) is charged annually at 15% on investment income derived from the investment of the Statutory Fund less allowable investment expenses in relation thereto. The profits of approved annuity business are not chargeable to tax except to the extent that such profits are distributed to shareholders. Corporation tax is also due at the rate of 30% on profits of long-term insurance business and non-insurance business transferred to the account of shareholders.

3. Significant Accounting Policies (continued)

(m) Taxation (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to OCI or equity, in which case the charge is made to OCI or equity as appropriate.

Deferred 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 tax assets and liabilities relate to 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.

(n) Provisions

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

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

3. Significant Accounting Policies (continued)

(o) Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* does not have any material impact on the accounting policies as the Company's primary activity is long-term, group and annuity insurance business.

The insurance products revenue recognition is defined in IFRS 4 (see note 3(j) on premium income).

Fee income

The Company is the advisor, manager and distributor of the Colonial Life Family of Funds. Front-end fees are charged to the customers of the Core (Series VI) and Power (Series VI) Funds. These front-end fees are for a guarantee that the Company provides to the customer for principal and for a specific interest rate of return over a specified period of time. This fee is accounted for in the period in which the contract is made.

Fees arising from asset management and other investment related services are recognised in the accounting period in which the services are rendered.

(i) Interest

(a) Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

3. Significant Accounting Policies (continued)

(o) Revenue recognition (continued)

(i) Interest (continued)

(b) Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at cost;
- negative interest on financial assets; and
- interest expense on lease liabilities.

Cash flows related to capitalised interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalised.

(ii) Investment income

Investment income comprises interest, dividends, rent and loan interest for the year, and realised profits and losses on sale of investments. Dividends are recognised when the rights to receive payment are established. Interest is recognised on a time proportion basis using the effective interest method.

(iii) Rental income

Rental income is recognised on the accrual basis.

(iv) Net trading income (income from investment securities at FVTPL)

'Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

3. Significant Accounting Policies (continued)

(p) Expenses of management

Expenses of management are allocated directly to the individual funds where applicable. Other expenses not directly allocated are apportioned to the individual funds in the ratio of direct salary costs for the year.

(q) Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or
- represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

As a lessee

The Company mainly leases various office space, motor vehicles and equipment used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options, which is described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the stand-alone prices stated in the contracts. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. Significant Accounting Policies (continued)

(q) Leases (continued)

As a lessee (continued)

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 and the leased assets may not be used as security for borrowing purposes.

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3. Significant Accounting Policies (continued)

(q) Leases (continued)

As a lessee (continued)

- Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or
- rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities on the face of the statement of financial position.

The Company presents right-of-use assets that meet the definition of investment property at fair value under IAS 40 as investment property.

As a lessor

The Company leases out its investment properties. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in profit or loss.

3. Significant Accounting Policies (continued)

(r) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

A gain or loss not previously recognized by the date of the sale of the noncurrent asset is recognized at the date of derecognition.

Once classified as held-for-sale, property and equipment are no longer amortised or depreciated. Interest and other expenses attributable to the liabilities directly associated with assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities directly associated with assets held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(s) New, revised and amended standards interpretations that became effective during the year

- Definition of a Business (Amendments to IFRS 3) which became effective for annual reporting periods beginning on or after January 1, 2020 provides a narrower definition of a business. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. This had no material impact on CLICO's separate financial statements.

3. Significant Accounting Policies (continued)

(s) New, revised and amended standards interpretations that became effective during the year (continued)

- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) which became effective for annual reporting periods beginning on or after January 1, 2020 provide that on the issue of IFRS 17 (Revised) *Insurance Contracts* in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to January 1, 2023 to align with the effective date of IFRS 17. The amendment provides for two optional solutions – temporary exemption from IFRS 9 or overlay approach.

  The Company implemented IFRS 9 in 2018 and this extension had no material impact on the Company.

- Amendments to Reference to Conceptual Framework in IFRS Standards, which is effective for annual reporting periods beginning on or after January 1, 2020, is a comprehensive revision of the exiting framework. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. Most of the concepts are not new, the revised framework codifies the IASB's thinking adopted in recent standards. Some areas such as the distinction between liabilities and equity have been removed from the revised Framework and are being dealt with in separate projects.

  These amendments had no impact on the separate financial statements.

(t) New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early-adopted. The Company has assessed the relevance of all such new standards, amendments and interpretations with respect to the Company's operations and has determined that the following are likely to have an effect on the financial statements.

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

3. Significant Accounting Policies (continued)

(t) New, revised and amended standards and interpretations not yet effective (continued)

- Amendments to IFRS 16 *Leases* (continued)

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before 30 June 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

  The Company is currently evaluating the impact of this amendment, however it is not expected to have a material impact on the separate financial statements.

- Annual Improvements

  Annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

  (i) IFRS 1 *First-time Adoption of International Financial Reporting Standards* – this amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to IFRS Standards.

  (ii) IFRS 9 *Financial Instruments* – this amendment clarifies that for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

3. Significant Accounting Policies (continued)

(t) New, revised and amended standards and interpretations not yet effective (continued)

- Annual Improvements (continued)

  (iii) IFRS 16 *Leases*, Illustrative Example 13 – the amendment removes illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

  (iv) IAS 41 *Agriculture* – this amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements, in IAS 41with those in IFRS 13 *Fair Value Measurement*.

  The Company is currently evaluating the impact of annual improvements to IFRS Standard 2018-2020, however these are not expected to have a material impact on the Company's separate financial statements.

- IFRS 17 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023 replaces IFRS 4 *Insurance Contracts* and provides three models to apply to all insurance contracts: the general model, the variable fee approach and the premium allocation approach.

  The key principles in IFRS 17 are that an entity:

  - Identifies insurance contract as those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future (the insured event) adversely affects the policyholder.
  - Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts.
  - Recognises and measures groups of insurance contracts at:

    (a) a risk - adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); and

    (b) an amount representing the unearned profit in the group of contracts (the contractual service margin).
  - Recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group contract is or becomes loss making, an entity recognizes the loss immediately.
  - Presents separately insurance revenue (that excludes the receipt of repayment of any investment components) and insurance finance income or expenses;

3. Significant Accounting Policies (continued)

(t) New, revised and amended standards and interpretations not yet effective (continued)

- IFRS 17 *Insurance Contracts* (continued)

  - Includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts where the coverage period is less than a year or where there are no significant expected changes in estimates before the claims are incurred.

  Many of the disclosures of IFRS 4 are kept in IFRS 17. The general model requires disclosure and reconciliation of the expected present value of future cash flows, risk adjustment and contractual service margin. No reconciliation is required under the variable fee approach.

  The Company expects that IFRS 17 will have a significant impact on its separate financial statements, tax and regulatory capital positions and other financial metrics that are dependent upon IFRS accounting values. The Company's assessment of the impact of this standard, including work to ensure implementation by the effective date, is ongoing.

- Amendments to IFRS 17 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023 and provides for the following amendments to the standard:

  - Most companies that issue credit cards and similar products that provide insurance coverage will be able to continue with their existing accounting, unless the insurance coverage is a contractual feature, easing implementation for non-insurers.

  - For loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, companies that issue such loans have an option to apply IFRS 9 or IFRS 17, reducing the impact of IFRS 17 for non-insurers.

  - In measuring the contractual service margin; companies will choose to apply either a 'period-to-period' or 'year-to-date' approach, allowing greater opportunity for consistency with current practice and for subsidiaries to align reporting with their parent, revenue and profit emergence will better reflect performance of the wide range of insurance products and the services they provide to customers' allocating insurance acquisition cash flows to future renewal groups reduces the risk of groups becoming onerous solely from acquisition expenses paid relating to future renewals, the allocation is revised at each reporting period to reflect any changes in assumptions that determine the inputs to the method of allocation used, until all contracts have been added to the group and companies now need to assess each period the recoverability of insurance acquisition cash flow assets usually on a more granular level than applied today.

(t) New, revised and amended standards and interpretations not yet effective (continued)

- IFRS 17 *Insurance Contracts* (continued)

  - Upon transition, companies may be able to account for acquired contracts before the transition date as liabilities for incurred claims. In many cases, companies will be required to identify and recognise an asset for insurance acquisition cash flows incurred prior to transition. Companies are not required to perform a recoverability assessment for periods prior to transition.

  - In accounting for direct participating contracts risk mitigation option expanded to non-derivative assets at FVTPL and reinsurance contracts held and extended to provide relief prospectively from the transition date. If a company meets the risk mitigation option criteria before transition, it can now apply the fair value approach to the related contracts at transition. Companies applying both OCI and risk mitigation options together will be able to achieve better matching in the income statement.
  - For reinsurance contracts, companies will be able to offset losses on initial recognition of direct insurance contracts based on a prescribed formula if they are covered by reinsurance contracts held, reducing accounting mismatches.

  - There is relief for companies to present (re)insurance contract assets and liabilities at a portfolio level, instead of group level in the statement of financial position and income taxes specifically charged to policyholders may now be included in fulfilment cash flows, better reflecting local practice in certain jurisdictions.

  The Company's assessment of the impact of Amendments to IFRS 17 *Insurance Contracts*, is ongoing.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

  A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

3. Significant Accounting Policies (continued)

(t) New, revised and amended standards and interpretations not yet effective (continued)

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Company is currently evaluating the impact of Amendments to IAS 1 *Presentation of Financial Statements*, however it is not expected to have a material impact on the separate financial statements.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Company, at each reporting date, makes estimates and assumptions about the future, that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next financial year. Estimates and underlying judgments are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4.1 Estimate of future benefit payments and premiums arising from long-term insurance contracts

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. This latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

For the respective reserves, assumptions for mortality and morbidity, lapse, future investment yields, operating expenses and taxes, best estimate assumptions are determined where appropriate for each major product line.

Provisions for adverse deviations are established based on the risk profiles of the business. They are determined within a specific range guided by the Canadian Standards of Practice.

The reserve assumption for each component of policy cash flow consists of an assumption for the expected experience and, separately, a margin for adverse deviation that reflects the degree of uncertainty in the expected experience assumption. The expected experience and the margin reflect the latest current experiences.

Detailed analyses are carried out by the Company's Actuarial Department in conjunction with the Company's Consulting Actuary to determine the best-estimate assumptions.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.1 Estimate of future benefit payments and premiums arising from long-term insurance contracts (continued)

The Company's best-estimate mortality assumption is based on industry experience, and adjusted with the Company's own experience. The assumed mortality rates for life insurance contracts do not reflect any future mortality improvement. For contracts that insure the risk of longevity (annuity contracts), appropriate but not excessively prudent allowance is made for expected mortality improvements.

The main source of uncertainty is that COVID-19, which was officially deemed a pandemic by the World Health Organization (WHO) on March 11, 2020, would have a significant impact on its insured population. Over 90% of CLICO's actuarial reserves consists of deferred and payout annuities where higher mortality is favorable for the aggregate business. As part of the COVID-19 stress testing, mortality rates were increased by 20% for all lines of business for 2021 and 2022, this resulted in a reserve release of $12.1M. The Company has also been tracking deaths reported on its smaller Ordinary Life business. To date, only 1 reported death was due to COVID-19.

Other factors considered include epidemics such as AIDS and wide-ranging lifestyle changes, such as eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the ages in which the Company has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

Morbidity refers to the claims experience of the critical illness products. The best-estimate assumption is based on industry experience only.

Lapse and expenses studies were performed to determine the best-estimate lapse and per policy future administrative expense assumptions. However, for certain annuity products, estimates of future lapses were not made based on historical experiences.

Under certain contracts, the Company has offered guaranteed annuity options. Under the current conditions, this option is "in the money". The Actuary has included extra reserves for this option.

The process used to decide on the key actuarial assumptions and the sensitivity of the liability to changes in these assumptions is illustrated in Note 16 to these financial statements.

The estimation of incidents incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation costs of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claim has happened.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.1 Estimate of future benefit payments and premiums arising from long-term insurance contracts (continued)

The Company's practice is to record in the accounts of a financial year claims incurred in that year and reported within the first four to six weeks of the following year. The IBNR was established for the individual policies and group policies based on claims reporting lag experience of the past five years.

4.2 Impairment of Financial assets

IFRS 9 is a forward-looking 'expected credit loss' (ECL) model. The impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs. Judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- The estimation of the amount and timing of future cash flows and collateral values
- The inclusion of overlay adjustments based on judgement and future expectations.

Further details on assets identified as impaired and the respective impairment losses incurred are disclosed in Notes 5.3.1 to these financial statements.

4.3 Fair value of financial and non-financial assets

The Company's accounting policy on fair value measurements is set out in Notes 3(b), (c) and (e).

The Company places the fair values that it measures in the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical asset.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar assets in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all assets where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the assets.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.3 Fair value of financial and non-financial assets (continued)

Fair values of assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other assets the Company determines fair values using valuation techniques.

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

Valuation Framework

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

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

The Company also uses prices readily available on the relevant stock exchanges or broker information.

Significant valuation issues are reported to the Board Audit and Risk Committee.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.3 Fair value of financial and non-financial assets (continued)

Financial and non-financial assets measured at fair value

	Notes	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
December 31, 2020					
Land and building	6	-	-	35,483	35,483
Investment property	7	-	52,350	301,550	353,900
Investment in associates	8	15,982	-	654,307	670,289
Investment in subsidiaries	9	-	-	2,583,173	2,583,173
Investment securities	10	780,979	1,164,331	1,954	1,947,264
Assets held for sale	14	-	7,063,552	243,248	7,306,800
December 31, 2019					
Land and building	6	-	-	38,999	38,999
Investment property	7	-	46,900	316,863	363,763
Investment in associates	8	17,922	-	629,337	647,259
Investment in subsidiaries	9	-	-	2,583,173	2,583,173
Investment securities	10	923,535	1,611,345	1,954	2,536,834
Assets held for sale	14	-	7,376,288	311,989	7,688,277

Level 2 fair value measurements

Investment Securities are valued using market data obtained from external, independent sources. This includes quoted prices for similar assets in active markets, prices for identical or similar assets in inactive markets.

There has been no change in the valuation techniques used for these assets.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.3 Fair value of financial and non-financial assets (continued)

Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Investment in Associates $'000	Investment in Subsidiaries $'000	Investment Securities (unquoted equities) $'000
Balance at January 1	629,337	2,583,173	1,954
Fair value gain	24,966	-	-
Balance at December 31	654,303	2,583,173	1,954

Total gains for the year in the above table are presented in the other comprehensive income as follows:

	Investment in Associates $'000	Investment in Subsidiaries $'000	Investment Securities (unquoted equities) $'000
2020			
Total gains recognised:			
Gains on financial assets	24,966	-	-

	Investment in Associates $'000	Investment in Subsidiaries $'000	Investment Securities (unquoted equities) $'000
2019			
Total (losses) gains recognised:			
Gains (losses) on financial assets	-	-	-

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.3 Fair value of financial and non-financial assets (continued)

Level 3 fair value measurements (continued)

Unobservable inputs used in measuring fair value

Investments in Associates

The valuation assessment used for investments in associates is a result of two widely utilised relative valuation methodologies: Trading Comparable and Transaction Comparable. Comparable, a relative valuation methodology that looks at ratios of similar public companies and uses them to derive the value of another business (also called "trading multiples" or "peer group analysis" or "equity comps" or "public market multiples"), in which comparisons are made of the current value of a business to other similar businesses by looking at trading multiples like Price to Earnings (P/E), Enterprise Value (EV)/Earnings before interest, taxes, depreciation & amortization (EBITDA). The Company uses the transaction comparable method.

Unobservable inputs to valuation

Technique	Valuation Inputs	Significant Unobservable Range
Trading comparables	-	-
Precedent comparable transactions	EBITDA	13.4x-15.9x
Specific industry valuation metrics	Market trading range	-

Management recognised a $25 million gain to the CL World Brands Limited (CLWB) valuation for 2020. The CLWB value was based mainly on the value of its holdings in a company on the Trinidad and Tobago stock exchange as at December 31, 2020.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.3 Fair value of financial and non-financial assets (continued)

Level 3 fair value measurements (continued)

Unobservable inputs to valuation (continued)

Investments in Subsidiaries

The Company's investments in subsidiaries are stated at fair value and categorised as Level 3 of the fair value hierarchy. The total carrying value of these assets is $2.58 billion (2019: $2.58 billion), representing 19.1% (2019: 17.3%) of total assets. The Company has not disclosed a description of the valuation techniques and the quantitative information about significant unobservable inputs used in the fair value measurements as a disclosure would bring CLICO into contempt of a Court Order, however, the information has been presented to the Company's Auditors.

Fair Value estimation of financial instruments not measured at fair value

The table below shows the financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial instruments not measured at fair value

	Notes	Level 1	Level 2	Level 3	Total Carrying Values
		$'000	$'000	$'000	$'000
December 31, 2020					
Assets					
Loans and other receivables	12	-	-	161,906	161,906
Bank and short-term deposits	13	-	140,099	227,930	368,029
Liabilities					
Investment contracts	18	-	-	145,043	145,043
Mutual Funds	19	-	-	41,857	41,857
Due to related parties	20	-	-	70,811	70,811
Debt securities issued	21	-	-	2,061,484	2,061,484
Accounts payable	22	-	-	205,474	205,474
Liabilities directly associated with assets held for sale – Investment contracts	14	-	-	1,190,677	1,190,677

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (continued)

4.3 Fair value of financial and non-financial assets (continued)

Financial instruments not measured at fair value (continued)

	Notes	Level 1	Level 2	Level 3	Total Carrying Values
		$'000	$'000	$'000	$'000
December 31, 2019					
Assets					
Loans and other receivables	12	-	-	154,858	154,858
Bank and short-term deposits	13	-	171,547	654,630	826,177
Liabilities					
Investment contracts	18	-	-	145,485	145,485
Mutual Funds	19	-	-	41,011	41,011
Due to related parties	20	-	-	68,956	68,956
Debt securities issued	21	-	-	3,017,977	3,017,977
Accounts payable	22	-	-	624,233	624,233
Liabilities directly associated with assets held for sale – Investment contracts	14	-	-	1,167,832	1,167,832

The carrying value approximates to fair value due to its highly liquid nature and the fact that it is readily converted and is subject to insignificant risk of change in value. There were no transfers between levels within 2020.

4.4 Financial asset and liability classification

The Company's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as trading, the Company has determined that it meets the description of trading assets and liabilities set out in Note 3(e).
- In designating financial assets or liabilities at fair value through profit or loss, the Company has determined that it has met one of the criteria for this classification set out in Note 3(e).

5. Insurance and Financial Risk Management

Introduction and overview

The Company has exposure to the following risks from the use of financial instruments and the issuing of insurance and investment contracts:

i. Insurance risk
ii. Credit risk
iii. Liquidity risk
iv. Market risk
v. Operational risk
vi. Capital management

5. Insurance and Financial Risk Management

Introduction and overview

This Note presents information about the Company's exposure to each of the above-stated risks and its objectives, policies and processes for measuring and managing risk.

5.1 Risk management framework

As described in Note 1, the Central Bank intervened in the operations of the Company and as a consequence the Central Bank controls the Company through the Board of Directors and an oversight committee.

CLICO's Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's Risk Management Framework. Apart from the Board establishing various Board Committees to have more direct oversight of risks within the Company, the Board has ensured the establishment of an Enterprise Risk Management System, an ERM Risk Council and Management Committees to ensure the continuous management of risks.

(a) The Board Finance, Investment and Resolution Committee is charged with the direct oversight of investments and financial risks and the internal control framework for managing these risks.

(b) The Board Audit and Risk Committee has direct oversight over the Company's Enterprise Risk Management System and Internal Control Framework, and has increased oversight over governance, compliance and financial reporting risks.

(c) The Board established an Insurance Integrity and Risk Management Committee to appropriately manage insurance operations risks, under the direct oversight of the Board Operations & Assets Recovery Committee.

(d) The day to day management of risk is executed by the Company's management team and day to day operational risks are managed by department managers whereas for more significant transactions Board approval is sought for risk mitigating measures and controls.

(e) The Board established an Enterprise Risk Management (ERM) System and ERM Risk Council. The ERM Risk Council comprises Senior Management who, collectively and severally, are responsible for the identification, assessment and management of the organization's risks.

(f) CLICO has also established its Risk Categories to ensure all risks are considered within its Risk Management Framework; these categories are:- Strategic Risks; Compliance Risks; Credit Risk; Insurance Risk; Market and Investment Risk; Liquidity Risk; Operational Risk; Financial Risks; Hazard Risks; Governance Risks.

(g) In addition, CLICO's Risk Tolerance Levels, Risk Categories, Internal Control Framework and Internal Audit's Corporate Risk Assessments are also reviewed and assessed annually as integral elements of the company's Risk Management Framework.

5. Insurance and Financial Risk Management (continued)

5.1 Risk management framework (continued)

CLICO's ERM is a continuous process whereby risks will be continuously reviewed and assessed by Management to ensure that risks are effectively managed at varying levels and within specific contexts and risk appetite of CLICO. It also provides assurance that all levels of management and employees are focusing their efforts on the most important issues facing the Company, and leveraging their knowledge of risks.

5.2 Insurance risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

This could occur because the frequency of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

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.

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

5.2.1 Objectives in managing insurance contract risks and mitigation policies and concentration of insurance risks

(a) Objectives of risk management

The Company is in the business of accepting risks by issuing insurance contracts for commensurate returns to the shareholders. Effective management of these risks is critical to meeting the expectations of shareholders, policyholders and regulators.

The objectives of the Company's risk management activities are to: (i) maintain a desirable overall risk profile, (ii) maintain strength in fulfilling contractual obligations to policyholders, and (iii) protect capital and add value to shareholders.

5. Insurance and Financial Risk Management (continued)

5.2 Insurance risk (continued)

5.2.1 Objectives in managing insurance contract risks and mitigation policies and concentration of insurance risks (continued)

(b) Objectives of risk management

(b) (i) Concentration of insurance risk – Life

The tables below present the concentration of insured benefits across five bands of insured benefits per individual life assured.

	2020	
	$'000	**%**
Insured benefits per life $'000		
0-200	3,653,096	67.74
201-400	1,142,130	21.18
401-800	392,387	7.28
801-1,000	100,407	1.86
More than 1,001	105,196	1.94
Total	5,393,216	100.00

	2019	
	$'000	**%**
Insured benefits per life $'000		
0-200	3,775,432	70.33
201-400	1,116,399	20.80
401-800	294,261	5.48
801-1,000	92,488	1.72
More than 1,001	89,815	1.67
Total	5,368,395	100.00

5. Insurance and Financial Risk Management (continued)

5.2 Insurance risk (continued)

5.2.1 Objectives in managing insurance contract risks and mitigation policies and concentration of insurance risks (continued)

(b) (ii) Concentration of insurance risk - Annuities

The following tables for 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 were in payment at the year end. The Company does not hold any reinsurance contracts against the liabilities carried for these contracts.

	2020	
	$'000	**%**
Annuities payable per annum per life		
0-20,000	104,927	52.00
21,000-40,000	39,431	20.00
41,000-80,000	31,252	16.00
81,000-100,000	5,153	3.00
More than 101,000	19,215	9.00
Total	199,978	100.00

The risk concentration has not materially changed from the prior year.

	2019	
	$'000	**%**
Annuities payable per annum per life		
0-20,000	97,379	55.00
21,000-40,000	35,200	20.00
41,000-80,000	24,019	14.00
81,000-100,000	3,535	2.00
More than 101,000	15,600	9.00
Total	175,733	100.00

For contracts where death is the insured risk (life insurance), the most significant factors that could increase the overall frequency of claims are epidemics or pandemics (such as AIDS, corona virus) or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in claims occurring earlier than expected or in greater numbers than expected. For contracts where survival is the insured risk (annuity), the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

5. Insurance and Financial Risk Management (continued)

5.2 Insurance risk (continued)

5.2.2 Long-term insurance contracts and long-term annuities

(a) Frequency and severity of death claims

Insurance risk for contracts is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations. The Company has factored the impact of contract holders behaviour into the assumptions and provisions used to measure these liabilities.

Insurance risk for contracts disclosed in the note is also affected by interest rate risk. This is especially significant for some types of long-term insurance products. If new market rates were to rise appreciably, policyholders would want to cash in their policies (where cash values are provided) and move their money elsewhere where they can benefit from higher market rates. While at the same time that the insurer needs cash to pay the policyholder, the assets may have depreciated in market value.

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

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

The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company over the last five years 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. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, 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 trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. 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. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

5. Insurance and Financial Risk Management (continued)

5.2 Insurance risk (continued)

5.2.2 Long-term insurance contracts and long term annuities (continued)

(c) Guaranteed annuity options

The amount of insurance risk under contracts with guaranteed annuity options is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Company does not have sufficient historical data on which to base its estimate of the number of contract holders who will exercise their options.

Conversely, if current market interest rates were to rise in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that policyholders would want to cash in their policies and move their money elsewhere where they can benefit from higher interest rates unless their contracts provide some link to the higher interest rates.

(d) Reinsurance

To further mitigate underwriting risk, the Company purchases reinsurance to share part of the insurance risks accepted by the Company in writing premiums. This reinsurance, however, does not relieve the Company of its primary obligation to policyholders. If any reinsurers are unable to meet their obligation under the related agreements, the Company remains liable to its policyholders for the unrecoverable amounts. The Company has various yearly renewable term and coinsurance reinsurance agreements with reinsurers with different retention amounts for whole life, term, critical illness and universal life products.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Company reinsures approximately less than 10% of its group and ordinary life portfolios.

5. Insurance and Financial Risk Management (continued)

5.2 Insurance risk (continued)

5.2.3 Short-duration life insurance contracts

(i) Frequency and severity of claims

These contracts are mainly issued to employers to insure death benefit associated with their pension fund and other employee benefit plans. The risk is affected by the nature of the industry in which the employer operates, in addition to the factors in Note 5.2.1. (b).

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.

(ii) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the reporting date, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Company. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

5.3 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term, its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk.

5.3.1 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their contractual obligations, and arises principally from the Company's loans, mortgages, investments and related party balances. This is one of the materialised risks with the Company unable to secure timely repayment of several of its advances.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.1 Credit risk (continued)

Management of credit risk

The Board Audit and Risk and The Board Finance Investment and Resolution Committees which report to the Board of Directors have oversight of credit risk. The Finance and Investment teams reporting to the Board Audit and Risk Committee and The Board Finance Investment and Resolution Committee, are responsible for managing the Company's credit risk, including the following:

- Formulating credit policies in consultation with the relevant departments, covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Limiting concentration of exposure to counterparties by issuer, credit rating band and market liquidity within regulatory and statutory requirements.
- Developing and maintaining the Company's risk grading categorise exposures according to the degree of risk of default. The responsibility for setting risk grades lies with the final approving committee as appropriate. Risk grades are subject to regular reviews by the Board Audit and Risk Committee.
- Developing and maintaining the Company's processes for measuring ECL. This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and
  - incorporation of forward looking information.
- Regular reporting or reporting regularly on the credit quality of portfolios to the Board Audit and Risk Committee which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Providing advice, guidance and making specialist skills available to business units to promote best practice in the management of credit risk.

5. Insurance and Financial Risk Management (continued

5.3 Financial risk (continued)

5.3.1 Credit risk (continued)

The Company applies the IFRS 9 general approach to measuring expected credit losses on financial assets. Under the general approach, the Company considers the probability of default on initial recognition of the asset and whether there has been a significant increase in credit risk throughout each reporting period. When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without under cost or effort. The Company primarily identifies whether significant increase in credit risk has occurred for an exposure by comparing external credit ratings from initial recognition to the reporting date.

Definition of default

The Company considers a financial asset to be in default when the financial asset is classified as non-performing as at reporting date. Non-performing is defined as all investments that have missed payments as at reporting date.

A summary of the assumptions underpinning the company's expected credit loss model under the general approach is as follows

Category	**Definition**	**Basis for recognition of expected credit loss provision**
Stage 1 (Performing)	The counterparty has low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected credit losses are measured at its expected lifetime.
Stage 2 (Underperforming)	Financial assets for which there is a significant increase in credit risk since origination but no objective evidence of impairment.	Lifetime expected losses
Stage 3 (Non-performing)	The financial asset is in default.	Lifetime expected losses

Policy loans

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposure by comparing the cash surrender value of the policy and loan balance.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.1 Credit risk (continued)

Credit quality analysis

	Carrying Amounts		
	Exposure Default	**Expected Credit Loss**	**Total**
	$'000	**$'000**	**$'000**
As at December 31, 2020			
Other Financial Assets			
Stage 1 (Performing)	1,233,292	(47)	1,233,245
Stage 2 (Underperforming)	7,781,630	(4,059)	7,777,571
Stage 3 (Non-Performing)	1,223,676	(1,223,676)	-
	10,238,598	(1,227,782)	9,010,816
Due from Related Parties			
Stage 1 (Performing)	-	-	-
Stage 2 (Underperforming)	-	-	-
Stage 3 (Non-Performing)	4,595,662	(4,595,662)	-
	4,595,662	(4,595,662)	-
Loans and Other Receivables			
Stage 1 (Performing)	2,550	-	2,550
Stage 2 (Underperforming)	130,909	(666)	130,243
Stage 3 (Non-Performing)	397,633	(368,520)	29,113
	531,092	(369,186)	161,906
Bank and Short-term Deposits			
Stage 1 (Performing)	368,029	-	368,029
Total	15,733,381	(6,192,630)	9,540,751

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.1 Credit risk (continued)

Management of credit risk (continued)

Credit quality analysis

	Carrying Amounts		
	Exposure Default	Expected Credit Loss	Total
	$'000	$'000	$'000
As at December 31, 2019			
Other Financial Assets			
Stage 1 (Performing)	1,375,849	(1,122)	1,374,727
Stage 2 (Underperforming)	8,533,471	(4,520)	8,528,951
Stage 3 (Non-Performing)	1,223,676	(1,223,676)	-
	11,132,996	(1,229,318)	9,903,678
Due from Related Parties			
Stage 1 (Performing)	-	-	-
Stage 2 (Underperforming)	-	-	-
Stage 3 (Non-Performing)	4,596,053	(4,596,053)	-
	4,596,053	(4,596,053)	-
Loans and Other Receivables			
Stage 1 (Performing)	2,550	-	2,550
Stage 2 (Underperforming)	143,545	(9,443)	134,102
Stage 3 (Non-Performing)	456,789	(438,583)	18,206
	602,884	(448,026)	154,858
Bank and Short-term Deposits			
Stage 1 (Performing)	826,177	-	826,177
Total	17,158,110	(6,273,397)	10,884,713

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.1 Credit risk (continued)

Impairments

As at December 31, 2020

	Impairment as at December 31, 2019	ECL Impairment Gain	Current year Impairment Decrease	Impairment as at December 31, 2020
	$'000	$'000	$'000	$'000
Other financial assets	(1,229,318)	1,536	-	(1,227,782)
Due from related parties	(4,596,053)	-	391	(4,595,662)
Loans and receivables	(448,026)	8,777	70,063	(369,186)
	(6,273,397)	10,313	70,454	(6,192,630)

As at December 31, 2019

	Impairment as at December 31, 2018	ECL Impairment Gain	Current year Impairment Decrease	Impairment as at December 31, 2019
	$'000	$'000	$'000	$'000
Other financial assets	(1,230,001)	683	-	(1,229,318)
Due from related parties	(4,596,053)	-	-	(4,596,053)
Loans and receivables	(463,728)	-	15,702	(448,026)
	(6,289,782)	683	15,702	(6,273,397)

During the year, $3.7 million (2019: $4.2 million) was written off in loans and receivables.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.1 Credit risk (continued)

Concentrations of credit risk

The Company does not monitor concentration of credit risk. An analysis of concentrations of credit risk from investments in associates, investment in subsidiaries, investment securities and loans and receivables is shown below.

	Investment in associates		Investment in subsidiaries		Investment in securities		Loans and receivables	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Concentration by sector:								
Corporate	670,289	647,259	2,583,173	2,583,173	778,827	919,848	597	1,949
Government	-	-	-	-	1,168,437	1,616,986	124,837	130,498
Other	-	-	-	-	-	-	36,472	22,411
	670,289	647,259	2,583,173	2,583,173	1,947,264	2,536,834	161,906	154,858

5.3.2 Liquidity risk

Liquidity Risk is the risk that the entity will encounter difficulty in meeting obligations associated with its financial and insurance liabilities. The Company has managed its liquidity with cash generated from its operations.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.2 Liquidity risk (continued)

Exposure to liquidity risk

The following tables provide information about the maturity profile for the Company's financial liabilities, financial assets and insurance liabilities.

Maturity analysis for non-derivative cash flows

As at December 31, 2020

Contractual undiscounted cash flows

	Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Values $'000
Financial liabilities					
Investment contracts	145,043	-	-	145,043	145,043
Mutual Funds	41,857	-	-	41,857	41,857
Liabilities directly associated with assets held for sale (Note 14)	1,190,677	-	-	1,190,677	1,190,677
Debt securities issued*	16,901	2,061,484	-	2,078,385	2,061,484
Due to related parties	70,811	-	-	70,811	70,811
Accounts payable*	188,573	-	-	188,573	205,474
Total financial liabilities	1,653,862	2,061,484	-	3,715,346	3,715,346
Financial assets					
Investment in associates	-	-	670,289	670,289	670,289
Investment in subsidiaries	-	2,583,173	-	2,583,173	2,583,173
Investment securities	14,292	668,920	1,264,052	1,947,264	1,947,264
Loans and other receivables	-	1,636	160,270	161,906	161,906
Assets held for sale (Note 14)	7,270,000	-	-	7,270,000	7,270,000
Cash and cash equivalents	368,029	-	-	368,029	368,029
Total financial assets	7,652,321	3,253,729	2,094,611	13,000,661	13,000,661

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.2 Liquidity risk (continued)

Maturity analysis for non-derivative cash flows (continued)

As at December 31, 2019

Contractual undiscounted cash flows

	Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Values $'000
Financial liabilities					
Investment contracts	145,485	-	-	145,485	145,485
Mutual Funds	41,011	-	-	41,011	41,011
Liabilities directly associated with assets held for sale (Note 14)	1,167,832	-	-	1,167,832	1,167,832
Debt securities issued*	31,828	3,017,977	-	3,049,805	3,017,977
Due to related parties	68,956	-	-	68,956	68,956
Accounts payable*	592,405	-	-	592,405	624,233
Total financial liabilities	2,047,517	3,017,977	-	5,065,494	5,065,494
Financial assets					
Investment in associates	-	-	647,259	647,259	647,259
Investment in subsidiaries	-	2,583,173	-	2,583,173	2,583,173
Investment securities	91,810	922,608	1,522,416	2,536,834	2,536,834
Loans and other receivables	-	1,636	153,222	154,858	154,858
Assets held for sale (Note 14)	7,581,000	-	-	7,581,000	7,581,000
Cash and cash equivalents	826,177	-	-	826,177	826,177
Total financial assets	8,498,987	3,507,417	2,322,897	14,329,301	14,329,301

* Included in the carrying values of accounts payable is accrued interest on debt securities issued of $16.901 million (2019: $31.829 million). For the purposes of disclosing the undiscounted cash flows, the accrued interest is included in the debt securities issued.

As at December 31, 2020

Expected undiscounted cash flows

	Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Values $'000
Ordinary life	905,757	-	-	905,757	607,516
FPA	4,860,791	-	-	4,860,791	3,028,251
Annuities	3,883,442	-	-	3,883,442	2,663,122
Long-term insurance	9,649,990	-	-	9,649,990	6,298,889
Short-term insurance	23,955	-	-	23,955	23,955
Claims admitted or intimated but not yet paid	213,032	-	-	213,032	213,032
Liabilities directly associated with assets held for sale (Note 14)	(6,535,876)	-	-	(6,535,876)	(6,535,876)
Total	3,351,101	-	-	3,351,101	-

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.2 Liquidity risk (continued)

Maturity analysis for non-derivative cash flows (continued)

As at December 31, 2019 (continued)

Expected undiscounted cash flows

	Within 1 Year $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000	Carrying Values $'000
Ordinary life	933,423	-	-	933,423	607,485
FPA	4,614,118	-	-	4,614,118	3,001,808
Annuities	4,048,612	-	-	4,048,612	2,737,912
Long-term insurance	9,596,153	-	-	9,596,153	6,347,205
Short-term insurance	24,142	-	-	24,142	24,142
Claims admitted or intimated but not yet paid	187,235	-	-	187,235	187,235
Liabilities directly associated with assets held for sale (Note 14)	(6,558,582)	-	-	(6,558,582)	(6,558,582)
Total	3,248,948	-	-	3,248,948	-

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices, property prices, and foreign currency exchange rates. Market risk arises due to fluctuations in both the value of liabilities and the value of investments held.

Management of market risk

The management of market risk was undertaken mainly at the management committee level. The financial impact from changes in market risk (such as interest rates, equity prices and property values) was reviewed at the reporting date. The sensitivity of capital and Company earnings to changes in economic conditions was analysed through sensitivities to investment returns and asset values at the reporting date.

- *Equity price risk*

  The Company is subject to equity price risk due to daily changes in market values of its equity securities portfolio. Unquoted equities are also valued on an annual basis using methodologies outlined in Note 3(e).

  The Investments Department actively monitors equity assets owned directly by the Company and concentrations of specific equity holdings.

  Sensitivity to changes in equity prices is given in section 5.3.3.1 below.

- *Interest rate risk*

  Interest rate risk arises primarily from the Company's investment in long-term debt and fixed income securities, which are exposed to fluctuations in interest rates. Exposure to interest rate risk is monitored through the Actuarial Department and Finance Department and managed through the use of asset and liability matching using measures such as duration.

  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 component of these benefits is usually a guaranteed fixed interest rate and hence the Company's primary financial risk on these contracts is that interest income and capital redemptions from the financial assets backing the liabilities are insufficient to fund the guaranteed benefits payable.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk (continued)

Management of market risk (continued)

Interest rate risk

The table below summarises the Company's assets and liabilities to show the interest-rate gap.

	Up to 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2020					
Assets					
Property, plant and equipment	-	-	-	60,144	60,144
Investment properties	-	-	-	353,900	353,900
Investments in associates	-	-	-	670,289	670,289
Investments in subsidiaries	-	-	-	2,583,173	2,583,173
Investment securities	14,292	668,920	481,119	782,933	1,947,264
Loans and other receivables	-	-	-	161,906	161,906
Assets held for sale (Note 14)	7,306,800	-	-	-	7,306,800
Deferred tax assets	-	-	-	17,314	17,314
Taxation recoverable	-	-	-	86,595	86,595
Cash and cash equivalents	368,029	-	-	-	368,029
Total financial assets	7,689,121	668,920	481,119	4,716,254	13,555,414
Liabilities					
Investment contracts	145,043	-	-	-	145,043
Liabilities directly associated with assets held for sale (Note 14)	7,726,553	-	-	-	7,726,553
Debt securities issued	-	2,061,484	-	-	2,061,484
Due to related parties	-	-	-	70,811	70,811
Mutual fund obligation	-	-	-	41,857	41,857
Accounts payable	-	-	-	205,474	205,474
Taxation	-	-	-	64,939	64,939
Total financial liabilities	7,871,596	2,061,484	-	383,081	10,316,161
Periodic GAP	**(182,475)**	**(1,392,564)**	**481,119**	**4,333,173**	**3,239,253**
Cumulative GAP	**(182,475)**	**(1,575,039)**	**(1,093,920)**	**3,239,253**	**-**
As at December 31, 2019					
Total financial assets	8,606,264	924,244	602,568	4,758,768	14,891,844
Total financial liabilities	7,916,581	3,017,977	-	734,200	11,668,758
Periodic GAP	**689,683**	**(2,093,733)**	**602,568**	**4,024,568**	**3,223,086**
Cumulative GAP	**689,683**	**(1,404,050)**	**(801,482)**	**3,223,086**	**-**

Sensitivity to changes in interest rates is given in section 5.3.3.1.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk (continued)

Management of market risk (continued)

- *Currency risk*

The Company has assets and liabilities denominated in foreign currencies and as a result are exposed to foreign currency exchange risk arising from fluctuations in exchange rates. The Company does not hedge its foreign currency revenues as these are substantially retained locally to support the Company's business and meet local regulatory and market requirements.

The Company's sensitivity to this risk is discussed in Note 5.3.3.1 below.

The currencies of denomination of assets and liabilities and the related exposure to foreign exchange risk are shown below.

	TT $'000	US $'000	Other $'000	Total $'000
As at December 31, 2020				
Assets				
Property, plant and equipment	60,144	-	-	60,144
Investment properties	353,900	-	-	353,900
Investments in associates	15,986	-	654,303	670,289
Investments in subsidiaries	-	2,583,173	-	2,583,173
Investment securities	1,799,928	144,835	2,501	1,947,264
Loans and other receivables	130,920	30,852	134	161,906
Assets held for sale (Note 14)	7,306,800	-	-	7,306,800
Deferred tax assets	17,314	-	-	17,314
Tax recoverable	86,595	-	-	86,595
Cash and cash equivalents	139,082	227,866	1,081	368,029
Total financial assets	9,910,669	2,986,726	658,019	13,555,414
Liabilities				
Insurance contracts	-	-	-	-
Investment contracts	145,043	-	-	145,043
Liabilities directly associated with assets held for sale (Note 14)	7,726,553	-	-	7,726,553
Debt securities issued	2,061,484	-	-	2,061,484
Due to related parties	36,066	34,745	-	70,811
Mutual fund obligation	41,857	-	-	41,857
Accounts payable	205,474	-	-	205,474
Taxation	64,939	-	-	64,939
Total financial liabilities	10,281,416	34,745	-	10,316,161
Net position	(370,747)	2,951,981	658,019	3,239,253

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk (continued)

- *Currency risk* (continued)

	TT $'000	US $'000	Other $'000	Total $'000
As at December 31, 2019				
Assets				
Property, plant and equipment	70,468	-	-	70,468
Investment properties	363,763	-	-	363,763
Investments in associates	17,922	-	629,337	647,259
Investments in subsidiaries	-	2,583,173	-	2,583,173
Investment securities	1,622,933	911,012	2,889	2,536,834
Loans and other receivables	122,152	32,572	134	154,858
Assets held for sale (Note 13)	7,688,277	-	-	7,688,277
Deferred tax assets	21,035	-	-	21,035
Tax recoverable	14,144	-	-	14,144
Cash and cash equivalents	267,712	557,484	981	826,177
Total financial assets	10,188,406	4,084,241	633,341	14,905,988
Liabilities				
Insurance contracts	-	-	-	-
Investment contracts	145,485	-	-	145,485
Liabilities directly associated with assets held for sale (Note 13)	7,726,414	-	-	7,726,414
Debt securities issued	3,017,977	-	-	3,017,977
Due to related parties	34,211	34,745	-	68,956
Mutual fund obligation	41,011	-	-	41,011
Accounts payable	624,233	-	-	624,233
Taxation	58,826	-	-	58,826
Total financial liabilities	11,648,157	34,745	-	11,682,902
Net position	(1,459,751)	4,049,496	633,341	3,223,086

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk (continued)

5.3.3.1 Market risk sensitivity analysis

The tables below demonstrate the effect of a change in a key assumption whilst all other assumptions remain unchanged. In reality there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration the fact that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs.

Other limitations in the sensitivity analyses below include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Sensitivity factor	**Description of sensitivity factor applied**
Exchange rates	A 1% change in the TT$/US$ foreign exchange rate would have the following impact on net assets and net income for the period. Any changes will have an impact on the net profit of the Company as changes are recognised in profit or loss.

	1% increase in TT/US rate TT$'000	**1% decrease in TT/US rate TT$'000**
	$	**$**
December 31, 2020		
Impact on profit or loss	2,240	(2,240)
Impact on equity	27,280	(27,280)

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk (continued)

5.3.3.1 Market risk sensitivity analysis (continued)

	1% increase in TT/US rate TT$'000 $	1% decrease in TT/US rate TT$'000 $
December 31, 2019		
Impact on profit or loss	5,553	(5,553)
Impact on equity	34,942	(34,942)

Sensitivity factor	Description of sensitivity factor applied	Assumptions
Interest rate and investment return	The impact of change in market interest rates by + or -1% (e.g. if a current interest rate is 5%, the impact of a immediate change to 4% and 6%).	Effective interest rate for financial assets used was 4% whilst the rate for financial liability was 10%.
Equity	The impact of a change in equity market values by + or – 10%.	All equity movements in the financial assets at fair value through profit or loss affect income whereas investments at FVOCI revaluation affects OCI. All equity market movements affect only quoted equity stock.

5. Insurance and Financial Risk Management (continued)

5.3 Financial risk (continued)

5.3.3 Market risk (continued)

5.3.3.1 Market risk sensitivity analysis (continued)

Impact on	Interest Rates Rise 100 bps $'000	Interest Rates Fall 100 bps $'000	Equity Prices Rise 10% $'000	Equity Prices Fall 10% $'000
Sensitivities as at December 31, 2020				
Profit or loss	(10,939)	10,939	118,440	(118,440)
Equity	10,939	(10,939)	325,346	(325,346)
Sensitivities as at December 31, 2019				
Profit or loss	(8,015)	8,015	132,696	(132,696)
Equity	8,015	(8,015)	323,043	(323,043)

5.4 Operational risk

Operational risk is the risk of loss as a result of inadequately controlled internal processes or systems, human error, or from external events.

This definition is intended to include all risks to which the Company is exposed, other than the financial and insurance risk described above. Hence, operational risks include, for example, information technology, information security, human resources, project management, outsourcing, tax, legal and fraud and compliance risks.

In accordance with the Company's policies, department managers have primary responsibility for the effective identification, management and monitoring. Each operational risk is assessed by considering the potential impact and the probability of the event occurring. Impact assessments are made against strategic, operational and reputation criteria. Day to day operational risks are managed by department managers whereas for more significant transactions Board approval is sought.

5.5 Capital management

The current capital structure of the Company consists of debt securities issued as disclosed in Note 19, amounts due to related parties disclosed in Note 20, policyholders' reserves as disclosed in Note 17; investment contracts as disclosed in Note 18; and amounts attributable to equity holders of the Company; comprising issued capital, reserves and retained earnings as disclosed in Notes 15 and 16 respectively. At year end, as a result of the intervention of CBTT, the minimum capital requirements whilst being monitored are not imposed.

6. Property and Equipment

	Land and Buildings	Furniture, Fixtures and Equipment	Motor Vehicles	Capital Work in Progress	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended December 31, 2020						
Opening net book value	38,999	28,986	611	1,869	3	70,468
Additions	-	576	-	-	-	576
Impairment	-	(1,401)	-	-	-	(1,401)
Revaluation	(3,040)	-	-	-	-	(3,040)
Depreciation charge	(476)	(5,859)	(121)	-	(3)	(6,459)
Closing net book value	35,483	22,302	490	1,869	-	60,144
At December 31, 2020						
Cost or valuation	39,938	127,920	1,945	1,869	61,859	233,531
Accumulated depreciation	(4,455)	(105,618)	(1,455)	-	(61,859)	(173,387)
Closing net book value	35,483	22,302	490	1,869	-	60,144
Year ended December 31, 2019						
Opening net book value	81,182	30,313	128	3,152	298	115,073
Additions	-	542	576	-	-	1,118
Adjustments	3,942	-	-	-	-	3,942
Revaluation	18,352	-	-	-	-	18,352
Disposals	-	-	-	(1,283)	-	(1,283)
Assets held for sale (Note 14)	(63,177)	-	-	-	-	(63,177)
Depreciation charge	(1,300)	(1,869)	(93)	-	(295)	(3,557)
Closing net book value	38,999	28,986	611	1,869	3	70,468
At December 31, 2019						
Cost or valuation	42,977	168,434	1,945	1,869	61,859	277,084
Accumulated depreciation	(3,978)	(139,448)	(1,334)	-	(61,856)	(206,616)
Closing net book value	38,999	28,986	611	1,869	3	70,468

During the year, land and buildings were valued using the income and market approach by G.A. Farrell & Associates Limited and Linden Scott E. Associates. The loss of $3,040 (2019: loss: $18,352) arising from these revaluations was debited to the valuation reserve account.

An adjustment in the amount of $NIL (2019: $3,942) was made for the correction of accumulated depreciation for assets which are no longer apart of the asset portfolio.

Measurement of fair value

The fair value of land and buildings was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and segments of the properties being valued. The independent valuers provide the fair value of the Company's land and buildings portfolio on a biennial basis. Due to COVID -19 and its impact on the economy, a valuation report was done for some properties to access the impact on property valuation in 2020.

The fair value measurement for the properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used. (Refer to Note 4.3).

6. Property and Equipment (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of properties as well as the significant unobservable inputs used.

Valuation Technique	**Significant Unobservable Inputs**	**Inter-relationship between key unobservable inputs and fair value measurement.**
The Income Approach by direct capitalisation is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale. In direct capitalization, net operating income is divided by an overall rate to indicate a value.	In most instances, vacancy levels (voids) were estimated at 10% of the gross potential income. In instances where we estimated building expenses, 15% of gross income was used. Capitalization rates (net all-risks yield) was estimated between 8.5%-10%.	The estimated fair value would increase (decrease) if: The allowance for voids was decreased(increased). The allowance for building expenses (outgoings) was decreased(increased). The direct capitalization rate was lower (higher).
The Market Approach is a valuation method is used to find the value of a property by comparing it to other similar properties that have sold recently.	In most instances, property value were estimated at 27% below to 85% above subject rate psf of comparable properties sold.	The estimated fair value would increase (decrease) if the rate psf. Or rate p.a. would increase(decrease).

7. Investment Properties

	2020 $'000	2019 $'000
At beginning of year	363,763	407,338
Adjustments	4,887	-
(Loss) gain on revaluation of investment properties	(9,350)	525
Disposals	(5,400)	-
	353,900	407,863
Assets held for sale (Note 14)	-	(44,100)
At end of year	353,900	363,763

Rental income arising from the investment properties owned by the Company amounted to $14.5 million (2019: $18.3 million). Maintenance expense, included in the expenses for administration, amounted to $7.8 million (2019: $10.8 million).

Measurement of fair value

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on a biennial basis.

The fair value measurement for investment properties has been categorized as Level 2 and Level 3 fair value based on the inputs to the valuation techniques used (refer to Note 4.3).

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of properties as well as the significant unobservable inputs used.

7. Investment Properties (continued)

Valuation technique and significant unobservable inputs (continued)

Valuation Technique	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement.
The Income Approach by direct capitalisation is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale. In direct capitalization, net operating income is divided by an overall rate to indicate a value.	In most instances, vacancy levels (voids) were estimated at 10% of the gross potential income . In instances where we estimated building expenses, 15% of gross income was used. Capitalization rates (net all-risks yield) was estimated between 8.5%-10%.	The estimated fair value would increase (decrease) if: The allowance for voids was increase (decrease). The allowance for building expenses (outgoings) was increase (decrease). . The direct capitalization rate was lower (higher).
The Market Approach is a valuation method is used to find the value of a property by comparing it to other similar properties that have sold recently.	In most instances, property value were estimated at 27% below to 85% above subject rate psf of comparable properties sold.	The estimated fair value would increase (decrease) if the rate psf. Or rate p.a. would increase(decrease) The comparatives were lower (higher).

8. Investment in Associates

	% Shareholding 2020	% Shareholding 2019	2020 $'000	2019 $'000
Fair value through other comprehensive income				
Quoted at fair value				
L.J. Williams Limited 13,689,540 shares of no par value	21	21	15,982	17,922
Total quoted at fair value			15,982	17,922
Unquoted at fair value				
Plantations Holdings Limited (in receivership) 2,888,789 shares of BD$1 each	34	34	1	1
CL World Brands Limited 42,830,350 shares of no par value	42	42	654,303	629,333
IBIS Caroni (Cayman) Limited 3,675 shares of no par value	49	49	1	1
IBIS Cedar (Cayman) Limited 5,726 shares of no par value	49	49	1	1
IBIS Kapok (Cayman) Limited 612 shares of no par value	49	49	1	1
Total unquoted at fair value			654,307	629,337
Total investments in Associates			670,289	647,259

The following table summarises the financial information of CL World Brands Limited (CLWB). The table also reconciles the summarised financial information to the carrying amount of the Company's interest in CLWB.

	Audited 2020 $'000	Audited 2019 $'000
Non-current assets	568,719	581,972
Current assets	135,684	70,133
Current liabilities	(10,615)	(9,050)
Net assets	693,788	643,055
Company's share of net assets (42%)	291,391	270,083

The above table represents the latest available information on the activities of CLWB.

9. Investment in Subsidiaries

	% Shareholding 2020	% Shareholding 2019	2020 $'000	2019 $'000
Fair value through other comprehensive income				
CL Infinity (BVI) Limited 10 shares of no par value	100	100	1	1
Methanol Holdings International Limited 5,653,700 shares of no par value	56.53	56.53	2,583,172	2,583,172
Total			2,583,173	2,583,173

In August 2020, the Court ordered that the Declaration of Trust re. Methanol Holdings International Limited was validly executed and the shares did not form part of the assets of CL Financial available for distribution by the Joint Liquidators at the time of their appointment. The Court also ruled that CL Financial's interest in Methanol Holdings International Limited was validly transferred to CLICO by virtue of the Declaration of Trust. Hence the Restricted Cash (see Note 13) as well as the investment securities (see Note 10) in escrow held by Republic Bank Limited (RBL) for the purpose of this Trust have since been released and are available for general use by CLICO.

10. Investment Securities

	2020 $'000	2019 $'000
Fair value through other comprehensive income		
Unquoted equities	1,954	1,954
Quoted equities	780,979	923,535
Government securities bonds	1,164,331	1,611,345
	1,947,264	2,536,834

10. Investment Securities (continued)

	2020 $'000	2019 $'000
The analysis below discloses the gross amounts before transferred to assets held for sale:		
Unquoted equity securities	1,954	1,954
Quoted equity securities	780,979	923,535
Government securities - Bonds	7,300,209	7,764,752
Investments in escrow	-	284,094
	8,083,142	8,974,335
Managed Funds' assets at fair value through profit or loss		
Government and corporate securities	927,674	938,787
	9,010,816	9,913,122
Assets held for sale (Note 14)	(7,063,552)	(7,376,288)
Total	1,947,264	2,536,834

Not disclosed above are debt securities comprising bonds issued by CL Financial Limited (CLF), the Parent Company, of $476 million (2019: $476 million) and a bond issued by CLICO Investment Bank Limited, a fellow subsidiary, of $346 million (2018: $346 million). These amounts are deemed to have a fair value of NIL.

Investments in escrow represent restricted instruments awaiting final adjudication of a court matter where CLICO and CLF engaged RBL to serve as an escrow agent. These investments held in escrow were subsequently released following a Court ruling (See Note 9).

The table below illustrates movements in investment securities during the year:

	$'000
At December 31, 2019	2,536,834
Purchases	7,903
Disposals	(496,722)
Reclassifications (a)	10,213
Fair value losses	(110,964)
At December 31, 2020	1,947,264

(a) During the year, the Company transferred investments from FVTPL to FVOCI in settlement of the CLICO Managed Fund plan that was wound up in 2019.

11. Due from Related Parties

	2020 $'000	2019 $'000
Parent company	3,816,670	3,816,670
Subsidiary companies	50,649	50,649
Fellow subsidiary and associates	728,343	728,733
	4,595,662	4,596,052
Provision for impairment	(4,595,662)	(4,596,052)
	-	-

The companies are in liquidation and CLICO is in the process of trying to recover these funds and no right of offset against due to related parties was possible.

12. Loans and Other Receivables

	2020 $'000	2019 $'000
Accrued investment income	132,792	136,651
Sundry debtors and prepayments	15,346	17,964
Promissory notes	243	243
Mortgages	13,525	-
	161,906	154,858

	2020 $'000	2019 $'000
The analysis below discloses the gross amounts before transfer to assets held for sale:		
Accrued investment income	132,792	136,651
Sundry debtors and prepayments	21,878	31,825
Promissory notes	302,477	362,732
Mortgages	73,278	62,232
Policy loans	207,115	214,156
	737,540	807,596
Provision for impairment	(369,186)	(448,026)
	368,354	359,570
Assets held for sale (Note 14)	(206,448)	(204,712)
	161,906	154,858

12. Loans and Other Receivables (continued)

The table below illustrates the movement of the provision for impairment during the year.

	Promissory Notes	Mortgages	Policy Loans	Rental Income Due	Total
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2019	362,489	73,278	9,443	2,816	448,026
Write back	(60,255)	(13,525)	(8,777)	-	(82,557)
Impairment	-	-	-	3,717	3,717
As at December 31, 2020	302,234	59,753	666	6,533	369,186

13. Cash and Balances with Banks and Short-term Deposits

	2020	2019
	$'000	$'000
Deposits maturing less than three months	7,659	334,059
Cash at bank	220,271	242,533
	227,930	576,592
Cash in Escrow held by Republic Bank Limited (RBL)	-	78,038
Deposits maturing more than three months	140,099	171,547
	368,029	826,177

In 2020, $NIL (2019: $65.6 million) of bank and short-term deposits were pledged against Managed Funds (Note 18).

Restricted Cash

The cash at bank disclosed above includes $Nil (2019: $78 million) which was held in escrow by Republic Bank Limited. The amount was released during the year and made available for general use by the Company.

14. Assets Held for Sale

	2020 $'000	2019 $'000
Assets Held for Sale		
Property Plant and Equipment	-	63,177
Investment Properties	36,800	44,100
Government Securities - Bonds	7,063,552	7,376,288
Loans and receivables	206,448	204,712
	7,306,800	7,688,277
Liabilities directly associated with assets held for sale		
Insurance contracts	6,535,876	6,558,582
Investment contracts	1,190,677	1,167,832
	7,726,553	7,726,414

The majority of the above items relate to the SPA signed with SAGICOR. The classification remains appropriate as the delay in the Scheme of Transfer is not as a result of action by either parties (see Note 1 for details).

The major classes of assets and liabilities classified as held for sale are presented above at their respective carrying amounts as at December 31, 2020. These amounts are not reflective of what the carrying amounts would be on the effective dates that the assets are transferred under the SPA. Upon determination of liabilities related to the insurance and investment contracts on the effective date of sale by the appointed actuary, the Company is required to allocate assets as required to cover the entire amount of the liability. See Note 1 for more details.

Investment properties indicated above relates to sales agreements for the sale of two investment properties that are not part of the assets under the SPA.

During the year, property of $64.3 million and investment property in the amount of $7.3 million was disposed of by CLICO and acquired by a related party.

14. Assets Held for Sale (continued)

	Notes	2020 $'000	2019 $'000
Balances associated with assets held for sale disclosed in the Statement of Profit or Loss			
Investment income		364,779	359,962
Gain (loss) on sale of investments and other assets	26	2,628	(13,733)
Net fair value (loss) gain on assets at fair value through profit or loss		(869)	38,072
Loss on trading managed funds units		(7,326)	(6,952)
Administration and asset management fees		5,909	6,584
Net results from investing activities		365,121	383,933
Expenses for administration		(14,117)	(3,903)
Investment contract movements	29	(35,718)	(31,088)
Revaluation gain (loss) on managed funds liabilities		869	(38,072)
Operating expenses		(48,966)	(73,063)
Net single line disclosure in the Statement of Profit or Loss		316,155	310,870
Net results from insurance activities		(145,418)	(178,734)
Net total		170,737	132,136
Balances associated with assets held for sale disclosed in the statement of other comprehensive income			
Other comprehensive (loss) income		(48,612)	203,142

14. Assets Held for Sale (continued)

	2020 $'000	2019 $'000
Cash flows from assets held for sale		
Operating profit before taxation	316,155	310,870
Adjustments for:		
Investment income	(364,779)	(359,963)
Investment contract movement	(35,718)	(31,088)
Gain on trading Managed Funds units	(7,824)	(7,435)
Shareholders' funds transferred to Managed Funds	14,589	19,985
Fair value loss (gain) through profit or loss	900	(31,669)
Operating loss before changes in working capital	(76,677)	(99,300)
Changes in:		
- Investment contracts	1,159	29,875
- Loans and receivables	-	452
- Accounts payable	(7,738)	(305)
Net cash used in operating activities	(83,256)	(69,278)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment property	5,400	-
Interest received	328,687	367,140
Net cash from investing activities	334,087	367,140
Cash and cash equivalents	250,831	297,862

15. Share Capital

	2020	2019
	$'000	**$'000**
Authorised		
An unlimited number of ordinary shares of no par value		
Issued		
2,950,000 ordinary shares of no par value	14,750	14,750

Holders of these shares are entitled to dividends as declared from time to time. However, as a result of Central Bank intervention, and the issue of the redeemable preference shares, the Company cannot make dividend payments to ordinary shareholders until the full discharge of the obligation to repay all of the preference shares.

The Company is not allowed to issue any further ordinary shares except with the approval of the preference shareholder.

16. Valuation Reserves

	Managed Funds $'000	Marketable Securities $'000	Land and Buildings $'000	Total $'000
Year ended December 31, 2019				
Balance at December 31, 2018	179,095	1,416,797	96,471	1,692,363
Items that will not be reclassified to profit and loss				
Reclassification of gain on disposal of equity investments at FVOCI to retained earnings	-	(983)	-	(983)
Equity investments at FVOCI - Net change in fair value	-	195,271	-	195,271
Items that are or may be reclassified subsequently to profit and loss				
Debt investments at FVOCI - Net change in fair value	-	51,952	2,628	54,580
Net change in fair value arising from assets held for sale	(25,522)	187,418	15,724	177,620
Balance at December 31, 2019	153,573	1,850,455	114,823	2,118,851

16. Valuation Reserves (continued)

	Managed Funds $'000	Marketable Securities $'000	Land and Buildings $'000	Total $'000
Year ended December 31, 2020				
Balance at December 31, 2019	153,573	1,850,455	114,823	2,118,851
Items that will not be reclassified to profit and loss				
Reclassification of gain on disposal of equity investments at FVOCI to retained earnings	-	(5,201)	-	(5,201)
Equity investments at FVOCI - Net change in fair value	-	(69,076)	-	(69,076)
Items that are or may be reclassified subsequently to profit and loss				
Debt investments at FVOCI - Net change in fair value	-	10,031	(3,040)	6,991
Net change in fair value arising from assets held for sale	7,634	(48,612)	-	(40,978)
Balance at December 31, 2020	161,207	1,737,597	111,783	2,010,587

Valuation reserves relate to the fair value movements in the marketable securities and property and equipment.

17. Insurance Contracts

	2020 $'000	2019 $'000
Long-term Insurance Contracts - Note 17.3 (a)	6,315,365	6,363,593
Short-term Insurance Contracts - Note 17.3 (b)	7,479	7,753
	6,322,844	6,371,346
Claims admitted or initiated but not yet paid	213,032	187,236
	6,535,876	6,558,582
Liabilities directly associated with assets held for sale (Note 14)	(6,535,876)	(6,558,582)
Total policyholders' liabilities	-	-

17.1 Actuarial valuation

The Company's Consulting Actuary, Oliver Wyman, in their report dated April 30, 2021, stated that the aggregate amount of the liabilities of the Company in relation to its long-term insurance business registered in Trinidad and Tobago as at December 31, 2020 amounted to $6,535 million (2019: $6,558 million) and does not exceed the aggregate value (as provided by the Company) of the Statutory Fund assets (see Note 36).

The Caribbean Policy Premium Method (CPPM) was used as a minimum basis for valuing long-term insurance liabilities as described in the pending revisions to the Insurance Act. However, the current Insurance Act of Trinidad and Tobago provides that no policy shall be treated as an asset whereas CPPM allows negative reserves. Thus, CPPM is applied with a zero reserve floor in this valuation. This method uses a traditional discounted cash flow valuation platform.

The actuary valued the policy liability by projecting future policy cash flows, and then discounting these cash flows to the reporting date at risk adjusted interest rates. Due to uncertainty in the future experiences, margins for adverse deviation from the Company's recent experiences are added in deriving future policy cash flows.

COVID-19 Considerations

COVID-19 was officially deemed a pandemic by the World Health Organization (WHO) on March 11, 2020. CLICO has continuously monitored the impact of COVID-19 throughout the year and has noted that year-to-date pandemic experience on its insured population has not been material.

Mortality

Over 90% of CLICO's actuarial reserves consists of deferred and payout annuities where higher mortality is favorable for the aggregate business. As part of the COVID-19 stress testing, mortality rates were increased by 20% for all lines of business for 2021 and 2022, this resulted in a reserve release of $12.1M. The Company has also been tracking deaths reported on its smaller Ordinary Life business. To date, only 1 reported death was due to COVID-19.

17. Insurance Contracts (continued)

17.1 Actuarial valuation (continued)

COVID-19 Considerations (continued)

Policyholder Behavior

The Company also tracked premium payment and termination experience this year to compare with historical experience in order to detect if there is potential deviation due to COVID-19. Similar to mortality experience, policyholder behaviour experience has not deviated materially compared to prior years. In addition, the aggregate business is relatively insensitive to change in premium persistency and lapse rates, as demonstrated in experience updates.

Interest Rate

Most of company's existing assets backing actuarial reserves consists of Government of Trinidad and Tobago (GOTT) bonds. A reduction in interest rate will increase the market value of inforce assets, which will partially offset the impact on reserve changes due to lower valuation interest rate. Also, the Government Trinidad and Tobago has not given any indication that it intends to reduce yield curve in response to COVID-19. Therefore, no provision is made on this account.

Therefore, no provision was made for COVID-19 as of December 31, 2020. The Company plans to continue monitoring experience as it emerges and adjust actuarial reserves as needed, in accordance with existing valuation methodologies.

17.2 Long-term and short-term life insurance contracts - assumptions and sensitivity

(a) Process used to decide on assumptions

At each reporting date, the valuation assumption for each component of policy cash flows consists of an assumption for the expected experience and, separately, a margin for adverse deviation that reflects the degree of uncertainty in the expected experience assumption. The expected experience and the margin reflect the latest current experiences.

17. Insurance Contracts (continued)

17.2 Long-term and short-term life insurance contracts - assumptions and sensitivity (continued)

(a) Process used to decide on assumptions (continued)

The assumptions used for the long-term insurance contracts disclosed in this note are as follows:

Mortality

For long-term life insurance policies, the mortality assumptions are made based on 1986-92 Canadian Institute of Actuaries Select and Ultimate mortality tables. An investigation into the Company's mortality experience is performed, and the mortality tables are adjusted to reflect the Company's experience and territory differences. Additional margin was provided for uncertainty in setting the expected mortality assumptions.

For all immediate and deferred payout annuity policies, the mortality assumptions are based on 1994 Group Annuitant Mortality Static tables. Mortality improvement is assumed for past and future years. Additional margin was provided for uncertainty in setting the expected mortality assumptions.

Lapses

Future lapses were assumed in valuing the actuarial liabilities of the individual life insurance, universal life insurance and FPA business based on the Company's experience since 1999. Additional margins were provided for uncertainty in setting the expected lapse assumptions.

Interest rates

Valuation interest rate assumptions are determined based on the following information:

i. Projected investment income from and market values of all assets in the Statutory Fund at December 31, 2020
ii. Margined liability cash flows at December 31, 2020
iii. Trinidad and Tobago Treasury yield curve as at December 31, 2020
iv. Yield curve used for reinvestment and disinvestments.

Additional allowances are made for investment income tax, investment expense, asset default and asset/liability mismatch.

The Statutory Fund assets as of December 31, 2020 are meant to support the policy liabilities for Ordinary Long-term Insurance Business, EFPA, GAP and GAAPP.

In addition, as suggested in the Guidance Note document on the Quantitative Impact Study (QIS) published by the Central Bank, the expected return on equities from the combination of dividend, capital growth and maturity proceeds for a consistent term should not exceed return on government debt instruments plus 1%.

17. Insurance Contracts (continued)

17.2 Long-term and short-term life insurance contracts - assumptions and sensitivity (continued)

(a) *Process used to decide on assumptions* (continued)

Expenses

Policy administrative expense assumptions are made based on the Company's operating experience during the year of valuation. An expense study is performed by the Company, and a per-policy administrative expense is derived from the results of the analysis. A future expected rate of expense inflation is assumed based on the actual rate of inflation in Trinidad and Tobago during the year of valuation.

Morbidity assumptions

Critical illness morbidity rates were based on rates supplied by Swiss Re and a margin for adverse deviation is added.

(c) *Change in assumptions*

The following table presents changes in assumptions from the prior year valuations and their impact on the value of insurance liabilities in the current year.

Assumption	Change in Assumption	Reason for Assumption Change	Increase (Decrease) in Policy Liabilities ($000's)	Percentage of Change (as % of total liabilities)
Guaranteed Option of FPA	Updated assumptions	Incorporate new mortality assumptions and implement new model	33,360	0.53%
Annuitant Mortality	Change in mortality multiple	Update historical mortality improvement	9,286	0.15%
Annuitant Mortality improvement	Update base year of MI projection	Update future mortality improvement	(3,770)	(0.06%)
FPA Premium Persistency	Implement premium persistency vector	Updated Persistency study	492	0.01%
UL Premium Persistency	Update premium persistency vector	Updated Persistency study	62	0.00%

17. Insurance Contracts (continued)

17.2 Long-term and short-term life insurance contracts - assumptions and sensitivity (continued)

(b) Change in assumptions (continued)

Assumption	Change in Assumption	Reason for Assumption Change	Increase (Decrease) in Policy Liabilities	Percentage of Change (as % of total liabilities)
Per Policy Expense	+2.8% in unit expense	Updated expense study performed	(1,549)	(0.02%)
Interest Rates	Increase in interest rates for OL and annuities	Higher Observed Asset Returns	(23,894)	(0.38)%
FPA Lapse Rates	Registered from 1.09% to .96%, Unregistered from 3.21% to 2.46%	Updated lapse study performed	7,979	0.13%
Life (OL & UL) Lapse Rates	UL +0.2% and Trade +0.3%	Updated lapse study performed	85	0.00%

17. Insurance Contracts (continued)

17.2 Long-term and short-term life insurance contracts - assumptions and sensitivity (continued)

(c) Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities.

As at December 31, 2020

Variable	Change in Variable	Increase (Decrease) in Policy Liabilities	Change
		$'000	%
Parallel shift of valuation	100 basis points	724,183	11.50
Change in per-policy maintenance expense	10%	57,177	0.91
Change in rate of inflation	100 basis points	62,081	0.99
Reduction in lapse rate	100 basis points	37,370	0.59
Change in mortality rate	10%	117,538	1.87

As at December 31, 2019

Variable	Change in Variable	Increase (Decrease) in Policy Liabilities	Change
		$'000	%
Parallel shift of valuation	100 basis points	981,565	15.37
Change in per-policy maintenance expense	10%	48,557	0.76
Change in rate of inflation	100 basis points	54,298	0.85
Reduction in lapse rate	100 basis points	30,684	0.48
Change in mortality rate	10%	109,672	1.72

17. Insurance Contracts (continued)

17.3 Movement in insurance liabilities

(a) Long-term insurance contracts with fixed terms and guaranteed amounts

	2020 $'000	2019 $'000
At beginning of year	6,363,593	6,399,057
Impact of in force movement	(70,984)	(47,987)
Impact of assumption change	22,051	53,192
Impact of correction and model refinement	705	(40,669)
At end of year	6,315,365	6,363,593

(b) Short-term insurance contracts with fixed terms and guaranteed amounts

	2020 $'000	2019 $'000
At beginning of year	7,753	7,940
Other movements	(274)	(187)
At end of year	7,479	7,753

18. Investment Contracts

	2020 $'000	2019 $'000
Managed Funds (Note 10)	-	721,075
Deposit administration contracts	-	446,757
EFPA Investment Contracts	145,043	145,485
	145,043	1,313,317
Liabilities directly associated with assets held for sale (Note 14)	-	(1,167,832)
	145,043	145,485

18. Investment Contracts (continued)

The benefits offered under the Company's investment contracts are mainly based on the return on the assets of the Company. This investment mix is unique and cannot be replicated by any benchmark indicator or combinations thereof with sufficiently high correlation to the assets of the Company. The Company communicates the performance of these contracts, by the change in the unit values for Managed Funds, and by the rate of interest credited for deposit administration contracts.

EFPAs

In 2015 the Company began its First Partial Distribution of cash to Statutory Funds STIPs policyholders including the Government. The total value of this distribution during 2015 was $4.9 billion to both the Government and individuals who did not accept the Government's previous offer in 2011.

The remaining EFPA Investment Contracts have been valued taking into consideration the residual balance of the STIP contracts assigned to the GORTT by policyholders who accepted the Government's pay-out offer in 2011. This offer involved policyholders accepting a pay-out value equivalent to the policy value as at the last renewal date before September 10, 2010, less principal withdrawals, and the policyholders assigning their policy to the Government. These policies, now assigned to GORTT, are valued at the pay-out value. The remainder of the EFPA contracts (for policyholders who did not accept the Government's 2011 offer) were valued at the fund value basis with margins on exchange rates as determined by the Company's external actuary.

Managed Funds

The assets backing Managed Funds liabilities are included in the relevant balances in the statement of financial position. The carrying values of assets pledged for these liabilities are as follows:

	2020 $'000	2019 $'000
Government securities (Note 10)	927,674	938,787
Cash and cash equivalents	-	65,566
	927,674	1,004,353

19. Mutual Fund Obligations

The Company is the advisor, manager and distributor of the Colonial Life Family of Funds.

The Company guaranteed the principal and interest to the unit holders of the Core (Series VI) and Power (Series VI) Funds. The original guarantee was for the principal and for a specified interest rate of return over a specified period of time.

The Company has a mutual fund obligation liability of $42 million at the reporting date (2019: $41 million). In prior years this value was an estimate of the liability that the Company is exposed to should the Core (Series VI) and/or Power (Series VI) not perform to the level of the guarantee. This estimate for 2020 continues to be based on the level of acceptance of the GORTT's pay out offer to Core (Series VI) unit holders.

The GORTT's offer values the mutual fund at the value at the last unit anniversary date prior to September 2010.

No management fee was accrued for 2020 (2019: $NIL).

20. Due to Related Parties

	2020 $'000	2019 $'000
Current accounts with related parties are as follows:		
Affiliates	70,811	68,956

The balance due to affiliates are unsecured and interest free.

21. Debt Securities Issued

	2020 $'000	2019 $'000
Redeemable preference shares	2,061,484	3,017,977

All issued preference shares are fully paid. Redeemable preference shares do not carry the right to vote and rank equally with other shares with regard to the Company's residual assets, except that holders of redeemable preference shares participate only to the extent of the face value of the shares.

These redeemable cumulative preference shares carry an annual dividend rate of 4.75 percent of the par amount. There is no specified repayment date for the preference shares. Repayment is based on the discretion and the availability of funds by the Company. The repayment is expected to occur within the next five years based on the plans for the sale of the traditional portfolio.

	2020 $'000	2019 $'000
22. Accounts Payable		
Due to GORTT	16,901	31,828
Other payables (a)	182,951	201,707
Managed Fund (b)	5,622	390,698
	205,474	624,233

(a) Included in Other payables is $180 million (2019: $180 million) due to the Mutual Funds.

(b) A settlement took place in 2020 for the amount owed by CLICO for the Managed Fund plans wound up effective September 30, 2019.

	2020 $'000	2019 $'000
23. Net Insurance Premium		
Insurance premium		
Long-term insurance contracts	143,162	146,385
Short-term insurance contracts	69,035	70,855
	212,197	217,240
Insurance premium ceded to reinsurers		
Long-term reinsurance contracts	1,714	(3,685)
Short-term reinsurance contracts	(3,870)	(3,445)
	(2,156)	(7,130)
Net insurance premium	210,041	210,110

24. Insurance Benefits and Claims

	2020 $'000	2019 $'000
Long-term insurance contracts		
- Death, maturity and surrender benefits	26,894	67,279
- Pensions and lump sum benefits	311,977	304,496
- Other terminations	625	850
	339,496	372,625
Short-term insurance contracts		
- Health benefits	33,145	31,426
- Death claims	28,245	17,346
	61,390	48,772
Insurance benefits and claims	400,886	421,397

25. Investment Income

	2020 $'000	2019 $'000
Net income from financial instruments designated at FVTPL		
Corporate securities	-	60
Government securities	8,138	-
Net income from financial instruments measured at FVOCI		
Short-term deposits	6,725	7,368
Government securities	50,144	68,257
Loans and advances	664	2,211
Income reversed on Lapse loans	-	(6,552)
Equities	21,775	132,887
Rental income	14,464	18,384
Other income		
Bank accounts	3	2
Other income	123	140
	102,036	222,757

26. Gain (loss) on Sale of Investments and Other Assets

	2020 $'000	2019 $'000
Government securities	2,628	(13,733)
	2,628	(13,733)
Assets held for sale (Note 14)	(2,628)	13,733
	-	-

27. Other Income

	2020 $'000	2019 $'000
Administration charges - Group Health	570	399
D.A.C service fees	1,012	1,173
Exchange gains (losses)	2,987	(285)
	4,569	1,287

28. Expenses for Administration

	2020 $'000	2019 $'000
Employee costs	20,991	24,131
Marketing	38	27
Professional fees	20,380	20,270
Depreciation	6,459	3,557
Directors fees	397	399
Repairs and maintenance	4,136	3,806
Net write offs and write backs	(14,861)	(11,489)
Withholding tax	4	2,702
Other expenses	21,823	33,761
	59,367	77,164

29. Investment Contract Movements

	2020 $'000	2019 $'000
Deposit Administration funds	9,876	10,633
Managed Funds	25,842	20,455
Movement in EFPA		
- Due to policyholders not accepting GORTT offer	1,602	4,776
	37,320	35,864
Assets held for sale (Note 14)	(35,718)	(31,088)
	1,602	4,776

30. Finance Costs

	2020 $'000	2019 $'000
Interest on debt securities	125,953	148,006
Other finance costs, net	264	314
	126,217	148,320

31. Taxation

	2020 $'000	2019 $'000
(i) Tax expense for the year		
Current tax	5,040	4,388
Prior year overstatement	(32,731)	-
	(27,691)	4,388
Deferred tax	(578)	(2,746)
Prior year understatement	10,648	-
Tax (credit) expense for the year	(17,621)	1,642

31. Taxation (continued)

(ii) Tax reconciliation

The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate:

	2020 $'000	2019 $'000
Loss before taxation	(214,546)	(185,538)
Tax calculated at the statutory rate of 30% (2019: 30%)	-	-
Tax effect of different tax rates on lines of business	430	279
Tax effect of income not subject to tax	(19,672)	(34,287)
Tax effect of expenses not deductible	20,109	6,672
Prior years current tax overstatement	(32,731)	-
Prior year deferred tax understatement	10,648	-
Other differences	3,595	28,978
Tax (credit) expense	(17,621)	1,642

(iii) Deferred taxation

	2020 $'000	2019 $'000
At the beginning of the year	21,035	22,162
Credited (charged) to equity	6,349	(3,873)
(Charged) credited to income statement	(10,070)	2,746
	17,314	21,035

	As at 31.12.2019 $'000	Charged to Equity $'000	Charged to Income Statement $'000	As at 31.12.2020 $'000
December 31, 2020				
Accelerated tax depreciation	348	-	578	926
Retirement benefit	15,535	(5,135)	(10,400)	-
Short term reserves and unexpired risks	6,988	-	-	6,988
Unrealised gains on investments	(1,836)	11,484	(248)	9,400
	21,035	6,349	(10,070)	17,314

31. Taxation (continued)

(iii) Deferred taxation (continued)

	As at 31.12.2018	Charged to Equity	Charged to Income Statement	As at 31.12.2019
	$'000	$'000	$'000	$'000
December 31, 2019				
Accelerated tax depreciation	(2,398)	-	2,746	348
Retirement Benefit	15,535	-	-	15,535
Short term reserves and unexpired risks	6,988	-	-	6,988
Unrealised gains on investments	2,037	(3,873)	-	(1,836)
	22,162	(3,873)	2,746	21,035

32. Related Party Balances and Transactions

At the year end, the Company was 51% owned by C L Financial Limited and 49% owned by the Government of the Republic of Trinidad and Tobago. A number of transactions are entered into with related parties in the normal course of business. The related party balances and transactions for the year are as follows:

	2020	2019
	$'000	$'000
Statement of Financial Position - Assets		
Fellow subsidiary companies		
Investment in associates	654,307	629,337
Loans and other receivables –accrued investment income	326	326
Associated companies		
Investment in associates	15,982	17,922
Subsidiary companies		
Investment in subsidiaries	2,583,173	2,583,173
Government		
Assets held for sale	7,063,552	7,376,288
Investment securities	1,164,331	1,611,345
Financial assets at fair value through profit or loss	-	938,786
Total related party assets *(carried forward)*	11,481,671	13,157,177

32. Related Party Balances and Transactions (continued)

	2020 $'000	2019 $'000
Total related party assets *(brought forward)*	11,481,671	13,157,177
Statement of Financial Position - Liabilities		
Government		
Debt securities issued	2,061,484	3,017,977
Accounts payable	16,901	31,828
Fellow subsidiary companies		
Due to related parties	70,811	68,956
Other related parties		
Mutual fund obligation	41,857	41,011
Total related party liabilities	2,191,053	3,159,772
Net assets with related parties	9,290,618	9,997,405
Statements of Profit or Loss and Other Comprehensive Income - Income		
Fellow subsidiary companies		
Premiums	7,515	7,531
Investment income – dividends received	-	106,646
Government		
Investment income – bonds	414,923	428,219
Associated companies		
Investment income – dividends received	632	316
Total income from related parties *(carried forward)*	423,070	542,712

	2020	2019
	$'000	$'000
32. Related Party Balances and Transactions (continued)		
Total income from related parties *(brought forward)*	423,070	512,712
Statement of Profit or Loss – Expenses		
Government		
Interest on preference share - GORTT	125,953	148,006
Fellow subsidiary companies		
Insurance benefits	3,754	3,904
Medical services	14	99
Other	2,296	1,981
Associated companies		
Advertising expense	11	10
Total expenses with related parties	132,028	154,000
Net profit from related parties	291,042	358,712
Key management compensation		
Salaries and other short-term benefit	2,478	2,550

33. Contingent Liabilities and Commitments

(a) The Company had given a guarantee to the Supervisor of Insurance Barbados agreeing to indemnify policyholders against any losses suffered as a condition of the transfer of its long-term portfolio to a fellow subsidiary incorporated in Barbados.

(b) There were a number of legal proceedings pending against the Company at the reporting date. A loss reserve of TT$90 million has been made (2019: TT$90 million). No further provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

34. Principal Associated Undertakings

Quoted	Country of Origin	Activity	Percentage Ownership* %
LJ Williams Limited	Trinidad and Tobago	Trading	21
Unquoted	**Country of Origin**	**Activity**	
CL World Brands Limited	United Kingdom	Beverage Manufacturing	42

* Percentage ownership equates to voting rights.

35. Principal Subsidiary Undertakings

Unquoted	Country of Origin	Activity	Percentage Ownership* %
Methanol Holdings International Limited	St. Kitts and Nevis	Energy – Methanol	56.53

* Percentage ownership equates to voting rights.

36. Assets Pledged

Every company registered under the Insurance Act 1980 (old Act) to carry on long-term insurance business is required to establish and maintain a statutory fund in respect of that business. However, under the new Insurance ACT 2018, Act 04 of 2018 this is no longer required (see Note 37). Policies of non-resident holders to a value of $102 million are not backed by the statutory fund.

The Company is required to place in trust in Trinidad and Tobago, assets equal to its liability and contingency reserves with respect to its Trinidad and Tobago policyholders established by the statement of financial position of the Company as at the end of its financial year. Currently, according to the Insurance Act regulations, the Company has sufficient assets in trust to cover its Trinidad and Tobago policyholders as defined by the Act.

As at December 31, 2020 the below are the assets pledged by category either to the Inspector of Financial Institutions in Trinidad and Tobago or to other counter parties.

(a) Approximately $16 million (2019: $17 million) of investments in associated companies are pledged to the order of the Inspector of Financial Institutions in Trinidad and Tobago.

(b) Approximately $0.79 million (2019: $0.694 million) of investments in subsidiary companies are pledged to the order of the Inspector of Financial Institutions in Trinidad and Tobago.

(c) Fixed deposits pledged to the order of the Inspector of Financial Institutions in Trinidad and Tobago under the provisions of the Trinidad and Tobago Insurance Act, 1980, amounted to approximately $23 million (2019: $220 million).

(d) Approximately $8,070 million (2019: $9,715 million) of other investments securities and real estate are pledged to the order of the Inspector of Financial Institutions in Trinidad and Tobago, of which $7,063 million (2019: $7,367 million) are held for sale.

(e) Assets required to be placed in trust are to be so placed not more than one month after the end of the financial year to which the statement of financial position relates. Subsequent to December 31, 2020 $NIL (2019: $5.3 million) of assets were pledged to the order of the Inspector of Financial Institution in Trinidad and Tobago.

37. Events after the Reporting Date

The Insurance Act 2018 (the new Act or 2018 Act) was passed by Parliament in 2018 and in 2020 the Insurance (Amendment) Act 2020 was passed in both Houses of Parliament. The President, by Proclamation published in Legal Notices in 2020, fixed the proclamation date for the Insurance Act, 2018 (and related Acts) as January 1, 2021.

The new Act requires Audited Financial Statements of all its operations to be prepared in accordance with Financial Reporting Standards and duly audited in accordance with International Standards on Auditing.

The 2018 Act makes substantial improvements in the key areas of Corporate Governance for policyholder protection, stronger safeguards of Policyholder Funds and seeks to preserve the soundness of the Financial Sector.

This new Act demands significantly increased minimum stated Capital, adopts a risk based capital approach and the maintenance of adequate capital and liquidity. It promotes the establishment of strong enterprise risk management policies for a healthy understanding of risk by the Board of Directors together with greater transparency and important disclosures. With the institution of the Capital Adequacy requirement, the Statutory Fund obligations under the previous Insurance Act are removed with effect from January 1, 2021 and instructions were received in February 2021 from the Inspector of Financial Institutions for the release of Assets held for the Statutory Fund and Statutory Deposit.

The first unaudited capital adequacy return is required to be submitted within three months following January 1, 2021 for the quarter ending December 31, 2020. Subsequent quarterly unaudited capital adequacy returns are required to be submitted within twenty business days after the end of each calendar quarter.

Of significance, the new Act seeks to restrict related party transactions in order to reduce the risk of abuse by Groups to utilise insurance monies. Hence there are fit and proper requirements of directors, management, auditors and actuaries, with prescriptive compositions for particular Board Committees.

With these objectives, greater demands have been placed on insurance companies for enhanced Regulatory Reporting, more rigorous stress testing and reporting with stringent timelines, accompanied by very significant penalties and fines for breaches in the legislation.

38. Impact of COVID-19

CLICO, like most other organizations globally, saw the fallout of the Coronavirus (COVID-19) Virus that was declared as a global pandemic by the World Health Organization on March 12, 2020. This resulted, and continues to result, in domestic, regional and international disruptions in travel particularly with closures of borders, economic activities and business operations. CLICO, being within the insurance and financial industry, was deemed as an essential service provider under the Trinidad and Tobago public health regulations, allowing it to function with very minor interruptions. Trinidad & Tobago national borders continues to remain closed, other than for the expatriation of overseas nationals and persons requesting to return to other countries.

By the end of 2020, there were industries and organizations, both nationally and globally, that were adapting their business models to the 'new norm' with some level of optimism and increasing commercial activities. There is an expectation that with the vaccination of significant portion of the world's population by summer of 2021, most economies will experience a rebound in business activity resulting in a much more positive last quarter of 2021 when compared to 2020.

CLICO's approved Epidemic/Pandemic Business Continuity Plan continues to be managed by CLICO's Occupational Health Crisis Management Committee ('OHCM Committee') CLICO recorded no staff cases of COVID-19 in 2020.

The Company developed a Policy for *Use of Personnel Protective Equipment (PPE) & Implementation of Safety Measures during an Epidemic/Pandemic"*, which was duly approved by the Board and rolled out by management to all stakeholders. The key initiatives of the policy are the mandatory wearing of masks; social distancing, sanitizing and body temperature checks of all staff and other stakeholders on CLICO's premises. This Policy was also revised to minimize exposure and risks to employees and customers, whilst CLICO continues its operations.

CLICO did not engage in any voluntary employee separations for 2020, and does not anticipate any such initiatives for 2021.